September 2026

INFORMATION MEMORANDUM

Morgan Stanley Investment Funds (the "Company")
Société d'investissement à Capital Variable Luxembourg

IMPORTANT

This Singapore information memorandum is authorised for distribution only when accompanied by the Luxembourg prospectus for the Company, as amended or modified from time to time (the "**Prospectus**"). Please read this document and the Prospectus for full information on the Funds (as defined below). Capitalised terms used herein which are not defined shall have the meanings attributed to them in the Prospectus.

The Funds are not authorised or recognised by the Monetary Authority of Singapore ("**MAS**") and shares in the Funds ("**Shares**") are not allowed to be offered to the retail public. Moreover, this Information Memorandum which relates to the offer of Shares in the Funds is not a prospectus as defined in the Securities and Futures Act, 2001 of Singapore, as amended or modified from time to time (the "**SFA**"), and accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply. You should consider carefully whether the investment is suitable for you.

The Shares are classified as capital markets products other than prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Specified Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

This Information Memorandum has not been registered as a prospectus by the MAS, and the offer of the Shares is made pursuant to the exemptions under Sections 304 and 305 of the SFA. Accordingly, the Shares may not be offered or sold, nor may the Shares be the subject of an invitation for subscription or purchase, nor may this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Shares be circulated or distributed, whether directly or indirectly, to any person in Singapore other than under exemptions provided in the SFA for offers made (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 304 of the SFA, (b) to a relevant person (as defined in Section 305(5) of the SFA), or any person pursuant to an offer referred to in Section 305(2) of the SFA, and in accordance with the conditions specified in Section 305 of the SFA, or (c) otherwise pursuant to, and in accordance with, the conditions of any other applicable provision of the SFA. First sales of the Shares acquired pursuant to Sections 304 and 305 of the SFA are subject to the requirements under Sections 304A and 305A of the SFA respectively.

Where the Shares are acquired by persons who are relevant persons specified in Section 305A of the SFA, namely:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold

investments and each beneficiary of the trust is an individual who is an accredited investor,

the securities of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Shares pursuant to an offer made under Section 305 of the SFA except:

(1) to an institutional investor or to a relevant person as defined in Section 305(5) of the SFA, or which arises from an offer referred to in Section 275(1A) of the SFA (in the case of that corporation) or Section 305A(3)(c)(ii) of the SFA (in the case of that trust);

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 305A(5) of the SFA.

Offer of Funds in Singapore

For the purposes of the offer in Singapore to (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 304 of the SFA, (ii) to a relevant person (as defined in Section 305(5) of the SFA), or any person pursuant to an offer referred to in Section 305(2) of the SFA, and in accordance with the conditions specified in Section 305 of the SFA, only the following Funds shall be available:

Equity Funds

- Morgan Stanley Investment Funds Asia Equity Fund (Reference Currency: USD) (the "**Asia Equity Fund**")
- Morgan Stanley Investment Funds Asia Opportunity Fund (Reference Currency: USD) (the "**Asia Opportunity Fund**")
- Morgan Stanley Investment Funds Calvert Developed Europe Equity Select Fund (Reference Currency: EUR) (the "**Calvert Developed Europe Equity Select Fund**")
- Morgan Stanley Investment Funds Calvert Developed Markets Equity Select Fund (Reference Currency: USD) (the "**Calvert Developed Markets Equity Select Fund**")
- Morgan Stanley Investment Funds Calvert Emerging Markets Equity Select Fund (Reference Currency: USD) (the "**Calvert Emerging Markets Equity Select Fund")**
- Morgan Stanley Investment Funds China A-shares Fund (Reference Currency: USD) (the "**China A-shares Fund**")
- Morgan Stanley Investment Funds Developing Opportunity Fund (Reference Currency: USD) (the "**Developing Opportunity Fund**")
- Morgan Stanley Investment Funds Emerging Leaders Equity Fund (Reference Currency: USD) (the "**Emerging Leaders Equity Fund**")

- Morgan Stanley Investment Funds Europe Opportunity Fund (Reference Currency: EUR) (the "**Europe Opportunity Fund**")
- Morgan Stanley Investment Funds Global Brands Equity Income Fund (Reference Currency: USD) (the "**Global Brands Equity Income Fund**")
- Morgan Stanley Investment Funds Global Brands Fund (Reference Currency: USD) (the "**Global Brands Fund**")
- Morgan Stanley Investment Funds Global Core Equity Fund (Reference Currency: USD) (the "**Global Core Equity Fund**")
- Morgan Stanley Investment Funds Global Endurance Fund (Reference Currency: USD) (the "**Global Endurance Fund**")
- Morgan Stanley Investment Funds Global Insight Fund (Reference Currency: USD) (the "**Global Insight Fund**")
- Morgan Stanley Investment Funds Global Opportunity Fund (Reference Currency: USD) (the "**Global Opportunity Fund**")
- Morgan Stanley Investment Funds Global Permanence Fund (Reference Currency: USD) (the "**Global Permanence Fund**")
- Morgan Stanley Investment Funds Global Quality Fund (Reference Currency: USD) (the "**Global Quality Fund**")
- Morgan Stanley Investment Funds Global Quality Select Fund (Reference Currency: USD) (the "**Global Quality Select Fund**")
- Morgan Stanley Investment Funds Indian Equity Fund (Reference Currency: USD) (the "**Indian Equity Fund**")
- Morgan Stanley Investment Funds International Resilience Fund, (Reference Currency: USD) (the "**International Resilience Fund**")
- Morgan Stanley Investment Funds Japanese Equity Fund (Reference Currency: JPY) (the "**Japanese Equity Fund**")
- Morgan Stanley Investment Funds NextGen Emerging Markets Fund (Reference Currency: USD) (the " **NextGen Emerging Markets Fund**")
- Morgan Stanley Investment Funds QuantActive Global Infrastructure Fund (Reference Currency: USD) (the " **QuantActive Global Infrastructure Fund**")
- Morgan Stanley Investment Funds Saudi Equity Fund (Reference Currency: USD) (the **"Saudi Equity Fund"**)
- Morgan Stanley Investment Funds Sustainable Emerging Markets Equity Fund (Reference Currency: USD) (the "**Sustainable Emerging Markets Equity Fund**")

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

- Morgan Stanley Investment Funds US Core Equity Fund (Reference Currency: USD) (the " **US Core Equity 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**")

- Morgan Stanley Investment Funds US Permanence Fund (Reference Currency: USD) (the "**US Permanence Fund**")

Bond Funds

- 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 Debt Opportunities Fund (Reference Currency: USD) (the "**Emerging Markets Debt Opportunities Fund**")

- Morgan Stanley Investment Funds Emerging Markets Local Income Fund (Reference Currency: USD) (the "**Emerging Markets Local Income Fund**")

- Morgan Stanley Investment Funds Euro Bond Fund (Reference Currency: EUR) (the "**Euro Bond Fund**")

- Morgan Stanley Investment Funds Euro Corporate Bond – Duration Hedged Fund (Reference Currency: EUR) (the "**Euro Corporate Bond – Duration Hedged Fund**")

- Morgan Stanley Investment Funds Euro Corporate Bond Fund (Reference Currency: EUR) (the "**Euro Corporate Bond Fund**")

- Morgan Stanley Investment Funds Euro Strategic Bond Fund (Reference Currency: EUR) (the "**Euro Strategic Bond Fund**")

- Morgan Stanley Investment Funds European Fixed Income Opportunities Fund (Reference Currency: EUR) (the " **European Fixed Income Opportunities Fund**")

- Morgan Stanley Investment Funds European High Yield Bond Fund (Reference Currency: EUR) (the "**European High Yield Bond Fund**")

- Morgan Stanley Investment Funds Global Asset Backed Securities Fund (Reference Currency: USD) (the "**Global Asset Backed Securities 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 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 Short Maturity Euro Bond Fund (Reference Currency: EUR) (the "**Short Maturity Euro Bond Fund**")

- Morgan Stanley Investment Funds Strategic Income Fund (Reference Currency:USD) (the "**Strategic Income Fund**")

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

- Morgan Stanley Investment Funds US Dollar Corporate Bond Fund, (Reference Currency: USD) (the "**US Dollar Corporate Bond Fund**")

- Morgan Stanley Investment Funds US Dollar Short Duration Bond Fund, (Reference Currency: USD) (the "**US Dollar Short Duration Bond Fund**")

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

- Morgan Stanley Investment Funds US High Yield Middle Market Bond Fund, (Reference Currency: USD) (the " **US High Yield Middle Market Bond Fund** ")

Asset Allocation Funds

- Morgan Stanley Investment Funds Global Balanced Defensive Fund, (Reference Currency: EUR) (the "**Global Balanced Defensive Fund**")

- Morgan Stanley Investment Funds Global Balanced Income Fund (Reference Currency: EUR) (the "**Global Balanced Income Fund**")

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

- Morgan Stanley Investment Funds Global Multi Asset Strategist Fund, (Reference Currency: EUR) (the "**Global Multi Asset Strategist Fund**")

Alternative Investment Funds

- Morgan Stanley Investment Funds Global Macro Fund, (Reference Currency: USD) (the "**Global Macro Fund**")

- Morgan Stanley Investment Funds Parametric Commodity Fund, (Reference Currency: USD) (the "**Parametric Commodity Fund**")

- Morgan Stanley Investment Funds Systematic Liquid Alpha Fund (Reference Currency: USD) (the "**Systematic Liquid Alpha Fund**")

The Singapore information memorandum relates to the aforesaid Funds and not any other sub-fund of the Company. Investors may invest in the aforesaid Funds by subscribing for Shares in the share capital of the Company.

Investment Objectives and Policies

Please refer to the section of the Prospectus entitled "Fund Descriptions" under the header "Investment Objective and Policy" for each Fund.

Risks Factors

Please refer to the section of the Prospectus entitled "Risk Descriptions", and the section of the Prospectus entitled "Fund Descriptions" under the header "Main Risks" for each Fund.

Accounts

Please refer to the section of the Prospectus entitled "Investing in the Funds" under the header "Notices and Publications".

Regulatory Information

1. Company

Name	:	Morgan Stanley Investment Funds
Place of incorporation	:	Grand Duchy of Luxembourg
Registered office	:	European Bank and Business Centre, 6B route de Trèves, L-2633 Senningerberg, Grand Duchy of Luxembourg
Supervisory authority	:	Commission de Surveillance du Secteur Financier
Address	:	283, route d'Arlon, L-1150 Luxembourg, Grand Duchy of Luxembourg
Tel	:	(352)-262511
Fax	:	(352)-2625-12601
Legislation under which the Company is regulated	:	Please refer to the section of the Prospectus entitled "Governance and Management", under the header "Qualification as a UCITS".

2. Depositary (Custodian)

Name	:	J.P. Morgan S.E. Luxembourg Branch
Place of incorporation	:	J.P. Morgan SE is a European Company ("Societas Europaea") organized under the laws of Germany and registered with the commercial register of the local court of Frankfurt.
Supervisory authority	:	European Central Bank
Address	:	Sonnemannstrasse 20 (Main Building), 60314 Frankfurt am Main, Germany
Tel	:	+49 69 1344 0
Supervisory authority	:	Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)
Address	:	Graurheindorfer Straße 108, 53117 Bonn, Germany
Fax	:	+ 49 (0) 228 4108-1550
Supervisory authority	:	Commission de Surveillance du Secteur Financier
Address	:	283, route d'Arlon, L-1150 Luxembourg, Grand Duchy of Luxembourg
Tel	:	(352)-262511
Fax	:	(352)-2625-12601

3. Management Company

Name	:	MSIM Fund Management (Ireland) Limited
Place of incorporation	:	Republic of Ireland
Supervisory authority	:	Central Bank of Ireland
Address	:	New Wapping Street, North Wall Quay, Dublin 1, D01 F7X3, Ireland
Tel	:	+353 (0)1 224 5800
Fax	:	+353 (0)1 671 5550

4. Investment Advisers

Investment Adviser for all Funds	:	Morgan Stanley Investment Management Limited
Place of incorporation	:	Please refer to Section 3.1 of the Prospectus.
Supervisory authority	:	Financial Conduct Authority
Address	:	12 Endeavour Square, London, E20 1JN, United Kingdom
Tel	:	+44 (0)20 7066 1000

Redemption of Shares

Please refer to the section of the Prospectus entitled "Investing in the Funds", under the headers "Information that Applies to All Transactions Except Transfers" and "Selling shares".

Charges and Expenses

Please refer to the section of the Prospectus entitled "Governance and Management" under the header "Fund fees and costs", and the fee table for each Fund in the section of the Prospectus entitled "Fund Descriptions".

Past Performance

Past performance figures may be obtained in the Annual and Semi-Annual Reports of the Company.

Side Letters

The Company does not enter directly into side letters with investors.

Liquidity Risk

The Company and the Management Company may employ liquidity risk management tools to manage the liquidity of the Funds as further described in inter alia the section of the Prospectus entitled "Investing in the Funds", under the header "Rights We Reserve". The Company and/or the Management Company may at any time temporarily suspend the calculation of NAV or transactions in a Fund's shares, and shareholders may not redeem shares during any such period of suspension. Also, the Company and/or the Management Company may take steps to limit the value of excess subscription, switch or redemption requests processed in a day where the net value of such requests exceeds 10% of a Fund's NAV, by placing such requests in a queue. In addition, the Company and/or the Management Company may also determine non-dealing days or increase settlement time, each of which may delay redeeming shareholders' receipt of their redemption proceeds.

Further, the Company and/or the Management Company may impose limits or a redemption fee of up to 2% on specific transactions, thereby reducing redeeming shareholders' redemption proceeds, as further described in the section of the Prospectus entitled "Investing in the Funds", under the header "Market timing and excessive trading".

Please also refer to the section of the Prospectus entitled "Investing in the Funds", under the header "Swing pricing policy", for a description of the Company's swing pricing policy.

Annexure to Information Memorandum

Morgan Stanley
INVESTMENT MANAGEMENT

Morgan Stanley Investment Funds

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

Prospectus | 28 August 2026

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A Word to Potential Investors

All investments involve risk

When investing in funds, as with most investments, future performance may differ from past performance. There is no guarantee that any fund will meet its objectives or achieve any particular level of performance.

Fund investments are not bank deposits. The value of your investment can go up and down, and you could lose some or all of your investment. Levels of income could also go up or down (as a rate or in absolute terms). No fund in this prospectus is intended as a complete investment plan, nor are all funds appropriate for all investors.

Before investing in any fund, you should understand its risks, costs, and terms of investment, and how well these characteristics align with your own financial circumstances and risk tolerance.

As a potential investor, it is your responsibility to know and follow all applicable laws and regulations, including any foreign exchange restrictions, and to be aware of potential tax consequences associated with your citizenship, residence, or domicile (for which the SICAV will under no circumstances be responsible). Information about who may want to invest in any particular fund is for general reference only. We recommend that you consult financial, legal, and tax advisers before investing.

Any difference among fund asset currencies, share class currencies, and your home currency may expose you to currency risk. If your home currency is different from your share class currency, the performance you experience as an investor could be very different from the stated performance of the share class.

Who can invest in these funds

Distributing this prospectus or the application form, offering these shares for sale, or investing in these shares is legal only where the shares are registered for public sale or where sale is not prohibited by local law or regulation. Neither this prospectus nor any other document relating to the SICAV is an offer or solicitation in any jurisdiction, or to any investor, where not legally permitted or where the person making the offer or solicitation is not qualified to do so.

Neither these shares nor the SICAV are registered with the US Securities and Exchange Commission or any other US entity, federal or otherwise. Therefore, unless the management company is satisfied that it would not constitute a violation of US securities laws, these shares are not sold in the USA and are not available to, or for the benefit of, US persons, except for any Morgan Stanley entity or that entity's subsidiaries or affiliates.

Certain shares are also not available to certain other investors, based on country of residence or domicile, nationality, or other criteria. In particular, the shares of Morgan Stanley Investment Funds Indian Equity Fund may not be offered or sold, directly or indirectly, to investors residing in India.

For more information on other restrictions on share ownership, contact us (see below).

Which information to rely on

In deciding whether or not to invest in a fund, you should read the most recent prospectus or the relevant Key Information Documents (KIDs), any supplemental local offering document, the articles, and the latest annual and semi-annual reports. All of these documents should be considered in conjunction of this prospectus, and the prospectus is not complete without them. All of these documents are available online at *morganstanleyinvestmentfunds.com* and must be provided to investors in a timely fashion before they purchase any shares of these funds. By buying shares in any of these funds, you are considered to accept the terms described in these documents and in the articles. None of this information constitutes investment advice.

Together, all these documents contain the only approved information about the funds and the SICAV. The board is not liable for any statements or information about the funds or the SICAV that is not contained in these documents. Anyone who offers any other information or representation, or who makes investment decisions based on the same, does so without authority and at their sole risk.

Information in this prospectus, or any document about the SICAV or funds, may have changed since the publication date. We will send a notice to shareholders and publish an updated version of this prospectus when material changes in prospectus information occur. In case of any inconsistency in translations of this prospectus, the articles, or the financial reports, the English version will prevail, unless determined otherwise by the SICAV or by the laws of a jurisdiction where the shares are sold.

Interpreting this prospectus

The following rules apply unless law, regulation, or context require otherwise.

- terms that are defined in the 2010 Law but not here have the same meaning as in the 2010 Law
- terms used or defined in other documents that are clearly intended to be analogous to terms used or defined in this document should be considered equivalent; for example, "Company" elsewhere would correspond to "the SICAV" in this prospectus; "investment manager" and "Investment Sub-Adviser" elsewhere would correspond to "investment manager" and "investment sub-manager" in this prospectus; "sales charge" would correspond to "entry fees" in this prospectus
- the word "include", in any form, does not denote comprehensiveness
- a reference to an agreement includes any undertaking, deed, agreement, or legally enforceable arrangement, whether or not in writing, and a reference to a document includes an agreement in writing and any certificate, notice, instrument, or document of any kind
- a reference to a document, agreement, regulation, or legislation refers to the same as it has been amended or replaced (except as prohibited by this prospectus or applicable external controls), and a reference to a party includes the party's successors or permitted substitutes and assigns
- a reference to legislation includes reference to any of its provisions and any rule or regulation promulgated under the legislation
- any conflict in meaning between this prospectus and the articles will be resolved in favour of the prospectus for "Fund Descriptions" and in favour of the articles in all other cases

TO CONTACT US

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L-2633 Senningerberg, Luxembourg

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morganstanleyinvestmentfunds.com

Currency abbreviations

CHF	Swiss franc	**SAR**	Saudi Arabian riyal
EUR	Euro	**SGD**	Singapore dollar
GBP	British pound sterling	**USD**	US dollar
JPY	Japanese yen		

Fund Descriptions

The SICAV exists to offer institutional and individual investors access to professional investment management through a range of funds, each aiming to maximise the increase of shareholders' capital while also practicing sound risk diversification and offering high liquidity of fund shares. All of the funds described in this prospectus are part of the SICAV, which functions as an umbrella structure for them.

By law, each fund is permitted to invest as described in "General Investment Powers and Restrictions", and equally is required to comply with the restrictions stated in that section. However, each fund also has its own investment policy, which is generally narrower than what is permitted by law. Up to 5% of total net assets, a fund may use investments and techniques not described in its investment policy so long as the use is consistent with law and regulation, and with the fund's investment objective. Each fund may also temporarily depart from its investment policy to address unusual market conditions or large unpredictable events. Descriptions of the specific investment objectives, main investments and other key characteristics of each fund begin on the next page.

The management company has overall responsibility for the SICAV's business operations and its investment activities, including the investment activities of all of the funds. The management company may delegate some of its functions to various service providers, such as investment management, distribution and administration. The management company retains supervisory approval and control over its service providers.

More information about the SICAV, the management company and the service providers appears in the final two sections of this prospectus, "The SICAV" and "The Management Company".

For information on fees and expenses you may have to pay in connection with your investment, consult the following:

- *Maximum fees for buying, exchanging and selling most shares: "Investing in the Funds".*
- *Maximum annual fees deducted from your investment: this "Fund Descriptions" section.*
- *Recent actual expenses: the applicable KID or the SICAV's most recent financial report.*
- *Fees for currency conversions, bank transactions and investment advice: your financial advisor, the transfer agent, or other service providers, as applicable.*

Terms with specific meanings

The terms below have the following meanings in this prospectus.

2010 Law The Luxembourg law of December 17, 2010 on undertakings for collective investment.

the articles The Articles of Association of the SICAV.

base currency The currency in which a fund does its accounting and maintains its primary NAV.

the board The Board of Directors of the SICAV.

bond, debt security, fixed income security Any type of debt security, such as straight bonds, zero coupon bonds, preference shares, deferred interest bonds, bonds and notes on which the interest is payable in the form of additional eligible stocks, bonds or notes of the same kind, convertible securities and securitised debt instruments, such as asset-backed securities and loan assignments and participations.

business day For each fund, any day on which it ordinarily calculates a NAV; for transaction settlement, any day that is a banking day in the country of the settlement currency.

cash equivalents Bank deposits (excluding bank deposits at sight), money market instruments and money market funds.

China A-share Securities of companies listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange that are denominated and traded in Chinese yuan and may include equities, participatory notes, preferred shares and equity warrants.

corporate bond Any type of corporate or non-government-related bond.

CSSF The *Commission de Surveillance du Secteur Financier* that supervises professionals and products of the Luxembourg financial sector.

dealing day For each fund, any day on which it accepts requests for transactions in fund shares. See page 120 for more information.

distressed security Security which is either in default or deemed to be at high risk of default as determined by the SICAV.

eligible state Any state that the board considers to be consistent with a given fund's investment policy.

equity Security representing a share in the business results of a company (common stock).

equity-related security Any type of equity warrant, participation note and depositary receipt, such as American, European and global depositary receipts.

financial reports The annual report of the SICAV, along with any semi-annual report that has been issued since the most recent annual report.

fund Except where indicated otherwise, any fund for which the SICAV serves as an umbrella UCITS.

government bond Any type of bond issued by a government, government agency, supranational or public international entity, local authority or government-sponsored organisation.

intermediary Any distribution agent or other financial intermediary not investing in the funds in its own name but on behalf of a beneficial investor.

KID Key information document for packaged retail and insurance-based investment products.

located With respect to an issuer, a jurisdiction where the issuer is domiciled or incorporated, where its securities are mainly traded, from which it derives a significant part of its revenue, or where any other factors exist that the investment manager reasonably considers to indicate a material degree of economic exposure.

member state A member state of the EU or of the European Economic Area.

NAV Net asset value per share; the value of one share of a fund.

the prospectus This document.

regulated market A regulated market within the meaning of Directive 2014/65/EU of the European Parliament and of the Council of May 14, 2014 on markets in financial instruments, or any other market in an eligible state that is regulated, regularly operating, recognised and open to the public.

the SICAV Morgan Stanley Investment Funds.

US person Any of the following, as defined in the US laws or regulations indicated:

- a "United States person" per section 7701(a)(30) of the Internal Revenue Code of 1986
- a "US person" per Regulation S of the 1933 Act
- a person that is "in the United States" per Rule 202(a)(30)-1 under the Investment Advisers Act of 1940
- a person that does not qualify as a "Non-United States Person" as per Commodities Futures Trading Commission Rule 4.7

we, us The SICAV, acting through the board, the management company or through any agents or service providers.

you Any past, current, or prospective shareholder, or an agent for the same.

For sustainability-related terms, see page 108.

Morgan Stanley Investment Funds

American Resilience Fund

Investment Objective and Policy

Objective To seek long term capital appreciation, measured in USD.

Investment policy The fund primarily invests (at least 70% of total net assets) in equity securities, including depositary receipts (including American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs)) of companies located in the US.

An issuer is considered a US company if it meets one or more of the following criteria:

- its securities are traded on a recognised stock exchange in the US
- alone or on a consolidated basis it derives 50% or more of its annual revenues or profits from either goods produced, sales made or services performed in the US
- it is organised or has a principal office in the US
- it has at least 50% of its assets, core business operations and/or employees in the US
- any other factor which the investment manager, acting reasonably, considers denotes an economic exposure to the US

The fund may also invest, on an ancillary basis (up to 30% of total net assets), 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-related securities.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) only.

The fund may use core derivatives only (see "How the Funds Use Instruments and Techniques").

TRS usage and securities lending None.

Strategy The investment manager seeks to invest in a concentrated portfolio of high quality companies that can generate sustainably high returns on operating capital by identifying companies with strong franchises typically underpinned by hard to replicate intangible assets (including brands, networks, licences and patents) and pricing power, resulting in high gross margins. The investment manager also seeks to identify capable management teams able to allocate capital effectively to grow the franchise, maintain the intangible assets and sustain or improve returns on operating capital.

The fund is actively managed and is not designed to track a benchmark. Therefore, the management of the fund is not constrained by the composition of a benchmark.

Sustainability approach As an integrated part of the investment process, the investment manager assesses relevant factors potentially material to long-term sustainably high returns on operating capital including ESG factors and seeks to engage with companies as part of this. Subject to the fund's investment objective, the investment manager retains discretion over which investments are selected. In exercising this discretion, ESG factors are not the sole determinant of whether an investment can be made or a holding can remain in the fund's portfolio, but instead the investment manager considers potentially material risks or opportunities in any of the ESG areas which could potentially threaten or enhance the high returns on operating capital of a company.

The investment manager also applies certain investment restrictions.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- Concentration
- Convertible bonds
- Credit
- Currency
- Depositary receipt
- Derivatives
- Emerging markets
- Equities
- Eurozone
- ESG/sustainability
- Hedging
- Investment fund
- Management
- Market

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Commitment.

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the long term.

The fund may appeal to investors who:

- seek to invest in equities
- seek capital appreciation over the long term
- seek income whether in the form of capital appreciation or distributions
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	5.25	—	1.60	0.18	—
B	—	4.00[1]	1.60	0.18	1.00
C	—	1.00[2]	2.35	0.18	—
F	—	—	0.70	0.18	—
I	2.00	—	0.70	0.14	—
J	—	—	0.50	0.10	—
N	—	—	—	0.10	—
S	—	—	0.70	0.10	—
Z	—	—	0.70	0.10	—

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Morgan Stanley Investment Funds

Asia Equity Fund

Investment Objective and Policy

Objective To increase the value of your investment over the long term, mainly through growth of capital.

Investment policy The fund invests at least 70% of total net assets in equities of Asian companies excluding Japan.

Specifically, these investments are in companies located, or that do most of their business, in Asia (excluding Japan). These investments may include equity-related securities, such as American, European and global depositary receipts, and eligible closed-end real estate investment trusts (REITs).

The fund may invest up to 30% of total net assets in equities not meeting the criteria of the fund's primary investments, and other types of securities, such as preference shares and convertible bonds.

The fund may invest in, or be exposed to, the following, up to the percentage of total net assets indicated:
- China A-shares (through Stock Connect): 20%

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs only.

In addition to core derivatives (see "How the Funds Use Instruments and Techniques"), the fund may use total return swaps (TRSs).

TRS usage 0% of total net assets expected, 15% maximum.
Securities lending 0-5% of total net assets expected, 33% maximum.

Strategy In actively managing the fund, the investment manager uses macroeconomic and fundamental analysis to identify companies that appear to benefit from economic development in countries they operate in and have above-average growth potential (top-down and bottom-up approach). The fund is not benchmark-constrained and its performance may deviate significantly from that of the benchmark.

Sustainability approach The investment manager integrates environmental, social, or governance (ESG) risks into the investment process by using certain ESG criteria as a lens for additional fundamental research, which can contribute to investment decision-making. The investment manager seeks to understand how certain ESG criteria may affect a company's risk profile and may engage with company management on what it deems to be materially important.

The investment manager will apply certain investment restrictions in certain industries with the potential to cause harm to the environment or to human health and wellbeing.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions
- Convertible bonds
- Country risk — China
- Credit
- Currency
- Depositary receipt
- Derivatives
- Emerging markets
- Equities
- ESG/sustainability
- Eurozone
- Hedging
- Investment fund
- Management
- Market
- Real estate investment

Risks typically associated with unusual conditions or unpredictable events
- Circumstantial liquidity
- Counterparty and collateral, incl. securities techniques
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Commitment.

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the long term.

The fund may appeal to investors who:
- are looking for long-term investment growth
- seek income whether in the form of capital appreciation or distributions
- are interested in exposure to emerging equity markets, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees			
	Entry	CDSC	Manage-ment	Adminis-tration	Distri-bution	Max. emerging mkt custody
A	5.25	—	1.40	0.18	—	0.05
B	—	4.00[1]	1.40	0.18	1.00	0.05
B2	—	3.00[2]	1.40	0.18	1.00	0.05
C	—	1.00[3]	2.20	0.18	—	0.05
F	—	—	0.75	0.18	—	0.05
I	2.00	—	0.75	0.14	—	0.05
J	—	—	—	0.10	—	0.05
N	—	—	—	0.10	—	0.05
S	—	—	0.75	0.10	—	0.05
Z	—	—	0.75	0.10	—	0.05

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 3 years of purchase and decreases yearly by 1%. After 3 years these shares automatically convert into corresponding class A shares.*

[3] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Morgan Stanley Investment Funds

Asia Opportunity Fund

Investment Objective and Policy

Objective To seek long-term capital appreciation (measured in USD).

Investment policy The fund primarily invests (at least 70% of total net assets) in equity securities of issuers located in Asia, excluding Japan, including depositary receipts (including American Depositary Receipts (ADRs), Global Depositary Receipts (GDRs)), and China A-shares (through Stock Connect).

The fund may also invest, on an ancillary basis (up to 30% of total net assets), 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-related securities. The fund may invest to a limited extent (up to 10% of total net assets) in units/shares of other collective investment schemes, including the SICAV's funds and open-ended ETFs which are eligible investments for UCITS under the 2010 Law, and in shares of special purpose acquisition companies (SPACs).

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

The fund intends to use core derivatives only (see "How the Funds Use Instruments and Techniques").

TRS usage None.
Securities lending 0-5% of total net assets expected, 33% maximum.

Strategy The investment manager emphasises a bottom-up stock selection process, seeking attractive investments on an individual company basis. In selecting securities for investment, the investment manager seeks high quality established and emerging companies that the investment manager believes are undervalued at the time of purchase. The investment manager typically favours companies it believes have sustainable competitive advantages that can be monetised through growth. The investment process integrates analysis of sustainability with respect to disruptive change, financial strength, environmental and social externalities and governance (also referred to as ESG). The investment manager generally considers selling a portfolio holding when it determines that the holding no longer satisfies its investment criteria. The fund is actively managed and is not designed to track a benchmark. Therefore, the management of the fund is not constrained by the composition of a benchmark.

Sustainability approach The investment manager employs a holistic approach to ESG within its company quality assessment by analysing potential impacts to humanity's health, environment, liberty and productivity, and corporate governance measures to ensure agency, culture and trust. The investment manager views incorporating ESG-related potential risks and opportunities within the investment process as important to ensure long-term stewardship of capital. Over extended time horizons, the investment manager believes that ESG risks are more likely to materialise and externalities not borne by the investee company are more likely to be priced into the value of securities. Since ESG risks could potentially impact the risk and reward profile of investment opportunities, the investment manager typically engages company management in constructive discussions on a range of ESG issues the investment manager deems materially important.

The investment manager also applies certain investment restrictions.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- Convertible bonds
- Country risk — China
- Credit
- Currency
- Depositary receipt
- Derivatives
- Emerging markets
- Equities
- ESG/sustainability
- Hedging
- Investment fund
- Management
- Market
- SPAC

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral, incl. securities techniques
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Commitment.

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the long term.

The fund may appeal to investors who:

- seek to invest in equities
- seek capital appreciation over the long term
- seek income whether in the form of capital appreciation or distributions
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

	Max. one-time fees		Annual fees			
Main share class	Entry	CDSC	Manage-ment	Adminis-tration	Distri-bution	Max. emerging mkt custody
A	5.25	—	1.60	0.18	—	0.05
B	—	4.00[1]	1.60	0.18	1.00	0.05
C	—	1.00[2]	2.40	0.18	—	0.05
F	—	—	0.75	0.18	—	0.05
I	2.00	—	0.75	0.14	—	0.05
J	—	—	0.65	0.10	—	0.05
N	—	—	—	0.10	—	—
S	—	—	0.75	0.10	—	0.05
Z	—	—	0.75	0.10	—	0.05

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Calvert Global Equity Fund

Investment Objective and Policy

Objective To provide high total returns, consistent with reasonable risk, over the long term.

Investment policy The fund invests at least 70% of total net assets in equities of companies located anywhere in the world, including emerging markets.

Specifically, these investments include equities (common stocks) only. The fund may invest up to 30% of total net assets in emerging market equities.

The fund may invest up to 30% of total net assets in equities not meeting the criteria of the fund's primary investments, and other types of securities, such as equity-related securities and eligible closed-end real estate investment trusts (REITs), that meet the investment manager's ESG criteria.

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

The fund intends to use core derivatives only (see "How the Funds Use Instruments and Techniques").

TRS usage and *securities lending* None.

Strategy The fund will invest in companies that, in the opinion of the investment manager, exhibit, through their operations and business practices, sound management of ESG characteristics. These characteristics include environmental sustainability, resource efficiency, support for equitable societies and respect for human rights, accountable governance, and transparent operations. The investment manager focuses on the long-term ownership of companies with sustainable business models, believing that the real value in a stock lies in its ability to compound cash flow over time. The investment manager seeks to identify high or improving quality companies with secular growth characteristics, high or improving returns on invested capital, sustainable competitive advantages, durable balance sheets, and a strong capital allocation record that are trading at a discount to the investment manager's estimate of the security's intrinsic value. The investment manager seeks to build a concentrated and balanced portfolio that may participate in rising markets and exhibit resilience in weaker market environments. The fund is not benchmark-constrained and its performance may deviate significantly from that of the benchmark.

Sustainability approach The fund will invest in companies that, in the opinion of the investment manager, exhibit, through their operations and business practices, sound management of ESG characteristics. These characteristics include environmental sustainability, resource efficiency, support for equitable societies and respect for human rights, accountable governance, and transparent operations. In identifying issuers which exhibit sound management of ESG characteristics, the fund utilises a quantitative and qualitative ESG research process that applies the Calvert Principles for Responsible Investment to the entire investment universe. Through this process, companies are assessed for their management of ESG risks and opportunities and deemed either eligible or ineligible for investment according to the Calvert Principles. Each company is evaluated relative to an appropriate peer group based on material ESG factors. The investment manager and Calvert also seek to engage company management on financially material ESG issues identified through fundamental and ESG research processes. Engagement may seek to drive positive change, to improve the sustainability of each company, and/or to enhance long-term value creation.

The investment manager gives due consideration to the relevance and potential materiality of sustainability risks for a particular investment opportunity or for the portfolio as a whole in the context of the investment objective and intended time horizon for holding a particular security. Sustainability risks may negatively impact the value of a security or portfolio. In order to mitigate these risks, the investment manager may sell or underweight a security, commence active dialogue/engagement with company management (e.g., an engagement with a company on its material ESG risks or opportunities such as climate change, diversity, labor and human rights and ESG disclosure), either solely or as part of a shareholder coalition, or make adjustments to allocations.

In relation to this fund, the use of "Calvert" in the name refers to Calvert Research and Management ("Calvert"), an indirect, wholly owned subsidiary of Morgan Stanley, whose role in relation to this fund is limited to the provision of non-discretionary investment advice to the investment manager to assist the investment manager in its management of the fund. Calvert has no discretion to make or recommend portfolio allocation or construction decisions on behalf of the fund, such investment discretion being vested solely in the investment manager.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) See the Key Information Document for information on the benchmark that is used for performance comparison.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- Currency
- Derivatives
- Emerging markets
- Equities
- ESG/sustainability
- Eurozone
- Hedging
- Investment fund
- Management
- Market
- Real estate investment

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Commitment.

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the medium term.

The fund may appeal to investors who:

- are looking for medium-term investment growth
- seek income whether in the form of capital appreciation or distributions
- are interested in exposure to equity markets globally, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Continues on next page.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	5.25	—	1.75	0.18	—
B	—	4.00[1]	1.75	0.18	1.00
C	—	1.00[2]	2.35	0.18	—
F	—	—	0.70	0.18	—
I	2.00	—	0.70	0.14	—
J	—	—	0.35	0.10	—
N	—	—	—	0.10	—
S	—	—	0.70	0.10	—
Z	—	—	0.70	0.10	—

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Calvert Sustainable Developed Europe Equity Select Fund

Renamed Calvert Developed Europe Equity Select Fund from 28 September 2026.

Investment Objective and Policy

Objective (effective until 27 September 2026) To increase the value of your investment over the long term, mainly through growth of capital, while maintaining a carbon profile that is substantially lower than that of the benchmark.

Objective (effective from 28 September 2026) To increase the value of your investment over the long term, mainly through growth of capital.

Investment policy (effective until 27 September 2026) The fund invests at least 70% of total net assets in equities of companies whose products, services or operations address global environmental or societal challenges, such as carbon emissions reduction, environmental sustainability, resource efficiency, human capital, workplace diversity, social inclusion, product responsibility and accountable governance. These companies may be leaders in managing financially material environmental or social risks and opportunities or demonstrate an improvement in managing them. These investments are located in European developed markets.

Specifically, these investments may include equity-related securities, such as American, European and global depositary receipts.

The fund may invest up to 30% of total net assets in equities not meeting the criteria of the fund's primary investments, and other types of securities, such as preference shares and convertible bonds, that meet the investment manager's ESG criteria.

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Investment policy (effective from 28 September 2026) The fund invests at least 70% of total net assets in equities of companies that demonstrate leadership or meaningful advancement in the management of one or multiple environmental and/or social risks and opportunities, or that provide solutions to certain global environmental or societal challenges. These investments are located in European developed markets.

Specifically, these investments may include equity-related securities, such as American, European and global depositary receipts.

The fund may invest up to 30% of total net assets in equities not meeting the criteria of the fund's primary investments, and other types of securities, such as preference shares and convertible bonds, that meet the investment manager's sustainability criteria.

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

The fund intends to use core derivatives only (see "How the Funds Use Instruments and Techniques").

TRS usage and *securities lending* None.

Strategy In actively managing the fund, the investment manager uses quantitative and qualitative research to identify companies with favourable fundamental and sustainability characteristics that appear to have above-average total return potential (top-down approach). The fund is not benchmark-constrained and its performance may deviate significantly from that of the benchmark.

Sustainability approach ***(effective until 27 September 2026)*** The fund utilises a quantitative and qualitative ESG research process that applies the Calvert Principles for Responsible Investment (the "Calvert Principles") to define the investment universe. The investment manager may engage company management around financially material ESG issues that it deems to have a positive impact on society or the environment. The fund may also invest in a small number of issuers that are deemed likely to operate in accordance with the Calvert Principles pending engagement activity with such issuer (including multiple engagement meetings with such issuers and evidence of progress towards pre-established objectives).

The investment manager gives due consideration to the relevance and potential materiality of sustainability risks for a particular investment opportunity or for the portfolio as a whole in the context of the investment objective and intended time horizon for holding a particular security. Sustainability risks may negatively impact the value of a security or portfolio. In order to mitigate these risks, the investment manager may sell or underweight a security, commence active dialogue/engagement with company management (e.g., an engagement with a company on its material ESG risks or opportunities such as climate change, diversity, labor and human rights and ESG disclosure, either solely or as part of a shareholder coalition), or make adjustments to allocations.

The fund invests in companies that are considered by the investment manager to be leaders on, or to demonstrate significant improvement in, the management of environmental and/or social issues that are material to the long-term performance of the company.

The fund also seeks to maintain a substantially lower carbon intensity, in the range of 50% less than that of the benchmark, taking into account the long-term climate objectives of the Paris Agreement, and to maintain higher levels of diversity at a portfolio level than the benchmark.

In line with the ESMA fund name requirements, this fund also applies the PAB exclusions, commits to invest meaningfully in sustainable investments and ensures that 90% of its investments will be used to meet the sustainable objective of the fund.

The application of the Calvert Principles and the other aforementioned ESG criteria will result in a 20% or more reduction of the investment universe in a significantly engaging manner, and the aim of the investment manager will be to ensure that at least 90% of the Net Asset Value of the portfolio is assessed against these ESG considerations. The investment universe for these purposes is defined as the constituents of the benchmark.

The investment manager also applies certain other investment restrictions.

For further detail on the fund's sustainability approach, including the fund's SFDR sustainable objective, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 9.

Sustainability approach ***(effective from 28 September 2026)*** The fund applies the Calvert Principles for Responsible Investment (the "Calvert Principles") and utilises a proprietary research assessment with both quantitative and qualitative processes to define the investment universe. The investment manager may engage company management around sustainability issues that it deems to be material to a company and potentially have a positive impact on society or the environment.

The investment manager gives due consideration to the relevance and potential materiality of sustainability risks for a particular investment opportunity or for the portfolio as a whole in the context of the investment objective and intended time horizon for holding a particular security. Sustainability risks may negatively impact the value of a security or portfolio. In order to mitigate these risks, the investment manager may sell or underweight a security, make adjustments to portfolio allocations, or commence

active dialogue/engagement with a company on certain material sustainability risks or opportunities such as climate change, human capital management, labor and human rights, or sustainability-related disclosure.

The fund invests in relevant companies based on integrated quantitative and qualitative analysis of fundamental and sustainability factors.

The fund also seeks to maintain a substantially lower carbon intensity, in the range of 50% less than that of the benchmark, and to maintain higher levels of board gender diversity at a portfolio level than the benchmark.

The application of the Calvert Principles and the other aforementioned sustainability criteria will result in a 20% or more reduction of the investment universe in a significantly engaging manner, and the aim of the investment manager will be to ensure that at least 90% of the Net Asset Value of the portfolio is assessed against these sustainability considerations. The investment universe for these purposes is defined as the constituents of the benchmark.

The investment manager also applies certain other investment restrictions.

For further detail on the fund's sustainability approach, including the fund's SFDR sustainable objective, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) MSCI Europe Index, used for sustainability indicator comparison and geographic allocation indication. See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency EUR.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- Convertible bonds
- Credit
- Currency
- Depositary receipt
- Derivatives
- Equities
- ESG/sustainability
- Eurozone
- Hedging
- Infrastructure
- Investment fund
- Management
- Market
- Real estate investment

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Commitment.

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the medium term.

The fund may appeal to investors who:

- are looking for medium-term investment growth, through an investment with comparatively high environmental or social characteristics
- seek income whether in the form of capital appreciation or distributions
- are interested in exposure to developed equity markets, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	5.25	—	1.00	0.18	—
B	—	4.00[1]	1.00	0.18	1.00
C	—	1.00[2]	1.35	0.18	—
F	—	—	0.40	0.18	—
I	2.00	—	0.40	0.14	—
J	—	—	0.20	0.10	—
N	—	—	—	0.10	—
S	—	—	0.40	0.10	—
Z	—	—	0.40	0.10	—

[1] Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.

[2] Contingent deferred sales charge applies to shares sold within 1 year of purchase.

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Calvert Sustainable Developed Markets Equity Select Fund

Renamed Calvert Developed Markets Equity Select Fund from 28 September 2026.

Investment Objective and Policy

Objective (effective until 27 September 2026) To increase the value of your investment over the long term, mainly through growth of capital, while maintaining a carbon profile that is substantially lower than that of the benchmark.

Objective (effective from 28 September 2026) To increase the value of your investment over the long term, mainly through growth of capital.

Investment policy (effective until 27 September 2026)
The fund invests at least 70% of total net assets in equities of companies whose products, services or operations address global environmental or societal challenges, such as carbon emissions reduction, environmental sustainability, resource efficiency, human capital, workplace diversity, social inclusion, product responsibility and accountable governance. These companies may be leaders in managing financially material environmental or social risks and opportunities or demonstrate an improvement in managing them. These investments are located in developed markets.

Specifically, these investments may include equity-related securities, such as American, European and global depositary receipts.

The fund may invest up to 30% of total net assets in equities not meeting the criteria of the fund's primary investments, and other types of securities, such as preference shares and convertible bonds, that meet the investment manager's ESG criteria.

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Investment policy (effective from 28 September 2026) The fund invests at least 70% of total net assets in equities of companies that demonstrate leadership or meaningful advancement in the management of one or multiple environmental and/or social risks and opportunities, or that provide solutions to certain global environmental or societal challenges. These investments are located in developed markets.

Specifically, these investments may include equity-related securities, such as American, European and global depositary receipts.

The fund may invest up to 30% of total net assets in equities not meeting the criteria of the fund's primary investments, and other types of securities, such as preference shares and convertible bonds, that meet the investment manager's sustainability criteria.

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

The fund intends to use core derivatives only (see "How the Funds Use Instruments and Techniques").

TRS usage and *securities lending* None.

Strategy In actively managing the fund, the investment manager uses quantitative and qualitative research to identify companies with favourable fundamental and sustainability characteristics that appear to have above-average total return potential (top-down approach). The fund is not benchmark-constrained and its performance may deviate significantly from that of the benchmark.

Sustainability approach ***(effective until 27 September 2026)*** The fund utilises a quantitative and qualitative ESG research process that applies the Calvert Principles for Responsible Investment (the "Calvert Principles") to define the investment universe. The investment manager may engage company management around financially material ESG issues that it deems to have a positive impact on society or the environment. The fund may also invest in a small number of issuers that are deemed likely to operate in accordance with the Calvert Principles pending engagement activity with such issuer (including multiple engagement meetings with such issuers and evidence of progress towards pre-established objectives).

The investment manager gives due consideration to the relevance and potential materiality of sustainability risks for a particular investment opportunity or for the portfolio as a whole in the context of the investment objective and intended time horizon for holding a particular security. Sustainability risks may negatively impact the value of a security or portfolio. In order to mitigate these risks, the investment manager may sell or underweight a security, commence active dialogue/engagement with company management (e.g., an engagement with a company on its material ESG risks or opportunities such as climate change, diversity, labor and human rights and ESG disclosure, either solely or as part of a shareholder coalition), or make adjustments to allocations.

The fund invests in companies that are considered by the investment manager to be leaders on, or to demonstrate significant improvement in, the management of environmental and/or social issues that are material to the long-term performance of the company.

The fund also seeks to maintain a substantially lower carbon intensity, in the range of 50% less than that of the benchmark, taking into account the long-term climate objectives of the Paris Agreement, and to maintain higher levels of diversity at a portfolio level than the benchmark.

In line with the ESMA fund name requirements, this fund also applies the PAB exclusions, commits to invest meaningfully in sustainable investments and ensures that 90% of its investments will be used to meet the sustainable objective of the fund.

The application of the Calvert Principles and the other aforementioned ESG criteria will result in a 20% or more reduction of the investment universe in a significantly engaging manner, and the aim of the investment manager will be to ensure that at least 90% of the Net Asset Value of the portfolio is assessed against these ESG considerations. The investment universe for these purposes is defined as the constituents of the benchmark.

The investment manager also applies certain other investment restrictions.

For further detail on the fund's sustainability approach, including the fund's SFDR sustainable objective, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 9.

Sustainability approach ***(effective from 28 September 2026)*** The fund applies the Calvert Principles for Responsible Investment (the "Calvert Principles") and utilises a proprietary research assessment with both quantitative and qualitative processes to define the investment universe. The investment manager may engage company management around sustainability issues that it deems to be material to a company and potentially have a positive impact on society or the environment.

The investment manager gives due consideration to the relevance and potential materiality of sustainability risks for a particular investment opportunity or for the portfolio as a whole in the context of the investment objective and intended time horizon for holding a particular security. Sustainability risks may negatively impact the value of a security or portfolio. In order to mitigate these risks, the investment manager may sell or underweight a security, make adjustments to portfolio allocations, or commence active

dialogue/engagement with a company on material sustainability risks or opportunities such as climate change, human capital management, labor and human rights, or sustainability-related disclosures.

The fund invests in relevant companies based on integrated quantitative and qualitative analysis of fundamental and sustainability factors.

The fund also seeks to maintain a substantially lower carbon intensity, in the range of 50% less than that of the benchmark, and to maintain higher levels of board gender diversity at a portfolio level than the benchmark.

The application of the Calvert Principles and the other aforementioned sustainability criteria will result in a 20% or more reduction of the investment universe in a significantly engaging manner, and the aim of the investment manager will be to ensure that at least 90% of the Net Asset Value of the portfolio is assessed against these sustainability considerations. The investment universe for these purposes is defined as the constituents of the benchmark.

The investment manager also applies certain other investment restrictions.

For further detail on the fund's sustainability approach, including the fund's SFDR sustainable objective, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) MSCI World Index, used for sustainability indicator comparison and portfolio design indication. See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- Convertible bonds
- Credit
- Currency
- Depositary receipt
- Derivatives
- Equities
- ESG/sustainability
- Eurozone
- Hedging
- Infrastructure
- Investment fund
- Management
- Market
- Real estate investment

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Commitment.

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the medium term.

The fund may appeal to investors who:

- are looking for medium-term investment growth, through an investment with comparatively high environmental or social characteristics
- seek income whether in the form of capital appreciation or distributions
- are interested in exposure to developed equity markets, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	5.25	—	1.00	0.18	—
B	—	4.00[1]	1.00	0.18	1.00
C	—	1.00[2]	1.35	0.18	—
F	—	—	0.40	0.18	—
I	2.00	—	0.40	0.14	—
J	—	—	0.20	0.10	—
N	—	—	—	0.10	—
S	—	—	0.40	0.10	—
Z	—	—	0.40	0.10	—

[1] Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.

[2] Contingent deferred sales charge applies to shares sold within 1 year of purchase.

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Calvert Sustainable Emerging Markets Equity Select Fund

Renamed Calvert Emerging Markets Equity Select Fund from 28 September 2026.

Investment Objective and Policy

Objective (effective until 27 September 2026) To increase the value of your investment over the long term, mainly through growth of capital, while maintaining a carbon profile that is substantially lower than that of the benchmark.

Objective (effective from 28 September 2026) To increase the value of your investment over the long term, mainly through growth of capital.

Investment policy (effective until 27 September 2026) The fund invests at least 70% of total net assets in equities of companies whose products, services or operations address global environmental or societal challenges, such as carbon emissions reduction, environmental sustainability, resource efficiency, human capital, workplace diversity, social inclusion, product responsibility and accountable governance. These companies demonstrate an improvement in managing material environmental or social risks and opportunities. These investments are located in emerging markets anywhere in the world.

Specifically, these investments may include equity-related securities, such as American, European and global depositary receipts.

The fund may invest up to 30% of total net assets in equities not meeting the criteria of the fund's primary investments, and other types of securities, such as preference shares and convertible bonds, that meet the investment manager's ESG criteria.

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Investment policy (effective from 28 September 2026) The fund invests at least 70% of total net assets in equities of companies that demonstrate leadership or meaningful advancement in the management of one or multiple environmental and/or social risks and opportunities, or that provide solutions to certain global environmental or societal challenges. These investments are located in emerging markets anywhere in the world.

Specifically, these investments may include equity-related securities, such as American, European and global depositary receipts.

The fund may invest up to 30% of total net assets in equities not meeting the criteria of the fund's primary investments, and other types of securities, such as preference shares and convertible bonds, that meet the investment manager's sustainability criteria.

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

The fund intends to use core derivatives only (see "How the Funds Use Instruments and Techniques").

TRS usage and *securities lending* None.

Strategy In actively managing the fund, the investment manager uses quantitative and qualitative research to identify companies with favourable fundamental and sustainability characteristics that appear to have above-average total return potential (top-down approach). The fund is not benchmark-constrained and its performance may deviate significantly from that of the benchmark.

Sustainability approach ***(effective until 27 September 2026)*** The fund utilises a quantitative and qualitative ESG research process that applies the Calvert Principles for Responsible Investment (the "Calvert Principles") to define the investment universe. The investment manager may engage company management around financially material ESG issues that it deems to have a positive impact on society or the environment. The fund may also invest in a small number of issuers that are deemed likely to operate in accordance with the Calvert Principles pending engagement activity with such issuer (including multiple engagement meetings with such issuers and evidence of progress towards pre-established objectives).

The investment manager gives due consideration to the relevance and potential materiality of sustainability risks for a particular investment opportunity or for the portfolio as a whole in the context of the investment objective and intended time horizon for holding a particular security. Sustainability risks may negatively impact the value of a security or portfolio. In order to mitigate these risks, the investment manager may sell or underweight a security, commence active dialogue/engagement with company management (e.g., an engagement with a company on its material ESG risks or opportunities such as climate change, diversity, labor and human rights and ESG disclosure, either solely or as part of a shareholder coalition), or make adjustments to allocations.

The fund invests in companies that are considered by the investment manager to be leaders on, or to demonstrate significant improvement in, the management of environmental and/or social issues that are material to the long-term performance of the company.

The fund also seeks to maintain a substantially lower carbon intensity, in the range of 50% less than that of the benchmark, taking into account the long-term climate objectives of the Paris Agreement, and to maintain higher levels of diversity at a portfolio level than the benchmark.

In line with the ESMA fund name requirements, this fund also applies the PAB exclusions, commits to invest meaningfully in sustainable investments and ensures that 90% of its investments will be used to meet the sustainable objective of the fund.

The application of the Calvert Principles and the aforementioned ESG criteria will result in a 20% or more reduction of the investment universe in a significantly engaging manner, and the aim of the investment manager will be to ensure that at least 90% of the Net Asset Value of the portfolio is assessed against these ESG considerations. The investment universe for these purposes is defined as the constituents of the benchmark.

The investment manager also applies certain other investment restrictions.

For further detail on the fund's sustainability approach, including the fund's SFDR sustainable objective, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 9.

Sustainability approach ***(effective from 28 September 2026)*** The fund applies the Calvert Principles for Responsible Investment (the "Calvert Principles") and utilises a proprietary research assessment with both quantitative and qualitative processes to define the investment universe. The investment manager may engage company management around sustainability issues that it deems to be material to a company and potentially have a positive impact on society or the environment.

The investment manager gives due consideration to the relevance and potential materiality of sustainability risks for a particular investment opportunity or for the portfolio as a whole in the context of the investment objective and intended time horizon for holding a particular security. Sustainability risks may negatively impact the value of a security or portfolio. In order to mitigate these risks, the investment manager may sell or underweight a security, make adjustments to portfolio allocations, or commence active dialogue/

engagement with a company on certain material sustainability risks or opportunities such as climate change, human capital management, labor and human rights, or sustainability-related disclosures.

The fund invests in relevant companies based on integrated quantitative and qualitative analysis of fundamental and sustainability factors.

The fund also seeks to maintain a substantially lower carbon intensity, in the range of 50% less than that of the benchmark, and to maintain higher levels of board gender diversity at a portfolio level than the benchmark.

The application of the Calvert Principles and the aforementioned sustainability criteria will result in a 20% or more reduction of the investment universe in a significantly engaging manner, and the aim of the investment manager will be to ensure that at least 90% of the Net Asset Value of the portfolio is assessed against these sustainability considerations. The investment universe for these purposes is defined as the constituents of the benchmark.

The investment manager also applies certain other investment restrictions.

For further detail on the fund's sustainability approach, including the fund's SFDR sustainable objective, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) MSCI Emerging Markets Index, used for sustainability indicator comparison and portfolio design indication. See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- Convertible bonds
- Credit
- Currency
- Depositary receipt
- Derivatives
- Emerging markets
- Equities
- ESG/sustainability
- Hedging
- Infrastructure
- Investment fund
- Management
- Market
- Real estate investment

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Commitment.

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the medium term.

The fund may appeal to investors who:

- are looking for medium-term investment growth, through an investment with comparatively high environmental or social characteristics
- seek income whether in the form of capital appreciation or distributions
- are interested in exposure to emerging equity markets, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	5.25	—	1.25	0.18	—
B	—	4.00[1]	1.25	0.18	1.00
C	—	1.00[2]	1.65	0.18	—
F	—	—	0.50	0.18	—
I	2.00	—	0.50	0.14	—
J	—	—	0.25	0.10	—
N	—	—	—	0.10	—
S	—	—	0.50	0.10	—
Z	—	—	0.50	0.10	—

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Calvert US Equity Fund

Investment Objective and Policy

Objective To increase the value of your investment over the long term, mainly through growth of capital.

Investment policy The fund invests at least 70% of total net assets in equities of large capitalisation companies located in the US.

Specifically, these investments include only common stocks and companies whose market capitalisation is typically above USD 10 billion.

The fund may invest up to 30% of total net assets in equities not meeting the criteria of the fund's primary investments, and other types of securities, such as equity-related securities and eligible closed-end real estate investment trusts (REITs), that meet the investment manager's ESG criteria.

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

The fund intends to use core derivatives only (see "How the Funds Use Instruments and Techniques").

TRS usage and *securities lending* None.

Strategy In actively managing the fund, the fund will invest in companies that, in the opinion of the investment manager, exhibit, through their operations and business practices, sound management of ESG characteristics. These characteristics include environmental sustainability, resource efficiency, support for equitable societies, respect for human rights, accountable governance, and transparent operations. The investment manager seeks to invest in a portfolio of high quality companies, determined by analysis of a company's financial statements and measured by a company's demonstrated ability to consistently grow earnings over the long-term. The investment manager considers high quality companies as those that typically have strong balance sheets, durable cash flow, enduring competitive advantages, long product cycles, and stable demand over a business cycle, among other characteristics. The investment manager may consider financial quality rankings provided by recognised rating services in their analysis. Through investment in high quality companies, the investment manager seeks to build a portfolio that may participate in rising markets while minimising participation in declining markets. The fund is not benchmark-constrained and its performance may deviate significantly from that of the benchmark.

Sustainability approach The fund will invest in companies that, in the opinion of the investment manager, exhibit, through their operations and business practices, sound management of ESG characteristics. These characteristics include environmental sustainability, resource efficiency, support for equitable societies, respect for human rights, accountable governance, and transparent operations. In identifying issuers which exhibit sound management of ESG characteristics, the fund utilises a quantitative and qualitative ESG research process that applies the Calvert Principles for Responsible Investment to the entire investment universe. Through this process, companies are assessed for their management of ESG risks and opportunities and deemed either eligible or ineligible for investment according to the Calvert Principles. Each company is evaluated relative to an appropriate peer group based on material ESG factors. The investment manager and Calvert also seek to engage company management on financially material ESG issues identified through fundamental and ESG research processes. Engagement may seek to drive positive change, to improve the sustainability of each company, and/or to enhance long-term value creation.

The investment manager gives due consideration to the relevance and potential materiality of sustainability risks for a particular investment opportunity or for the portfolio as a whole in the context of the investment objective and intended time horizon for holding a particular security. Sustainability risks may negatively impact the value of a security or portfolio. In order to mitigate these risks, the investment manager may sell or underweight a security, commence active dialogue/engagement with company management (e.g., an engagement with a company on its material ESG risks or opportunities such as climate change, diversity, labor and human rights and ESG disclosure), either solely or as part of a shareholder coalition, or make adjustments to allocations.

In relation to this fund, the use of "Calvert" in the name refers to Calvert Research and Management ("Calvert"), an indirect, wholly owned subsidiary of Morgan Stanley, whose role in relation to this fund is limited to the provision of non-discretionary investment advice to the investment manager to assist the investment manager in its management of the fund. Calvert has no discretion to make or recommend portfolio allocation or construction decisions on behalf of the fund, such investment discretion being vested solely in the investment manager.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) See the Key Information Document for information on the benchmark that is used for performance comparison.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- Derivatives
- Equities
- ESG/sustainability
- Hedging
- Investment fund
- Management
- Market
- Real estate investment

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Commitment.

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the medium term.

The fund may appeal to investors who:

- are looking for medium-term investment growth
- seek income whether in the form of capital appreciation or distributions
- are interested in exposure to developed equity markets, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Continues on next page.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	5.25	—	1.65	0.18	—
B	—	4.00[1]	1.65	0.18	1.00
C	—	1.00[2]	2.15	0.18	—
F	—	—	0.65	0.18	—
I	2.00	—	0.65	0.14	—
J	—	—	0.35	0.10	—
N	—	—	—	0.10	—
S	—	—	0.65	0.10	—
Z	—	—	0.65	0.10	—

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Morgan Stanley Investment Funds

China A-Shares Fund

Investment Objective and Policy

Objective To increase the value of your investment over the long term, mainly through growth of capital.

Investment policy The fund invests at least 70% of total net assets in equities of companies listed in Mainland China.

Specifically, these investments may include China A-shares (through Stock Connect), equities of issuers of other countries, such as those listed on the Hong Kong Exchange (including China H shares and red chips), and equity-related securities, such as American and global depositary receipts, of issuers located in any country and referring to China companies.

The fund may invest up to 30% of total net assets in equities not meeting the criteria of the fund's primary investments, and other types of securities, such as preference shares and convertible bonds.

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

In addition to core derivatives (see "How the Funds Use Instruments and Techniques"), the fund may use total return swaps (TRSs).

TRS usage 0% of total net assets expected, 15% maximum.
Securities lending 0-5% of total net assets expected, 33% maximum.

Strategy In actively managing the fund, the investment manager combines macroeconomic, market and fundamental analysis to identify companies that appear to have attractive valuations or above-average growth potential (top-down and bottom-up approach). The fund is not benchmark-constrained and its performance may deviate significantly from that of the benchmark.

In making investment decisions, the investment manager does not consider the EU criteria for environmentally sustainable economic activities for the purpose of the Taxonomy Regulation.

SFDR product category Article 6.

Benchmark(s) See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- Convertible bonds
- Country risk — China
- Credit
- Currency
- Depositary receipt
- Derivatives
- Emerging markets
- Equities
- ESG/sustainability
- Hedging
- Investment fund
- Management
- Market

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral, incl. securities techniques
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Commitment.

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the long term.

The fund may appeal to investors who:

- are looking for long-term investment growth
- seek income whether in the form of capital appreciation or distributions
- are interested in exposure to emerging equity markets, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees			
	Entry	CDSC	Manage-ment	Adminis-tration	Distri-bution	Max. emerging mkt custody
A	5.25	—	1.70	0.18	—	0.10
B	—	4.00[1]	1.70	0.18	1.00	0.10
C	—	1.00[2]	2.35	0.18	—	0.10
F	—	—	0.70	0.18	—	0.10
I	2.00	—	0.70	0.14	—	0.10
J	—	—	0.55	0.10	—	0.10
N	—	—	—	0.10	—	—
S	—	—	0.70	0.10	—	0.10
Z	—	—	0.70	0.10	—	0.10

[1] Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.

[2] Contingent deferred sales charge applies to shares sold within 1 year of purchase.

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Developing Opportunity Fund

Investment Objective and Policy

Objective To seek long term appreciation (measured in USD).

Investment policy The fund primarily invests (at least 70% of total net assets) in equity securities of issuers located in developing markets, including depositary receipts (including American Depositary Receipts (ADRs), Global Depositary Receipts (GDRs)) and China A-shares (through Stock Connect).

A country may be considered a developing, emerging or frontier emerging market based on classification in the MSCI Emerging Markets Net Index or similar classification as a developing economy by an organisation such as the International Monetary Fund, the United Nations, or the World Bank. For the purpose of this fund, "developing markets", "developing market countries", "emerging markets", "emerging market countries", "frontier emerging markets" and "frontier emerging market countries" and similar terms are used interchangeably but refer to the same underlying markets and countries.

The fund may also invest, on an ancillary basis (up to 30% of total net assets), 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-related securities. The fund may invest to a limited extent (up to 10% of total net assets) in units/shares of other collective investment schemes, including the SICAV's funds and open-ended ETFs which are eligible investments for UCITS under the 2010 Law, and in shares of special purpose acquisition companies (SPACs).

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

The fund intends to use core derivatives only (see "How the Funds Use Instruments and Techniques").

TRS usage None.
Securities lending 0-5% of total net assets expected, 33% maximum.

Strategy The investment manager emphasises a bottom-up stock selection process, seeking attractive investments on an individual company basis. In selecting securities for investment, the investment manager seeks high quality companies that the investment manager believes are undervalued at the time of purchase. The investment manager typically favours companies it believes have sustainable competitive advantages that can be monetised through growth. The investment process integrates analysis of sustainability with respect to disruptive change, financial strength, environmental and social externalities and governance (also referred to as ESG). The investment manager generally considers selling a portfolio holding when it determines that the holding no longer satisfies its investment criteria. The fund is not benchmark-constrained and its performance may deviate significantly from that of the benchmark.

Sustainability approach The investment manager employs a holistic approach to ESG within its company quality assessment by analysing potential impacts to humanity's health, environment, liberty and productivity and corporate governance measures to ensure agency, culture and trust. The investment manager views incorporating ESG-related potential risks and opportunities within the investment process as important to ensure long-term stewardship of capital. Over extended time horizons, the investment manager believes that ESG risks are more likely to materialise and externalities not borne by the investee company are more likely to be priced into the value of securities. Since ESG risks could potentially impact the risk and reward profile of investment opportunities, the investment manager typically engages company management in constructive discussions on a range of ESG issues the investment manager deems materially important.

The investment manager also applies certain investment restrictions.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) MSCI Emerging Markets Net Index, used for geographic allocation indication. See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- Convertible bonds
- Country risk — China
- Credit
- Currency
- Depositary receipt
- Derivatives
- Emerging markets
- Equities
- ESG/sustainability
- Hedging
- Investment fund
- Management
- Market
- SPAC

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral, incl. securities techniques
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Commitment.

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the long term.

The fund may appeal to investors who:

- seek to invest in equities
- seek capital appreciation over the long term
- seek income whether in the form of capital appreciation or distributions
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees			
	Entry	CDSC	Manage-ment	Adminis-tration	Distri-bution	Max. emerging mkt custody
A	5.25	—	2.00	0.18	—	0.05
B	—	4.00[1]	2.00	0.18	1.00	0.05
C	—	1.00[2]	2.65	0.18	—	0.05
F	—	—	0.80	0.18	—	0.05
I	2.00	—	0.80	0.14	—	0.05
J	—	—	0.60	0.10	—	0.05
N	—	—	—	0.10	—	0.05
S	—	—	0.80	0.10	—	0.05
Z	—	—	0.80	0.10	—	0.05

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Morgan Stanley Investment Funds

Emerging Leaders Equity Fund

Investment Objective and Policy

Objective To increase the value of your investment over the long term, mainly through growth of capital.

Investment policy The fund invests at least 70% of total net assets in equities of emerging or frontier market companies (frontier markets are less developed than emerging markets).

Specifically, these investments are in companies located, or that do significant business, in emerging or frontier market countries. These investments may include China A-shares (through Stock Connect) and equity-related securities, such as American and global depositary receipts, as well as securities from corporate issuers in developed market countries that, at time of purchase, derive at least 35% of earnings or profit from, are primarily traded in, or are linked to conditions in, emerging and frontier market countries. Emerging and frontier countries may be determined by the MSCI Emerging Markets Net Index or any similar classification from an international organisation, such as the IMF, the UN and the World Bank.

The fund may invest up to 30% of total net assets in equities not meeting the criteria of the fund's primary investments, and other types of securities, such as preference shares and convertible bonds.

The fund may invest in, or be exposed to, the following, up to the percentage of total net assets indicated:

- participatory notes: 45% (in this case, percentage of gross assets after deducting cash equivalents)
- China A-shares (through Stock Connect): 20%

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs only.

In addition to core derivatives (see "How the Funds Use Instruments and Techniques"), the fund may use total return swaps (TRSs).

TRS usage 0% of total net assets expected, 15% maximum.
Securities lending 0-5% of total net assets expected, 33% maximum.

Strategy In actively managing the fund, the investment manager first identifies drivers of growth across emerging markets. It then uses fundamental analysis to build a concentrated portfolio of companies that appear to be best positioned to benefit from these market opportunities (top-down and growth-oriented bottom-up approach). The fund is not benchmark-constrained and its performance may deviate significantly from that of the benchmark.

Sustainability approach The investment manager integrates environmental, social, or governance (ESG) risks into the investment process by using certain ESG criteria as a lens for additional fundamental research, which can contribute to investment decision-making. The investment manager seeks to understand how certain ESG criteria may affect a company's risk profile and may engage with company management on what it deems to be materially important. The fund seeks to achieve a lower carbon footprint than the MSCI Emerging Markets Net Index (based on available third-party data). The investment manager will apply certain investment restrictions in certain industries with the potential to cause harm to the environment or to human health and wellbeing.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) MSCI Emerging Markets Net Index, used for sustainability indicator comparison, performance comparison, and geographic allocation indication. *See page 108 for usage definitions.*

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- Concentration
- Convertible bonds
- Country risk — China
- Country risk — India
- Credit
- Currency
- Depositary receipt
- Derivatives
- Emerging markets
- Equities
- ESG/sustainability
- Hedging
- Investment fund
- Management
- Market

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral, incl. securities techniques
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Commitment.

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the long term.

The fund may appeal to investors who:

- are looking for long-term investment growth
- seek income whether in the form of capital appreciation or distributions
- are interested in exposure to emerging equity markets globally, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees			
	Entry	CDSC	Manage-ment	Adminis-tration	Distri-bution	Max. emerging mkt custody
A	5.25	—	1.90	0.18	—	0.05
B	—	4.00[1]	1.90	0.18	1.00	0.05
B2	—	3.00[2]	1.90	0.18	1.00	0.05
C	—	1.00[3]	2.50	0.18	—	0.05
F	—	—	0.75	0.18	—	0.05
I	2.00	—	0.75	0.14	—	0.05
J	—	—	—	0.10	—	0.05
N	—	—	—	0.10	—	0.05
S	—	—	0.75	0.10	—	0.05
Z	—	—	0.75	0.10	—	0.05

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 3 years of purchase and decreases yearly by 1%. After 3 years these shares automatically convert into corresponding class A shares.*

[3] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Europe Opportunity Fund

Investment Objective and Policy

Objective To seek long-term capital appreciation (measured in EUR).

Investment policy The fund primarily invests (at least 70% of total net assets) in equity securities of issuers located in Europe, including depository receipts (American Depository Receipts (ADRs), Global Depositary Receipts (GDRs) and European Depository Receipts (EDRs)).

The fund may also invest, on an ancillary basis (up to 30% of total net assets), 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-related securities. The fund may invest to a limited extent (up to 10% of total net assets) in units/shares of other collective investment schemes, including the SICAV's funds and open-ended ETFs, which are eligible investments for UCITS under the 2010 Law, and in shares of special purpose acquisition companies (SPACs).

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

In addition to core derivatives (see "How the Funds Use Instruments and Techniques"), the fund may use total return swaps (TRSs).

TRS usage 0% of total net assets expected, 25% maximum.
Securities lending None.

Strategy The investment manager emphasises a bottom-up stock selection process, seeking attractive investments on an individual company basis. In selecting securities for investment, the investment manager seeks high quality established and emerging companies that the investment manager believes are undervalued at the time of purchase. The investment manager typically favours companies it believes have sustainable competitive advantages that can be monetised through growth. The investment process integrates analysis of sustainability with respect to disruptive change, financial strength, environmental and social externalities and governance (also referred to as ESG). The investment manager generally considers selling a portfolio holding when it determines that the holding no longer satisfies its investment criteria. The fund is actively managed and is not designed to track a benchmark. Therefore, the management of the fund is not constrained by the composition of a benchmark.

Sustainability approach The investment manager employs a holistic approach to ESG within its company quality assessment by analysing potential impacts to humanity's health, environment, liberty and productivity, and corporate governance measures to ensure agency, culture and trust. The investment manager views incorporating ESG-related potential risks and opportunities within the investment process as important to ensure long-term stewardship of capital. Over extended time horizons, the investment manager believes that ESG risks are more likely to materialise and externalities not borne by the company are more likely to be priced into the value of securities. Since ESG risks could potentially impact the risk and reward profile of investment opportunities, the investment manager typically engages company management in constructive discussions on a range of ESG issues the investment manager deems materially important.

The investment manager also applies certain investment restrictions.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency EUR.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- Convertible bonds
- Credit
- Currency
- Depositary receipt
- Derivatives
- Emerging markets
- Equities
- ESG/sustainability
- Eurozone
- Hedging
- Investment fund
- Management
- Market
- SPAC

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Commitment.

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the long term.

The fund may appeal to investors who:

- seek to invest in equities
- seek capital appreciation over the long term
- seek income whether in the form of capital appreciation or distributions
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	5.25	—	1.50	0.18	—
B	—	4.00[1]	1.50	0.18	1.00
B2	—	3.00[2]	1.50	0.18	1.00
C	—	1.00[3]	2.20	0.18	—
F	—	—	0.75	0.18	—
I	2.00	—	0.75	0.14	—
J	—	—	0.40	0.10	—
N	—	—	—	0.10	—
S	—	—	0.75	0.10	—
Z	—	—	0.75	0.10	—

[1] Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.

[2] Contingent deferred sales charge applies to shares sold within 3 years of purchase and decreases yearly by 1%. After 3 years these shares automatically convert into corresponding class A shares.

[3] Contingent deferred sales charge applies to shares sold within 1 year of purchase.

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Global Brands Equity Income Fund

Investment Objective and Policy

Objective To provide a regular income stream and long-term capital growth.

Investment policy The fund is designed to provide a regular income stream through a combination of dividends from high quality, steady dividend yield distributing equity securities and the premiums from selling index call options, aiming to deliver a yield. The relative contribution of dividends and call options to the overall income level may vary depending on stock selection or market conditions.

The fund primarily invests (at least 70% of total net assets) in equities of companies in the world's developed markets.

The fund may also Invest, on an ancillary basis (up to 30% of total net assets), in companies located in emerging markets, including up to 10% of its net assets in China A-shares (through Stock Connect).

Investment in equities of companies may also include preference shares, debt securities convertible into common shares or preference shares, and other equity-related securities.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

In addition to core derivatives (see "How the Funds Use Instruments and Techniques"), the fund may use total return swaps (TRSs).

The fund enters into financial derivative instruments with Morgan Stanley & Co. International Plc to enhance the level of income earned from the dividend yield distributed by equities in the portfolio. This strategy is expected to include taking exposure via one or more swaps to options on equity indices. This is expected to increase the amount of income earned, through receipt of the premiums received for writing the underlying options. However, in a rising market, the risk of capital losses on the swaps resulting from the exercise of the options may be mitigated by the growth in the value of the underlying assets.

TRS usage 200% of total net assets expected, 250% maximum.
Securities lending None.

Strategy The investment manager seeks to invest in a concentrated portfolio of high quality companies with sustainably high returns on operating capital whose success the investment manager 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 is actively managed and is not designed to track a benchmark. The management of the fund is not constrained by the composition of a benchmark.

Sustainability approach As an integrated part of the investment process, the investment manager assesses relevant factors potentially material to long-term sustainably high returns on operating capital including ESG factors and seeks to engage with companies as part of this. Subject to the fund's investment objective, the investment manager retains discretion over which investments are selected. In exercising this discretion, ESG factors are not the sole determinant of whether an investment can be made or a holding can remain in the fund's portfolio, but instead the investment manager considers potentially material risks or opportunities in any of the ESG areas which could potentially threaten or enhance the high returns on operating capital of a company.

The investment manager also applies certain investment restrictions.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- Concentration
- Convertible bonds
- Country risk — China
- Credit
- Currency
- Depositary receipt
- Derivatives
- Emerging markets
- Equities
- ESG/sustainability
- Eurozone
- Hedging
- Investment fund
- Leverage
- Management
- Market

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Relative VaR, with the MSCI World Index used as a reference portfolio. Expected gross leverage: 200% (not guaranteed; may be higher or lower).

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the long term.

The fund may appeal to investors who:

- seek to invest in equities
- seek capital appreciation over the long term
- seek income whether in the form of capital appreciation or distributions
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Continues on next page.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	5.25	—	1.75	0.18	—
B	—	4.00[1]	1.75	0.18	1.00
C	—	1.00[2]	2.50	0.18	—
F	—	—	0.85	0.18	—
I	2.00	—	0.85	0.14	—
J	—	—	0.55	0.10	—
N	—	—	—	0.10	—
S	—	—	0.85	0.10	—
Z	—	—	0.85	0.10	—

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Morgan Stanley Investment Funds

Global Brands Fund

Investment Objective and Policy

Objective To seek an attractive long term rate of return, measured in USD.

Investment policy The fund primarily invests (at least 70% of total net assets) in equities of companies in the world's developed countries.

The fund may also invest, on an ancillary basis (up to 30% of total net assets), in equities of companies located in emerging markets, including up to 10% of its net assets in China A-shares (through Stock Connect).

Investment in equities of companies may also include preference shares, debt securities convertible into common shares or preference shares, and other equity-related securities.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) only.

The fund may use core derivatives only (see "How the Funds Use Instruments and Techniques").

TRS usage and *securities lending* None.

Strategy The investment manager seeks to invest in a concentrated portfolio of high quality companies with sustainably high returns on operating capital and whose success the investment manager 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 is actively managed and is not designed to track a benchmark. The management of the fund is not constrained by the composition of a benchmark.

Sustainability approach As an integrated part of the investment process, the investment manager assesses relevant factors potentially material to long-term sustainably high returns on operating capital including ESG factors and seeks to engage with companies as part of this. Subject to the fund's investment objective, the investment manager retains discretion over which investments are selected. In exercising this discretion, ESG factors are not the sole determinant of whether an investment can be made or a holding can remain in the fund's portfolio, but instead the investment manager considers potentially material risks or opportunities in any of the ESG areas which could potentially threaten or enhance the high returns on operating capital of a company.

The investment manager also applies certain investment restrictions.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- Concentration
- Convertible bonds
- Country risk — China
- Credit
- Currency
- Depositary receipt
- Derivatives
- Emerging markets
- Equities
- ESG/sustainability
- Eurozone
- Hedging
- Investment fund
- Management
- Market

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Commitment.

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the long term.

The fund may appeal to investors who:

- seek to invest in equities
- seek capital appreciation over the long term
- seek income whether in the form of capital appreciation or distributions
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	5.25	—	1.60	0.18	—
B	—	4.00[1]	1.60	0.18	1.00
B2	—	3.00[2]	1.60	0.18	1.00
C	—	1.00[3]	2.40	0.18	—
F	—	—	0.75	0.18	—
I	2.00	—	0.75	0.14	—
J	—	—	—	0.10	—
N	—	—	—	0.10	—
S	—	—	0.75	0.10	—
Z	—	—	0.75	0.10	—

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 3 years of purchase and decreases yearly by 1%. After 3 years these shares automatically convert into corresponding class A shares.*

[3] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Global Brands Horizon 2029 Fund

Investment Objective and Policy

Objective To increase the value of your investment through a combination of income and growth of capital (total return).

Investment policy The fund invests at least 70% of total net assets in bonds or in equities.

Specifically, these bonds will consist of government bonds issued by European countries such as Italy and may be of any credit quality. Some of these investments may be below investment grade (high yield bonds) up to 20%. The fund will not invest in distressed securities. The equities will be of companies in the world's developed countries.

The fund may invest up to 30% of total net assets in bonds and equities not meeting the criteria of the fund's primary investments, such as equities of companies located in emerging markets.

The fund may invest in, or be exposed to the following, up to the percentage of total net assets indicated:
- China A-shares (through Stock Connect): 10%

Investment in equities of companies may also include preference shares, debt securities convertible into common shares or preference shares, and other equity-related securities.

The fund will gradually transition its asset allocation from investing 90% of its assets (excluding cash) in bonds at launch, to investing up to 100% of its assets (excluding cash) in equities at the end of a four-year investment period. The fund will seek to increase its asset allocation to equities and decrease its asset allocation to bonds at the beginning of each quarter during this period. At the end of the four years, the fund will be fully invested in equities (excluding cash).

Target asset allocation (excl. cash)	At fund launch	1 Jan 2026	1 Jan 2027	1 Jan 2028	1 Jan 2029 and after
Bonds	90%	75%	50%	25%	0%
Equities	10%	25%	50%	75%	100%

Regardless of what is stated above, the investment manager has the discretion to adjust the asset allocation based on market conditions. This transition may occur at shorter or longer intervals and may vary more or less than the target asset allocations mentioned above in order to safeguard the interests of the shareholders (e.g., during exceptional market conditions).

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) only.

The fund may use core derivatives only (see "How the Funds Use Instruments and Techniques").

TRS usage and *securities lending* None.

Strategy The use of "Global Brands" in the fund's name refers to the exposure of the fund at the end of the pathway, which aims at mirroring the exposure of the Global Brands Fund (for further information about this fund, see the fund's description on page 27). The use of "Horizon 2029" in the fund's name refers to the targeted date to complete the transition to 100% equity allocation for the fund.

Bond allocation: The investment manager seeks to invest using a flexible discretionary strategy that selects bonds that appear to offer the best return from their risk level while considering the fund's overall target asset allocation. ***Equity allocation:*** The investment manager seeks to invest in a concentrated portfolio of high quality companies with sustainably high returns on operating capital and whose success the investment manager 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 is actively managed and is not designed to track a benchmark. The management of the fund is not constrained by the composition of a benchmark.

Sustainability approach ***Bond allocation:*** The investment manager incorporates an assessment of sustainability-related risks as part of its bond selection process, as relevant, which may include but are not limited to, climate vulnerability, political stability, effective government, rule of law, and corruption. ***Equity allocation:*** As an integrated part of the investment process relating to equities, the investment manager assesses relevant factors potentially material to long-term sustainably high returns on operating capital including ESG factors and seeks to engage with companies as part of this. Subject to the fund's investment objective, the investment manager retains discretion over which investments are selected. In exercising this discretion, ESG factors are not the sole determinant of whether an investment can be made or a holding can remain in the fund's portfolio, but instead the investment manager considers potentially material risks or opportunities in any of the ESG areas which could potentially threaten or enhance the high returns on operating capital of a company.

The investment manager also applies certain investment restrictions.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) None.

Fund base currency EUR.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions
- Concentration
- Convertible bonds
- Country risk — China
- Credit
- Currency
- Depositary receipt
- Derivatives
- Emerging markets
- Equities
- ESG/sustainability
- Eurozone
- Hedging
- Interest rate
- Investment fund
- Management
- Market

Risks typically associated with unusual conditions or unpredictable events
- Circumstantial liquidity
- Counterparty and collateral
- Default
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Commitment.

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the long term.

The fund may appeal to investors who:
- are looking for long-term investment growth
- seek income whether in the form of capital appreciation or distributions
- are interested in gradually increasing their exposure to developed equity markets, either for a core investment or for diversification
- accept the risks associated with this type of investment

Continues on next page.

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	5.25	—	These fees will vary with time. See information at right.	0.18	—
B	—	4.00[1]		0.18	1.00
C	—	1.00[2]		0.18	—
Z	—	—		0.10	—

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Management Fees

Management fees will increase at the beginning of each quarter based on the targeted asset allocation for the quarter. See below the position at certain points for illustrative purposes.

Main share class	At fund launch	1 Jan 2026	1 Jan 2027	1 Jan 2028	1 Jan 2029 and after
A, B	0.52	0.70	1.00	1.30	1.60
C	0.69	0.98	1.45	1.93	2.40
Z	0.21	0.30	0.45	0.60	0.75

Morgan Stanley Investment Funds

Global Core Equity Fund

Investment Objective and Policy

Objective To increase the value of your investment over the long term, mainly through growth of capital.

Investment policy The fund invests at least 70% of total net assets in equities of medium and large capitalisation companies located anywhere in the world, including emerging markets.

Specifically, these investments may include equity-related securities, such as American and global depositary receipts, and eligible closed-end real estate investment trusts (REITs).

The fund may invest up to 30% of total net assets in equities not meeting the criteria of the fund's primary investments, and other types of securities, such as preference shares and convertible bonds.

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

The fund intends to use core derivatives only (see "How the Funds Use Instruments and Techniques").

TRS usage and securities lending None.

Strategy (effective until 27 September 2026) In actively managing the fund, the investment manager sets asset allocations based on quantitative analysis of value, growth, momentum and quality, then uses fundamental analysis to select individual companies and build a concentrated portfolio (top-down and bottom-up approach). The fund is not benchmark-constrained and its performance may deviate significantly from that of the benchmark.

In making investment decisions, the investment manager does not consider the EU criteria for environmentally sustainable economic activities for the purpose of the Taxonomy Regulation.

SFDR product category Article 6.

Strategy (effective from 28 September 2026) In actively managing the fund, the investment manager sets asset allocations based on quantitative analysis of value, growth, momentum and quality, then uses fundamental analysis to select individual companies and build a concentrated portfolio (top-down and bottom-up approach). The fund is not benchmark-constrained and its performance may deviate significantly from that of the benchmark.

Sustainability approach The investment manager may integrate a non-binding sustainability analysis as a part of the fundamental analysis component of the investment process. Sustainability analysis is inclusive of environmental; social and human capital; and business model, innovation, leadership and governance ("ESG") issues.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- Convertible bonds
- Credit
- Currency
- Depositary receipt
- Derivatives
- Emerging markets
- Equities
- ESG/sustainability
- Eurozone
- Hedging
- Investment fund
- Management
- Market
- Real estate investment

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Commitment.

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the medium term.

The fund may appeal to investors who:

- are looking for medium-term investment growth
- seek income whether in the form of capital appreciation or distributions
- are interested in exposure to equity markets globally, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	5.25	—	1.35	0.18	—
B	—	4.00[1]	1.35	0.18	1.00
C	—	1.00[2]	1.80	0.18	—
F	—	—	0.55	0.18	—
I	2.00	—	0.55	0.14	—
J	—	—	—	0.10	—
N	—	—	—	0.10	—
S	—	—	0.55	0.10	—
Z	—	—	0.55	0.10	—

[1] Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.

[2] Contingent deferred sales charge applies to shares sold within 1 year of purchase.

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Morgan Stanley Investment Funds

Global Endurance Fund

Investment Objective and Policy

Objective To seek long-term capital appreciation (measured in USD).

Investment policy The fund primarily invests (at least 70% of total net assets) in equity securities, including depositary receipts (including American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs)), of established and emerging companies located throughout the world, with capitalisations within the range of companies included in the MSCI All Country World Index.

The fund may also invest, on an ancillary basis (up to 30% of total net assets), in equity securities not meeting the criteria of the fund's primary investments, debt securities convertible into common shares, preference shares, China A-shares (through Stock Connect), warrants and other equity-related securities. The fund may invest up to 10% of its net assets in China A-shares (through Stock Connect). The fund may invest to a limited extent (up to 10% of total net assets) in units/shares of other collective investment schemes, including the SICAV's funds and open- ended ETFs, which are eligible investments for UCITS under the 2010 Law, and in shares of special purpose acquisition companies (SPACs).

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

The fund intends to use core derivatives only (see "How the Funds Use Instruments and Techniques").

TRS usage None.
Securities lending 0-5% of total net assets expected, 33% maximum.

Strategy The investment process will emphasise a bottom up stock selection process seeking attractive investments on an individual company basis. In selecting securities for investment, the investment manager seeks to invest in companies with sustainable competitive advantages. The investment manager typically favours companies with rising returns on invested capital, above-average business visibility, strong free cash flow generation and an attractive risk/reward. The fund will make long-term investments in companies globally that the investment manager believes have the most durable long-term competitive advantages. The fund may also invest in more moderate growth companies, companies with lower earnings volatility and/or ones with some cyclicality in their end markets. The fund is actively managed, not designed to track a benchmark, and therefore not constrained by the composition of the MSCI All Country World Index. The fund references the benchmark for the purpose of setting the capitalisation range of issuers the fund will invest in.

Sustainability approach The investment manager actively integrates sustainability into the investment process by using ESG factors as a lens for additional fundamental research, which can contribute to investment decision-making. The investment manager seeks to understand how environmental and social initiatives within companies can create value by strengthening durable competitive advantages, creating growth opportunities, driving profitability, and/or aligning with secular growth trends. The investment manager generally engages with companies to discuss their ESG practices, with the aim of identifying how sustainability themes present opportunities and risks that can be material to the value of the security over the long-term. Other aspects of the investment process include a proprietary, systematic evaluation of governance policies, specifically focusing on compensation alignment on long-term value creation.

The investment manager also applies certain investment restrictions.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) MSCI All Country World Index, used for portfolio design indication. See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- Convertible bonds
- Country risk — China
- Credit
- Currency
- Depositary receipt
- Derivatives
- Emerging markets
- Equities
- ESG/sustainability
- Eurozone
- Hedging
- Investment fund
- Management
- Market
- SPAC

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral, incl. securities techniques
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Commitment.

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the long term.

The fund may appeal to investors who:

- seek to invest in equities
- seek capital appreciation over the long term
- seek income whether in the form of capital appreciation or distributions
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	5.25	—	1.60	0.18	—
B	—	4.00[1]	1.60	0.18	1.00
C	—	1.00[2]	2.40	0.18	—
F	—	—	0.75	0.18	—
I	2.00	—	0.75	0.14	—
J	—	—	0.35	0.10	—
N	—	—	—	0.10	—
S	—	—	—	0.10	—
Z	—	—	0.75	0.10	—

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Morgan Stanley Investment Funds

Global Insight Fund

Investment Objective and Policy

Objective To seek long-term capital appreciation (measured in USD).

Investment policy The fund primarily invests (at least 70% of total net assets) 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 equities of established and emerging companies.

The fund may also be invested, on an ancillary basis (up to 30% of total net assets), 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 equivalents and other equity-related securities. The fund may invest in shares of special purpose acquisition companies (SPACs) and up to 10% of its net assets in China A-shares (through Stock Connect).

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

In addition to core derivatives (see "How the Funds Use Instruments and Techniques"), the fund may use total return swaps (TRSs).

TRS usage 0% of total net assets expected, 15% maximum.
Securities lending None.

Strategy The investment process will emphasise a bottom-up stock selection process, seeking attractive investments on an individual company basis. In selecting securities for investment, the investment manager typically invests in unique companies it believes have and sustainable competitive advantages with above average business visibility, the ability to deploy capital at high rates of return, strong balance sheets and an attractive risk/reward. The fund is actively managed, not designed to track a benchmark, and therefore not constrained by the composition of a benchmark.

Sustainability approach The investment manager actively integrates sustainability into the investment process by using ESG factors as a lens for additional fundamental research, which can contribute to investment decision-making. The investment manager seeks to understand how environmental and social initiatives within companies can create value by strengthening durable competitive advantages, creating growth opportunities, driving profitability, and/or aligning with secular growth trends. The investment manager generally engages with companies to discuss their ESG practices, with the aim of identifying how sustainability themes present opportunities and risks that can be material to the value of the security over the long-term. Other aspects of the investment process include a proprietary, systematic evaluation of governance policies, specifically focusing on compensation alignment on long-term value creation.

The investment manager also applies certain investment restrictions.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- Convertible bonds
- Country risk — China
- Credit
- Currency
- Depositary receipt
- Derivatives
- Emerging markets
- Equities
- ESG/sustainability
- Eurozone
- Hedging
- Investment fund
- Management
- Market
- SPAC

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Commitment.

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the long term.

The fund may appeal to investors who:

- seek to invest in equities
- seek capital appreciation over the long term
- seek income whether in the form of capital appreciation or distributions
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	5.25	—	1.60	0.18	—
B	—	4.00[1]	1.60	0.18	1.00
B2	—	3.00[2]	1.60	0.18	1.00
C	—	1.00[3]	2.40	0.18	—
F	—	—	0.75	0.18	—
I	2.00	—	0.75	0.14	—
J	—	—	—	0.10	—
N	—	—	—	0.10	—
S	—	—	0.75	0.10	—
Z	—	—	0.75	0.10	—

[1] Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.

[2] Contingent deferred sales charge applies to shares sold within 3 years of purchase and decreases yearly by 1%. After 3 years these shares automatically convert into corresponding class A shares.

[3] Contingent deferred sales charge applies to shares sold within 1 year of purchase.

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Global Opportunity Fund

Investment Objective and Policy

Objective To seek long-term capital appreciation (measured in USD).

Investment policy The fund primarily invests (at least 70% of total net assets) in equity securities of issuers located in any country, including depositary receipts (including American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs)).

The fund may also invest, on an ancillary basis (up to 30% of total net assets), in debt securities convertible into common shares, preference shares, China A-shares (through Stock Connect), warrants on securities, cash equivalents and other equity-related securities.

The fund may invest up to 20% of its net assets in China A-shares (through Stock Connect). The fund may invest to a limited extent (up to 10% of total net assets) in units/shares of other collective investment schemes, including the SICAV's funds and open-ended ETFs, which are eligible investments for UCITS under the 2010 Law, and in shares of special purpose acquisition companies (SPACs).

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

The fund intends to use core derivatives only (see "How the Funds Use Instruments and Techniques").

TRS usage None.
Securities lending 0-5% of total net assets expected, 33% maximum.

Strategy The investment manager emphasises a bottom-up stock selection process, seeking attractive investments on an individual company basis. In selecting securities for investment, the investment manager seeks high quality established and emerging companies that the investment manager believes are undervalued at the time of purchase. The investment manager typically favours companies it believes have sustainable competitive advantages that can be monetised through growth. The investment process integrates analysis of sustainability with respect to disruptive change, financial strength, environmental and social externalities and governance (also referred to as ESG). The investment manager generally considers selling a portfolio holding when it determines that the holding no longer satisfies its investment criteria. The fund is actively managed and is not designed to track a benchmark. Therefore, the management of the fund is not constrained by the composition of a benchmark.

Sustainability approach The investment manager employs a holistic approach to ESG within its company quality assessment by analysing potential impacts to humanity's health, environment, liberty and productivity, and corporate governance measures to ensure agency, culture and trust. The investment manager views incorporating ESG-related potential risks and opportunities within the investment process as important to ensure long-term stewardship of capital. Over extended time horizons, the investment manager believes that ESG risks are more likely to materialise and externalities not borne by the investee company are more likely to be priced into the value of securities. Since ESG risks could potentially impact the risk and reward profile of investment opportunities, the investment manager typically engages company management in constructive discussions on a range of ESG issues the investment manager deems materially important.

The investment manager also applies certain investment restrictions.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- Convertible bonds
- Country risk — China
- Credit
- Currency
- Depositary receipt
- Derivatives
- Emerging markets
- Equities
- ESG/sustainability
- Eurozone
- Hedging
- Investment fund
- Management
- Market
- SPAC

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral, incl. securities techniques
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Commitment.

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the long term.

The fund may appeal to investors who:

- seek to invest in equities
- seek capital appreciation over the long term
- seek income whether in the form of capital appreciation or distributions
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	5.25	—	1.60	0.18	—
B	—	4.00[1]	1.60	0.18	1.00
B2	—	3.00[2]	1.60	0.18	1.00
C	—	1.00[3]	2.40	0.18	—
F	—	—	0.75	0.18	—
I	2.00	—	0.75	0.14	—
J	—	—	—	0.10	—
N	—	—	—	0.10	—
S	—	—	0.75	0.10	—
Z	—	—	0.75	0.10	—

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 3 years of purchase and decreases yearly by 1%. After 3 years these shares automatically convert into corresponding class A shares.*

[3] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Global Opportunity Horizon 2030 Fund

Investment Objective and Policy

Objective To increase the value of your investment through a combination of income and growth of capital (total return).

Investment policy The fund invests at least 70% of total net assets in bonds or in equity securities.

Specifically, these bonds will consist of government bonds issued by European countries, such as Italy, and may be of any credit quality. Some of these investments may be below investment grade (high yield bonds below BBB-/Baa3) up to 20%. The fund will not invest in distressed securities. If these securities are downgraded below B-/B3, the fund may hold such securities up to 3% of total net assets but will divest any of them that has not been upgraded to the required credit rating within six months. The equity securities will be of issuers located in any country, including- depositary receipts, such as American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs).

The fund may invest up to 30% of total net assets in bonds and equities not meeting the criteria of the fund's primary investments, such as debt securities convertible into common shares, preference shares, China A-shares (through Stock Connect), warrants on securities, cash equivalents and other equity-related securities.

The fund may invest up to 20% of its net assets in China A-shares (through Stock Connect). The fund may invest to a limited extent (up to 10% of total net assets) in units/shares of other collective investment schemes, including the SICAV's funds and open-ended ETFs, which are eligible investments for UCITS under the 2010 Law, and in shares of special purpose acquisition companies (SPACs).

The fund will gradually transition its asset allocation from investing 90% of its assets (excluding cash) in bonds at launch, to investing up to 100% of its assets (excluding cash) in equities at the end of a four-year investment period. The fund will seek to increase its asset allocation to equities and decrease its asset allocation to bonds at the beginning of each quarter during this period. At the end of the four years, the fund will be fully invested in equities (excluding cash).

Target asset allocation (excl. cash)	At fund launch	1 Jan 2027	1 Jan 2028	1 Jan 2029	1 Jan 2030 and after
Bonds	90%	75%	50%	25%	0%
Equities	10%	25%	50%	75%	100%

Regardless of what is stated above, the investment manager has the discretion to adjust the asset allocation based on market conditions. This transition may occur at shorter or longer intervals and may vary more or less than the target asset allocations mentioned above in order to safeguard the interests of the shareholders (e.g., during exceptional market conditions).

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

The fund may use core derivatives only (see "How the Funds Use Instruments and Techniques").

TRS usage None.
Securities lending 0-5% of total net assets expected, 33% maximum.

Strategy The use of "Global Opportunity" in the fund's name refers to the exposure of the fund at the end of the pathway, which aims at mirroring the exposure of the Global Opportunity Fund (for further information about this fund, see the fund's description on page 30). The use of "Horizon 2030" in the fund's name refers to the targeted date to complete the transition to 100% equity allocation for the fund.

Bond allocation: The investment manager seeks to invest using a flexible discretionary strategy that selects bonds that appear to offer the best return from their risk level while considering the fund's overall target asset allocation. ***Equity allocation:*** The investment manager emphasises a bottom-up stock selection process, seeking attractive investments on an individual company basis. In selecting securities for investment, the investment manager seeks high quality established and emerging companies that the investment manager believes are undervalued at the time of purchase. The investment manager typically favours companies it believes have sustainable competitive advantages that can be monetised through growth. The investment process integrates analysis of sustainability with respect to disruptive change, financial strength, environmental and social externalities and governance (also referred to as ESG). The investment manager generally considers selling a portfolio holding when it determines that the holding no longer satisfies its investment criteria.

The fund is actively managed and is not designed to track a benchmark. Therefore, the management of the fund is not constrained by the composition of a benchmark.

Sustainability approach ***Bond allocation:*** The investment manager incorporates an assessment of sustainability-related risks as part of its bond selection process, as relevant, which may include but are not limited to, political stability, effective government, rule of law, and corruption. ***Equity allocation:*** The investment manager employs a holistic approach to ESG within its company quality assessment by analysing potential impacts to humanity's health, environment, liberty and productivity, and corporate governance measures to ensure agency, culture and trust. The investment manager views incorporating ESG-related potential risks and opportunities within the investment process as important to ensure long-term stewardship of capital. Over extended time horizons, the investment manager believes that ESG risks are more likely to materialise and externalities not borne by the investee company are more likely to be priced into the value of securities. Since ESG risks could potentially impact the risk and reward profile of investment opportunities, the investment manager typically engages company management in constructive discussions on a range of ESG issues the investment manager deems materially important.

The investment manager also applies certain investment restrictions.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) None.

Fund base currency EUR.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- Convertible bonds
- Country risk — China
- Credit
- Currency
- Depositary receipt
- Derivatives
- Emerging markets
- Equities
- ESG/sustainability
- Eurozone
- Hedging
- Interest rate
- Investment fund
- Management
- Market
- SPAC

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral, incl. securities techniques
- Default
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Commitment.

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the long term.

The fund may appeal to investors who:

- are looking for long-term investment growth
- seek income whether in the form of capital appreciation or distributions
- are interested in gradually increasing their exposure to developed equity markets, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Administration	Distribution
A	5.25	—	These fees will vary with time. See information at right.	0.18	—
B	—	4.00[1]		0.18	1.00
C	—	1.00[2]		0.18	—
Z	—	—		0.10	—

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Management Fees

Management fees will increase at the beginning of each quarter based on the targeted asset allocation for the quarter. See below the position at certain points for illustrative purposes.

Main share class	At fund launch	1 Jan 2027	1 Jan 2028	1 Jan 2029	1 Jan 2030 and after
A, B	0.52	0.70	1.00	1.30	1.60
C	0.69	0.98	1.45	1.93	2.40
Z	0.21	0.30	0.45	0.60	0.75

Morgan Stanley Investment Funds

Global Permanence Fund

Investment Objective and Policy

Objective To seek long-term capital appreciation (measured in USD).

Investment policy The fund primarily invests (at least 70% of total net assets) in equity securities, including depositary receipts (including American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs)), of established companies located throughout the world, with capitalisations within the range of companies included in the MSCI All Country World Index.

The fund may also invest, on an ancillary basis (up to 30% of total net assets), in equity securities not meeting the criteria of the fund's primary investments, debt securities convertible into common shares, preference shares, China A-shares (through Stock Connect), warrants and other equity-related securities. The fund may invest up to 10% of its net assets in China A-shares (through Stock Connect). The fund may invest to a limited extent (up to 10% of total net assets) in units/shares of other collective investment schemes, including the SICAV's funds and open-ended ETFs, which are eligible investments for UCITS under the 2010 Law, and in shares of special purpose acquisition companies (SPACs).

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

The fund intends to use core derivatives only (see "How the Funds Use Instruments and Techniques").

TRS usage None.
Securities lending 0-5% of total net assets expected, 33% maximum.

Strategy The investment process will emphasise a bottom up stock selection process seeking attractive investments on an individual company basis. In selecting securities for investment, the investment manager typically invests in companies it believes have strong name recognition and sustainable competitive advantages with above average business visibility, the ability to deploy capital at high rates of return, strong balance sheets and an attractive risk/reward. The fund will make long-term investments in companies globally that the investment manager believes have the most durable long-term competitive advantages. The fund may also invest in more moderate growth companies, companies with lower earnings volatility and/or ones with some cyclicality in their end markets. The fund is actively managed, not designed to track a benchmark, and therefore not constrained by the composition of the MSCI All Country World Index. The fund references the benchmark for the purpose of setting the capitalisation range of issuers the fund will invest in.

Sustainability approach The investment manager actively integrates sustainability into the investment process by using ESG factors as a lens for additional fundamental research, which can contribute to investment decision-making. The investment manager seeks to understand how environmental and social initiatives within companies can create value by strengthening durable competitive advantages, creating growth opportunities, driving profitability, and/or aligning with secular growth trends. The investment manager generally engages with companies to discuss their ESG practices, with the aim of identifying how sustainability themes present opportunities and risks that can be material to the value of the security over the long-term. Other aspects of the investment process include a proprietary, systematic evaluation of governance policies, specifically focusing on compensation alignment on long-term value creation.

The investment manager also applies certain investment restrictions.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) MSCI All Country World Index, used for portfolio design indication. See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- Convertible bonds
- Country risk — China
- Credit
- Currency
- Depositary receipt
- Derivatives
- Emerging markets
- Equities
- ESG/sustainability
- Eurozone
- Hedging
- Investment fund
- Management
- Market
- SPAC

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral, incl. securities techniques
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Commitment.

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the long term.

The fund may appeal to investors who:

- seek to invest in equities
- seek capital appreciation over the long term
- seek income whether in the form of capital appreciation or distributions
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	5.25	—	1.60	0.18	—
B	—	4.00[1]	1.60	0.18	1.00
C	—	1.00[2]	2.40	0.18	—
F	—	—	0.75	0.18	—
I	2.00	—	0.75	0.14	—
J	—	—	0.35	0.10	—
N	—	—	—	0.10	—
S	—	—	—	0.10	—
Z	—	—	0.75	0.10	—

[1] Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.

[2] Contingent deferred sales charge applies to shares sold within 1 year of purchase.

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Morgan Stanley Investment Funds

Global Quality Fund

Investment Objective and Policy

Objective To seek an attractive long term rate of return, measured in USD.

Investment policy The fund primarily invests (at least 70% of total net assets) in equities of companies in the world's developed countries.

The fund may also invest, on an ancillary basis (up to 30% of total net assets), in equities of companies located in emerging markets, including China A-shares (through Stock Connect). The fund may invest up to 10% of its net assets in China A-shares (through Stock Connect).

Investment in equities of companies may also include preference shares, debt securities convertible into common shares or preference shares, and other equity-related securities.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) only.

The fund may use core derivatives only (see "How the Funds Use Instruments and Techniques").

TRS usage and securities lending None.

Strategy The investment manager seeks to invest in a concentrated portfolio of high quality businesses with strong management that can achieve sustainably high returns on operating capital. The investment manager believes that long term returns can best be achieved through compounding and minimising downside participation and that high quality companies can generate superior returns for their owners over the long term. The search for high quality companies focuses on identifying companies with strong franchises, 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 manager aims to buy these stocks at attractive valuations relative to their cash-flow based fundamental values. The fund's investment process focuses on high quality companies with sustainably high returns on operating capital.

The fund is actively managed and is not designed to track a benchmark. The management of the fund is not constrained by the composition of a benchmark.

Sustainability approach As an integrated part of the investment process, the investment manager assesses relevant factors potentially material to long-term sustainably high returns on operating capital including ESG factors and seeks to engage with companies as part of this. Subject to the fund's investment objective, the investment manager retains discretion over which investments are selected. In exercising this discretion, ESG factors are not the sole determinant of whether an investment can be made or a holding can remain in the fund's portfolio, but instead the investment manager considers potentially material risks or opportunities in any of the ESG areas which could potentially threaten or enhance the high returns on operating capital of a company.

The investment manager also applies certain investment restrictions.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- Concentration
- Convertible bonds
- Country risk — China
- Credit
- Currency
- Depositary receipt
- Derivatives
- Emerging markets
- Equities
- ESG/sustainability
- Eurozone
- Hedging
- Investment fund
- Management
- Market

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Commitment.

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the long term.

The fund may appeal to investors who:

- seek to invest in equities
- seek capital appreciation over the long term
- seek income whether in the form of capital appreciation or distributions
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	5.25	—	1.60	0.18	—
B	—	4.00[1]	1.60	0.18	1.00
C	—	1.00[2]	2.40	0.18	—
F	—	—	0.75	0.18	—
I	2.00	—	0.75	0.14	—
J	—	—	—	0.10	—
N	—	—	—	0.10	—
S	—	—	0.75	0.10	—
Z	—	—	0.75	0.10	—

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Morgan Stanley Investment Funds

Global Quality Select Fund

Investment Objective and Policy

Objective To seek an attractive long-term rate of return, measured in USD. The investment manager will also apply ESG criteria that seek to achieve a greenhouse gas (GHG) emissions intensity for the fund that is significantly lower than that of the reference universe (which term is used only for the purposes of comparing GHG emissions intensity, and comprises companies within the MSCI AC World Index).

Investment policy The fund primarily invests (at least 70% of total net assets) in equities of companies in the world's developed countries.

The fund may also invest, on an ancillary basis (up to 30% of total net assets), in equities of companies located in emerging markets, including China A-shares (through Stock Connect). The fund may invest up to 10% of its net assets in China A-shares (through Stock Connect).

Investment in equities of companies may also include preference shares, debt securities convertible into common shares or preference shares, and other equity-related securities.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) only.

The fund may use core derivatives only (see "How the Funds Use Instruments and Techniques").

TRS usage and *securities lending* None.

Strategy The investment manager seeks to invest in a concentrated portfolio of high quality, strong franchises characterised by sustainably high returns on operating capital, hard to replicate intangible assets (including brands, networks, licences and patents), and pricing power. The investment manager seeks to identify capable management teams able to allocate capital effectively to grow the franchise and sustain or improve the return on operating capital. The fund's investment process focuses on high quality companies with sustainably high returns on operating capital.

The fund is actively managed and is not designed to track a benchmark. The management of the fund is not constrained by the composition of a benchmark.

Sustainability approach As an integrated part of the investment process, the investment manager assesses relevant factors potentially material to long-term sustainably high returns on operating capital including ESG factors and seeks to engage with companies as part of this. Subject to the fund's investment objective, the investment manager retains discretion over which investments are selected. In exercising this discretion, ESG factors are not the sole determinant of whether an investment can be made or a holding can remain in the fund's portfolio, but instead the investment manager considers potentially material risks or opportunities in any of the ESG areas which could potentially threaten or enhance the high returns on operating capital of a company.

In order to meet the low GHG emissions intensity criteria, the fund will apply GHG emissions-related restrictions. This includes applying GHG emissions-related exclusions and ranking remaining issuers and then excluding those with the highest GHG emissions intensity from the reference universe. The GHG emissions-related restrictions should collectively result in a reduction of the reference universe by at least 20% in a significantly engaging manner. The investment manager will ensure that at least 90% of the issuers in the portfolio are assessed against these criteria.

For the purpose of this fund, GHG emissions shall be defined as Scope 1 and 2 emissions. Further, the term GHG shall be as defined by the GHG protocol and include carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF6), and nitrogen trifluoride (NF3) in metric tonnes and in tonnes of CO2 equivalent.

In addition to the GHG emissions-related restrictions, the investment manager also applies other investment restrictions.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) MSCI World Index, used for performance comparison. Companies within the MSCI AC World Index, reference universe used only for the purposes of comparing GHG emissions intensity.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- Concentration
- Convertible bonds
- Country risk — China
- Credit
- Currency
- Depositary receipt
- Derivatives
- Emerging markets
- Equities
- ESG/sustainability
- Eurozone
- Hedging
- Investment fund
- Management
- Market

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Commitment.

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the long term.

The fund may appeal to investors who:

- seek to invest in equities
- seek capital appreciation over the long term
- seek income whether in the form of capital appreciation or distributions
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Continues on next page.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	5.25	—	1.50	0.18	—
B	—	4.00[1]	1.50	0.18	1.00
C	—	1.00[2]	2.15	0.18	—
F	—	—	0.65	0.18	—
I	2.00	—	0.65	0.14	—
J	—	—	0.50	0.10	—
N	—	—	—	0.10	—
S	—	—	0.65	0.10	—
Z	—	—	0.65	0.10	—

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Morgan Stanley Investment Funds

Global Stars Fund

Investment Objective and Policy

Objective To seek an attractive long term rate of return, measured in USD.

Investment policy The fund invests at least 70% of total net assets in equities of companies located throughout the world, including developed and emerging market countries.

The fund may invest up to 20% of its net assets in China A-shares (through Stock Connect).

Investment in equities of companies may also include preference shares, debt securities convertible into common shares or preference shares, and other equity-related securities.

The fund may also invest, on an ancillary basis (up to 30% of total net assets), in equities not meeting the criteria of the fund's primary investments, such as rights, warrants and equity options.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

The fund may use core derivatives only (see "How the Funds Use Instruments and Techniques").

TRS usage and *securities lending* None.

Strategy The investment manager seeks to invest in a concentrated portfolio of high quality companies it believes are "Stars", which for this purpose are growth-oriented compounders characterised by difficult to replicate intangible assets (including but not limited to, intellectual property, brands or network effects) with bright prospects, i.e. a large growth opportunity, and high returns on incremental operating capital employed. The portfolio is expected to comprise approximately 25 to 50 different issuers; however, the investment manager may deviate from this range at its discretion. The investment manager also seeks to identify capable management teams able to allocate incremental capital effectively to grow the franchise, maintain the intangible assets and maintain or improve returns on operating capital.

As part of the investment process, the investment manager assesses relevant factors potentially material to companies' growth potential and their ability to generate high returns on incremental operating capital over the long term. This may include factors relating to investment in intangible assets, capability of management, potential for disruption, current and anticipated industry competition and ESG factors. The investment manager may also engage with companies on such issues.

The fund is actively managed and is not designed to track a benchmark. The management of the fund is not constrained by the composition of a benchmark.

Sustainability approach As described above, the investment manager may consider ESG factors where it believes these are potentially material to companies' growth potential and their ability to generate high returns on incremental operating capital over the long term. Subject to the fund's investment objective, the investment manager retains discretion over which investments are selected. Whilst ESG considerations are an integrated part of the investment process, ESG factors are not the sole determinant of whether an investment can be made, or a holding can remain in the fund's portfolio.

The investment manager also applies certain investment restrictions.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) MSCI ACWI Index, used for performance comparison. See page 108 for usage definitions.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- Concentration
- Convertible bonds
- Country risk — China
- Credit
- Currency
- Depositary receipt
- Derivatives
- Emerging markets
- Equities
- ESG/sustainability
- Eurozone
- Hedging
- Investment fund
- Management
- Market
- Small and mid-cap equity

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Commitment.

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the long term.

The fund may appeal to investors who:

- seek to invest in equities
- seek capital appreciation over the long term
- seek income whether in the form of capital appreciation or distributions
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	5.25	—	1.50	0.18	—
B	—	4.00[1]	1.50	0.18	1.00
C	—	1.00[2]	2.00	0.18	—
F	—	—	0.60	0.18	—
I	2.00	—	0.60	0.14	—
J	—	—	0.35	0.10	—
N	—	—	—	0.10	—
S	—	—	0.60	0.10	—
Z	—	—	0.60	0.10	—

[1] Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.

[2] Contingent deferred sales charge applies to shares sold within 1 year of purchase.

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Morgan Stanley Investment Funds

Indian Equity Fund

Investment Objective and Policy

Objective To increase the value of your investment over the long term, mainly through growth of capital.

Investment policy The fund invests, directly or indirectly, at least 70% of total net assets in equities of companies from India.

Specifically, these investments are in companies located, or that do most of their business, in India.

The fund may invest up to 30% of total net assets in equities not meeting the criteria of the fund's primary investments, and other types of securities, such as preference shares and convertible bonds.

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs only.

In addition to core derivatives (see "How the Funds Use Instruments and Techniques"), the fund may use total return swaps (TRSs).

TRS usage 0% of total net assets expected, 15% maximum.
Securities lending 0-5% of total net assets expected, 33% maximum.

Strategy In actively managing the fund, the investment manager uses fundamental analysis to build a concentrated portfolio of companies that appear to have attractive valuations or above-average growth potential (bottom-up approach). The fund is not benchmark-constrained and its performance may deviate significantly from that of the benchmark.

Sustainability approach The investment process takes into account information about ESG issues when making investment decisions. The investment manager focuses on engaging company management around corporate governance practices and on environmental or social issues that it deems to be materially important.

In making investment decisions, the investment manager does not consider the EU criteria for environmentally sustainable economic activities for the purpose of the Taxonomy Regulation.

SFDR product category Article 6.

Benchmark(s) See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- Concentration
- Convertible bonds
- Country risk — India
- Credit
- Currency
- Depositary receipt
- Derivatives
- Emerging markets
- Equities
- ESG/sustainability
- Hedging
- Investment fund
- Management
- Market

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral, incl. securities techniques
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Commitment.

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the long term.

The fund may appeal to investors who:

- are looking for long-term investment growth
- seek income whether in the form of capital appreciation or distributions
- are interested in exposure to emerging equity markets, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees			
	Entry	CDSC	Manage-ment	Adminis-tration	Distri-bution	Max. emerging mkt custody
A	5.25	—	1.60	0.18	—	0.05
B	—	4.00[1]	1.60	0.18	1.00	0.05
B2	—	3.00[2]	1.60	0.18	1.00	0.05
C	—	1.00[3]	2.40	0.18	—	0.05
F	—	—	0.75	0.18	—	0.05
I	2.00	—	0.75	0.14	—	0.05
J	—	—	—	0.10	—	0.05
N	—	—	—	0.10	—	0.05
S	—	—	0.75	0.10	—	0.05
Z	—	—	0.75	0.10	—	0.05

[1] Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.

[2] Contingent deferred sales charge applies to shares sold within 3 years of purchase and decreases yearly by 1%. After 3 years these shares automatically convert into corresponding class A shares.

[3] Contingent deferred sales charge applies to shares sold within 1 year of purchase.

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

International Resilience Fund

Investment Objective and Policy

Objective To seek an attractive long-term rate of return, measured in USD.

Investment policy The fund primarily invests (at least 70% of total net assets) in equity securities, including depositary receipts (including American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs) of companies from developed and emerging markets outside of the US.

An issuer is considered to be from a particular country (including the US for purposes of the International Resilience Fund) 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 or profits from goods produced, sales made or services performed in that country or geographic region or has at least 50% of its assets, core business operations and/or employees in that country or geographic region; or (iii) it is organised under the laws of, or has a principal office in, that country or geographic region. By applying these criteria, it is possible that a particular issuer could be deemed to be from more than one country or geographic region.

The fund may also invest, on an ancillary basis (up to 30% of total net assets), in preference shares, debt securities convertible into common shares or preference shares, warrants on securities and other equity-related securities to gain exposure to companies in developed and emerging markets, as well as equities of emerging market companies and China A-shares (through Stock Connect). The fund may invest up to 10% of its net assets in China A-shares (through Stock Connect).

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) only.

The fund may use core derivatives only (see "How the Funds Use Instruments and Techniques").

TRS usage and securities lending None.

Strategy The investment manager seeks to invest in high quality companies that can generate high returns on operating capital by identifying companies with strong franchises typically underpinned by strong, hard to replicate intangible assets (including brands, networks, licences and patents) and pricing power, resulting in high gross margins. The investment manager also seeks to identify capable management teams able to allocate capital effectively to grow the franchise, maintain the intangible assets and sustain or improve returns on operating capital.

The fund is actively managed and is not designed to track a benchmark. The management of the fund is not constrained by the composition of a benchmark.

Sustainability approach As an integrated part of the investment process, the investment manager assesses relevant factors material to long-term sustainably high returns on operating capital including ESG factors and seeks to engage with companies as part of this. Subject to the fund's investment objective, the investment manager retains discretion over which investments are selected. In exercising this discretion, ESG factors are not the sole determinant of whether an investment can be made or a holding can remain in the fund's portfolio, but instead the investment manager considers material risks or opportunities in any of the ESG areas which could threaten or enhance the high returns on operating capital of a company.

In making investment decisions, the investment manager does not consider the EU criteria for environmentally sustainable economic activities for the purpose of the Taxonomy Regulation.

SFDR product category Article 6.

Benchmark(s) See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- Concentration
- Convertible bonds
- Country risk — China
- Credit
- Currency
- Depositary receipt
- Derivatives
- Emerging markets
- Equities
- ESG/sustainability
- Eurozone
- Hedging
- Investment fund
- Management
- Market

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Commitment.

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the long term.

The fund may appeal to investors who:

- seek to invest in equities
- seek capital appreciation over the long term
- seek income whether in the form of capital appreciation or distributions
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	5.25	—	1.60	0.18	—
B	—	4.00[1]	1.60	0.18	1.00
C	—	1.00[2]	2.40	0.18	—
F	—	—	0.75	0.18	—
I	2.00	—	0.75	0.14	—
J	—	—	—	0.10	—
N	—	—	—	0.10	—
S	—	—	0.75	0.10	—
Z	—	—	0.75	0.10	—

[1] Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.

[2] Contingent deferred sales charge applies to shares sold within 1 year of purchase.

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Morgan Stanley Investment Funds

Japanese Equity Fund

Investment Objective and Policy

Objective To increase the value of your investment over the long term, mainly through growth of capital, while outperforming the benchmark for sustainability scores.

Investment policy The fund invests at least 70% of total net assets in equities of companies in Japan.

Specifically, these investments are in companies located, or that do most of their business, in Japan.

The fund may invest up to 30% of total net assets in equities not meeting the criteria of the fund's primary investments, and other types of securities, such as preference shares and convertible bonds.

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs only.

The fund intends to use core derivatives only (see "How the Funds Use Instruments and Techniques").

TRS usage and *securities lending* None.

Strategy In actively managing the fund, the investment manager uses fundamental analysis to identify companies that appear to have attractive valuations (bottom-up approach). The fund is not benchmark-constrained and its performance may deviate significantly from that of the benchmark.

Sustainability approach The investment manager integrates the consideration of ESG issues in its investment decision-making. The investment manager applies proprietary assessment and scoring methodologies on the equities the fund may invest in. Additionally as part of the investment manager's bottom-up, fundamental research process, and in its engagements with companies, the investment manager incorporates an assessment of sustainability-related risks into the assessment process to determine impacts on the value of a security or portfolio. These criteria may include, but are not limited to ESG themes such as climate change, human rights and diversity, health and safety, governance, and disclosure, which the investment manager considers as material ESG issues.

The investment manager also applies certain investment restrictions, and aims to maintain a higher ESG score at portfolio level than the benchmark.

The investment manager will monitor core sustainability indicators, including ESG assessments from third-party providers in order to measure and evaluate the contribution of the securities to the ESG themes described above. The indicators will be measured and evaluated at on a quarterly basis.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) MSCI Japan Index, used for sustainability scoring comparison. See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency JPY.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- Convertible bonds
- Credit
- Derivatives
- Equities
- ESG/sustainability
- Hedging
- Investment fund
- Management
- Market

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Commitment.

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the long term.

The fund may appeal to investors who:

- are looking for long-term investment growth
- seek income whether in the form of capital appreciation or distributions
- are interested in exposure to developed equity markets, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	5.25	—	1.40	0.18	—
B	—	4.00[1]	1.40	0.18	1.00
C	—	1.00[2]	2.20	0.18	—
F	—	—	0.75	0.18	—
I	2.00	—	0.75	0.14	—
J	—	—	—	0.10	—
N	—	—	—	0.10	—
S	—	—	0.75	0.10	—
Z	—	—	0.75	0.10	—

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Japanese Small-Mid Cap Equity Fund

Investment Objective and Policy

Objective To increase the value of your investment over the long term, mainly through growth of capital.

Investment policy The fund invests at least 70% of total net assets in equities of small and medium capitalisation companies in Japan.

These investments are in companies located, or that do most of their business, in Japan. While the small and mid-cap companies are determined by the market capitalisation ranges of the benchmark, the investments may include companies that either fall within or outside the benchmark.

The fund may invest up to 30% of total net assets in companies located in Japan which are not considered to be small- or mid-capitalisation, as well as, up to 10% of total net assets, in other types of securities such as preference shares and convertible bonds.

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs only.

The fund intends to use core derivatives only (see "How the Funds Use Instruments and Techniques").

TRS usage and *securities lending* None.

Strategy In actively managing the fund, the investment manager uses fundamental analysis to identify companies that appear to have attractive valuations or above-average growth potential (bottom-up approach). The fund is not benchmark-constrained and its performance may deviate significantly from that of the benchmark.

Sustainability approach The investment manager integrates the consideration of ESG issues in its investment decision-making. The investment manager applies proprietary assessment and scoring methodologies on the equities the fund may invest in. Additionally as part of the investment manager's bottom-up, fundamental research process, and in its engagements with companies, the investment manager incorporates an assessment of sustainability-related risks into the assessment process to determine impacts on the value of a security or portfolio. These criteria may include, but are not limited to ESG themes such as climate change, human rights and diversity, health and safety, governance, and disclosure, which the investment manager considers as material ESG issues. The investment manager also applies certain investment restrictions, and aims to maintain a higher ESG score at portfolio level than the benchmark.

The investment manager will monitor core sustainability indicators, including ESG assessments from third party providers in order to measure and evaluate the contribution of the securities to the ESG themes described above. The indicators will be measured and evaluated at on a quarterly basis.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) MSCI Japan Small Cap Index, used for portfolio design indication. See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency JPY.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- Convertible bonds
- Credit
- Currency
- Derivatives
- Equities
- ESG/sustainability
- Hedging
- Investment fund
- Management
- Market
- Small and mid-cap equity

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Commitment.

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the long term.

The fund may appeal to investors who:

- are looking for long-term investment growth
- seek income whether in the form of capital appreciation or distributions
- are interested in exposure to developed equity markets, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	5.25	—	1.90	0.18	—
B	—	4.00[1]	1.90	0.18	1.00
C	—	1.00[2]	2.50	0.18	—
F	—	—	0.75	0.18	—
I	2.00	—	0.75	0.14	—
J	—	—	0.45	0.10	—
N	—	—	—	0.10	—
S	—	—	0.75	0.10	—
Z	—	—	0.75	0.10	—

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Morgan Stanley Investment Funds

MENA Equity Fund

Investment Objective and Policy

Objective To increase the value of your investment over the long term, mainly through growth of capital.

Investment policy The fund invests at least 70% of total net assets in equities of companies from Middle East and North Africa.

Specifically, these investments are in companies listed on the stock exchanges that make up the S&P Pan Arab Composite index. These stock exchanges are located in Saudi Arabia, United Arab Emirates, Kuwait, Qatar, Morocco, Egypt, Oman, Jordan, Bahrain and Tunisia. These investments may include eligible closed-end real estate investment trusts (REITs).

The fund may invest up to 30% of total net assets in equities not meeting the criteria of the fund's primary investments, and other types of securities, such as preference shares and convertible bonds.

The fund may invest in, or be exposed to, the following, up to the percentage of total net assets indicated:

- closed-end real estate investment trusts (REITs) listed in the above countries: 20%

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

The fund intends to use core derivatives only (see "How the Funds Use Instruments and Techniques").

TRS usage None.

Securities lending 0% of total net assets expected, 33% maximum.

Strategy In actively managing the fund, the investment manager combines market and fundamental analysis to build a concentrated portfolio of companies whose securities appear undervalued relative to book value and long-term potential earnings (bottom-up approach). The fund is not benchmark-constrained and its performance may deviate significantly from that of the benchmark.

In making investment decisions, the investment manager does not consider the EU criteria for environmentally sustainable economic activities for the purpose of the Taxonomy Regulation.

SFDR product category Article 6.

Benchmark(s) See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- Concentration
- Country risk — MENA
- Country risk — Saudi Arabia
- Currency
- Derivatives
- Emerging markets
- Equities
- ESG/sustainability
- Hedging
- Infrastructure
- Investment fund
- Management
- Market
- Real estate investment
- Small- and mid-cap equity

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral, incl. securities techniques
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Commitment.

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the long term.

The fund may appeal to investors who:

- are looking for long-term investment growth
- are interested in exposure to emerging equity markets, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day (note that Fridays are not considered a dealing day).

Conversions in, and exchanges out of, the fund are not permitted (exchanges are however allowed with the Saudi Equity Fund).

As there is no settlement on Fridays and days that are USD and SAR currency holidays, settlement occurs within 5 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees			
	Entry	CDSC	Manage-ment	Adminis-tration	Distri-bution	Max. emerging mkt custody
A	5.25	—	1.90	0.18	—	0.25
B	—	4.00[1]	1.90	0.18	1.00	0.25
C	—	1.00[2]	2.50	0.18	—	0.25
F	—	—	0.75	0.18	—	0.25
I	2.00	—	0.75	0.14	—	0.25
J	—	—	0.40	0.10	—	0.25
N	—	—	—	0.10	—	0.25
S	—	—	—	0.10	—	0.25
Z	—	—	0.75	0.10	—	0.25

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

NextGen Emerging Markets Fund

Investment Objective and Policy

Objective To increase the value of your investment over the long term, mainly through growth of capital.

Investment policy The fund invests at least 70% of total net assets in equities of emerging and frontier market companies.

Specifically, these investments are in companies located in:
- emerging or frontier markets as determined by MSCI Emerging Markets Net Index or MSCI Frontier Emerging Markets Index
- upcoming developing countries whose capital markets have been traditionally overlooked by foreign investors or are in early stages of capital market and economic development, including countries that the IMF, UN or the World Bank generally consider to be less economically mature than developed nations and are not part of the MSCI Emerging Markets Net Index or MSCI Frontier Emerging Markets Index

These investments may include equity-related securities, such as American and global depositary receipts.

The fund may invest up to 30% of total net assets in equities not meeting the criteria of the fund's primary investments, and other types of securities, such as preference shares and convertible bonds.

The fund may invest in, or be exposed to, the following, up to the percentage of total net assets indicated:
- China-A shares: 20%

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

In addition to core derivatives (see "How the Funds Use Instruments and Techniques"), the fund may use total return swaps (TRSs).

TRS usage 0% of total net assets expected, 15% maximum.
Securities lending 0-5% of total net assets expected, 33% maximum.

Strategy In actively managing the fund, the investment manager uses fundamental analysis to identify companies that appear to have above-average growth potential with a focus on overlooked areas of frontier and emerging markets. The fund seeks to identify the next generation of investment ideas and secular themes based on growth potential, consumer demand and large addressable markets, yet which remain underinvested by global equity investors (top-down and bottom-up approach). The fund is not benchmark-constrained and its performance may deviate significantly from that of the benchmark.

Sustainability approach The investment manager actively integrates sustainability into the investment process by using ESG criteria as a lens for additional fundamental research, which can contribute to investment decision-making. The investment manager seeks to understand how sustainability risks may affect a company's risk profile and may engage with company management on what it deems to be materially important.

The investment manager will apply certain investment restrictions in certain industries with the potential to cause harm to the environment or to human health and wellbeing, as further detailed in the fund's sustainability annex.

The fund also seeks to achieve a lower carbon footprint than the MSCI Frontier Emerging Markets Index at the aggregate portfolio level (based on available third-party data).

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) MSCI Frontier Emerging Markets Index, used for sustainability indicator comparison and portfolio design indication. MSCI Emerging Markets Net Index, used for portfolio design indication. See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency EUR.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions
- Convertible bonds
- Credit
- Currency
- Depositary receipt
- Derivatives
- Emerging markets
- Equities
- ESG/sustainability
- Eurozone
- Hedging
- Investment fund
- Management
- Market

Risks typically associated with unusual conditions or unpredictable events
- Circumstantial liquidity
- Counterparty and collateral, incl. securities techniques
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Commitment.

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the long term.

The fund may appeal to investors who:
- are looking for long-term investment growth
- seek income whether in the form of capital appreciation or distributions
- are interested in exposure to emerging equity markets, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees			
	Entry	CDSC	Manage-ment	Adminis-tration	Distri-bution	Max. emerging mkt custody
A	5.25	—	1.60	0.18	—	0.05
B	—	4.00[1]	1.60	0.18	1.00	0.05
B2	—	3.00[2]	1.60	0.18	1.00	0.05
C	—	1.00[3]	2.40	0.18	—	0.05
F	—	—	1.10	0.18	—	0.05
I	2.00	—	1.10	0.14	—	0.05
J	—	—	—	0.10	—	0.05
N	—	—	—	0.10	—	0.05
S	—	—	1.10	0.10	—	0.05
Z	—	—	1.10	0.10	—	0.05

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 3 years of purchase and decreases yearly by 1%. After 3 years these shares automatically convert into corresponding class A shares.*

[3] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Parametric Global Defensive Equity Fund

Investment Objective and Policy

Objective To provide a defensive equity exposure that is expected to provide favourable risk adjusted performance relative to the MSCI All Country World Index in USD Net (base).

Investment policy The fund generates returns through the receipt of option premiums as well as returns on the equity index positions held and cash equivalents held. In this regard, the fund will sell equity index call options in respect of UCITS eligible equity indices which cumulatively will provide an exposure to the markets which are similar to those comprised in the MSCI All Country World Index in USD Net (base) and will sell equity index put options in respect of UCITS eligible equity indices which cumulatively will provide an exposure to the markets which are similar to those comprised in the MSCI All Country World Index in USD Net (base). Thus, the fund's investment policy is designed to capitalise on volatility risk premium.

The fund will invest in a base portfolio that is generally comprised of: (i) equity index positions normally comprised of regulated equity index UCITS ETFs; and (ii) cash equivalents, which will consist primarily of US fixed income securities, rated investment grade, and with a maximum remaining maturity of one year or less. The fund will generally have an equal exposure to (i) and (ii) (ie. 50% of the fund's Net Asset Value is intended to be invested in each of (i) and (ii)), however, the base portfolio will be rebalanced periodically where the exposure deviates from the above intended exposure by more than 5% (i.e. where exposure to (i) or (ii) falls below 45% of the fund's Net Asset Value or above 55% of the fund's Net Asset Value).

Each such UCITS ETF or money market funds will not charge annual management fees in excess of 3% of its net asset value and will be domiciled in the EEA, the United Kingdom, the United States, Guernsey, Jersey or the Isle of Man.

The fund may also invest, on an ancillary basis (up to 30% of total net assets), in equities not meeting the criteria of the fund's primary investments, investment grade fixed income securities, warrants on securities, as well as in regulated equity index ETFs which are alternative investment funds (AIFs) but which are UCITS eligible and exchange traded equity index futures contracts.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

The fund intends to use core derivatives only (see "How the Funds Use Instruments and Techniques").

TRS usage and *securities lending* None.

Strategy The fund will be actively managed and is not designed to track the MSCI All Country World Index in USD Net (base) except to the extent that the ETFs in which the fund will invest will be selected so as to provide exposure to the markets similar to those comprised in the MSCI All Country World Index in USD Net (base).

Sustainability approach The investment manager does not integrate sustainability risks into its investment decisions as they are not relevant given the investment strategy of the fund.

In making investment decisions, the investment manager does not consider the EU criteria for environmentally sustainable economic activities for the purpose of the Taxonomy Regulation.

SFDR product category Article 6.

Benchmark(s) MSCI All Country World Index in USD Net (base), used for volatility comparison. 50% MSCI All Country World Index in USD Net (base) and 50% of the ICE Bank of America Merrill Lynch 0-3 Month US Treasury Bill Index, used for performance comparison. See page 108 for usage definitions.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- Credit
- Currency
- Derivatives
- Emerging markets
- Equities
- ESG/sustainability
- Eurozone
- Hedging
- Investment fund
- Leverage
- Management
- Market
- Real estate investment
- Volatility strategies

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral
- Default
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Commitment.

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the long term.

The fund may appeal to investors who:

- seek to invest in equities
- seek capital appreciation over the long term
- seek income whether in the form of capital appreciation or distributions
- accept the risks associated with this type of investment

Tax eligibility The fund qualifies under the German Investment Tax 2018 (GITA) as an equity fund and at least 25% of the fund's NAV will be invested on an ongoing basis in transferable equities that are authorised for official trading on a stock exchange or included in an organised market.

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	5.25	—	1.15	0.18	—
B	—	4.00[1]	1.15	0.18	1.00
C	—	1.00[2]	1.50	0.18	—
F	—	—	0.45	0.18	—
I	2.00	—	0.45	0.14	—
J	—	—	—	0.10	—
N	—	—	—	0.10	—
S	—	—	0.45	0.10	—
Z	—	—	0.45	0.10	—

[1] Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.

[2] Contingent deferred sales charge applies to shares sold within 1 year of purchase.

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

QuantActive Global Infrastructure Fund

Investment Objective and Policy

Objective To increase the value of your investment over the long term, mainly through growth of capital.

Investment policy The fund invests, directly or indirectly through funds, at least 70% of total net assets in equities of companies in the infrastructure sector such as the storage and distribution of energy and natural resources, renewable energy, water treatment and distribution, waste management, transportation infrastructure and telecommunications. These investments may be located anywhere in the world, including emerging markets.

Specifically, these investments may include eligible closed-end real estate investment trusts (REITs). The fund may invest in any type of infrastructure sector, including those that are emerging.

The fund may invest up to 30% of total net assets in other types of securities, such as preference shares and convertible bonds, that are issued by companies in sectors described above.

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs only.

The fund intends to use core derivatives only (see "How the Funds Use Instruments and Techniques").

TRS usage None.
Securities lending 0-10% of total net assets expected, 33% maximum.

Strategy In actively managing the fund, the investment manager uses fundamental analysis to identify companies whose securities may offer the best return potential based on a multi-layered filtering process (bottom-up approach). The investment manager applies a quantitative approach by considering a discretionary group of factors including, but not limited to trend, valuation, market capitalisation and further incorporates accounting and valuation assessments to identify equities for inclusion in the portfolio. ESG factors are incorporated using ESG Corporate Ratings provided by third-party vendors in addition to binding restrictions. Additional discretionary adjustments may be made to meet diversification requirements. The fund is not benchmark-constrained and its performance may deviate significantly from that of the benchmark.

Sustainability approach The investment manager actively integrates sustainability into the investment process by assessing key ESG risks and opportunities in the bottom-up stock selection process by leveraging third-party ESG data providers to assess and quantify ESG performance for issuers, informing position sizing; increasing allocation to those companies with more favourable ESG ratings.

The investment manager also applies certain investment restrictions.

While ESG considerations are an integrated and fundamental part of the investment process, they are only one of several key determinants used by the investment manager to determine if an investment will be made or size adjusted in the overall portfolio.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- Convertible bonds
- Credit
- Currency
- Derivatives
- Emerging markets
- Equities
- ESG/sustainability
- Eurozone
- Hedging
- Infrastructure
- Investment fund
- Management
- Market
- Real estate investment

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral, incl. securities techniques
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Commitment.

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the long term.

The fund may appeal to investors who:

- are looking for long-term investment growth
- seek income whether in the form of capital appreciation or distributions
- are interested in exposure to infrastructure markets globally, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	5.25	—	1.25	0.18	—
B	—	4.00[1]	1.25	0.18	1.00
C	—	1.00[2]	1.65	0.18	—
F	—	—	0.50	0.18	—
I	2.00	—	0.50	0.14	—
J	—	—	—	0.10	—
N	—	—	—	0.10	—
S	—	—	0.25	0.10	—
Z	—	—	0.50	0.10	—

[1] Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.

[2] Contingent deferred sales charge applies to shares sold within 1 year of purchase.

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Morgan Stanley Investment Funds

Saudi Equity Fund

Investment Objective and Policy

Objective To increase the value of your investment over the long term, mainly through growth of capital.

Investment policy The fund invests at least 70% of total net assets in equities of companies from Saudi Arabia.

Specifically, these investments are in companies that are listed, or are preparing an initial public offering, on the Saudi Stock Exchange (the Tadawul), and may include smaller companies (those with a market value of less than SAR 1 billion). These investments may also include eligible closed-end real estate investment trusts (REITs).

The fund may invest up to 30% of total net assets in equities not meeting the criteria of the fund's primary investments, and other types of securities, such as preference shares and convertible bonds.

The fund may invest in, or be exposed to, the following, up to the percentage of total net assets indicated:

- closed-end real estate investment trusts (REITs) listed, or preparing an initial public offering, on the Tadawul: 20%

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

The fund intends to use core derivatives only (see "How the Funds Use Instruments and Techniques").

TRS usage None.
Securities lending 0-5% of total net assets expected, 33% maximum.

Strategy In actively managing the fund, the investment manager combines market and fundamental analysis to identify companies whose securities appear undervalued relative to book value and long-term potential earnings (bottom-up approach). The fund is not benchmark-constrained and its performance may deviate significantly from that of the benchmark.

In making investment decisions, the investment manager does not consider the EU criteria for environmentally sustainable economic activities for the purpose of the Taxonomy Regulation.

SFDR product category Article 6.

Benchmark(s) See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- Concentration
- Country risk — Saudi Arabia
- Currency
- Derivatives
- Emerging markets
- Equities
- ESG/sustainability
- Hedging
- Infrastructure
- Investment fund
- Management
- Market
- Real estate investment
- Small- and mid-cap equity

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral, incl. securities techniques
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Commitment.

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the long term.

The fund may appeal to investors who:

- are looking for long-term investment growth
- are interested in exposure to emerging equity markets, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day (note that Fridays are not considered a dealing day).

Conversions in, and exchanges out of, the fund are not permitted (exchanges are however allowed with the MENA Equity Fund).

As there is no settlement on Fridays and days that are USD and SAR currency holidays, settlement occurs within 5 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees			
	Entry	CDSC	Manage-ment	Adminis-tration	Distri-bution	Max. emerging mkt custody
A	5.25	—	1.90	0.18	—	0.25
B	—	4.00[1]	1.90	0.18	1.00	0.25
C	—	1.00[2]	2.50	0.18	—	0.25
F	—	—	0.75	0.18	—	0.25
I	2.00	—	0.75	0.14	—	0.25
J	—	—	0.40	0.10	—	0.25
N	—	—	—	0.10	—	0.25
S	—	—	—	0.10	—	0.25
Z	—	—	0.75	0.10	—	0.25

[1] Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.

[2] Contingent deferred sales charge applies to shares sold within 1 year of purchase.

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Morgan Stanley Investment Funds

Sustainable Emerging Markets Equity Fund

Investment Objective and Policy

Objective To increase the value of your investment over the long term, mainly through growth of capital.

Investment policy The fund invests at least 70% of total net assets in equities of companies in emerging markets.

Specifically, these investments are in companies located in emerging market countries (as defined by the MSCI Emerging Markets Net Index), or in developed market countries (as defined by MSCI World Index), but that are primarily traded in, or derive at least 35% of their revenue from, or have 35% of assets, core business operations or employees, in emerging markets. These investments may include equity-related securities located in developed markets that provide exposure to emerging markets such as depositary receipts.

The fund may invest up to 30% of total net assets in equities not meeting the criteria of the fund's primary investments, and other types of securities, such as preference shares and convertible bonds.

The fund may invest in, or be exposed to, the following, up to the percentage of total net assets indicated:
- China A-shares (through Stock Connect): 20%

In unusual economic, financial or political conditions, the fund may temporarily adopt a defensive approach by reducing its holdings in emerging market equities to below 50% and investing in cash and cash equivalents and securities such as developed market equities.

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs only.

In addition to core derivatives (see "How the Funds Use Instruments and Techniques"), the fund may use total return swaps (TRSs).

TRS usage 0% of total net assets expected, 15% maximum.
Securities lending 0-10% of total net assets expected, 33% maximum.

Strategy In actively managing the fund, the investment manager utilises an integrated top-down and bottom-up fundamental approach. The manager uses macroeconomic analysis to identify emerging market countries with attractive and sustainable economic growth prospects. It then uses fundamental stock analysis to identify quality companies with a growth bias, while also meeting the sustainability commitments of the fund. The fund is not benchmark-constrained and its performance may deviate significantly from that of the emerging market benchmark.

Sustainability approach In relation to this fund, "sustainable" means that the investment manager integrates the consideration of sustainability risks and opportunities and thematic alignment in its investment decision-making. The investment manager seeks to understand how sustainability risks and opportunities may affect a company and may engage with company management on what it deems to be materially important.

Sustainable themes may include, but are not limited to:
- responsible energy transition
- sustainable production and circular economy
- access and affordability
- decent work and innovation
- responsible corporates

The fund seeks to achieve a lower carbon footprint than the MSCI Emerging Markets Net Index in aggregate at the portfolio level. Further, the fund strives to align with the carbon reduction objectives of the Paris Agreement. The investment manager expects issuers to adhere to minimum standards as defined by international norms and the fund aims not to invest in issuers that violate these. Further, the investment manager will apply restriction screening to the investment universe, including the restrictions for the sustainability-related fund name requirements.

The above ESG criteria will result in a 20% or more reduction of the investible universe in a significantly engaging manner. The aim of the investment manager will be to ensure that at least 90% of the issuers in the portfolio are subject to ESG integration, thematic alignment and/or restriction screening.

In line with the ESMA fund name requirements, this fund also applies the PAB exclusions, commits to invest meaningfully in sustainable investments and ensures that 80% of its investments will be used to meet the environmental or social characteristics it promotes. The investment manager also applies certain other investment restrictions.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) MSCI Emerging Markets Net Index, used for sustainability indicator comparison and portfolio design indication. MSCI World Index, used for portfolio design indication. See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions
- Convertible bonds
- Country risk — China
- Credit
- Currency
- Derivatives
- Depositary receipt
- Emerging markets
- Equities
- ESG/sustainability
- Eurozone
- Hedging
- Investment fund
- Management
- Market

Risks typically associated with unusual conditions or unpredictable events
- Circumstantial liquidity
- Counterparty and collateral, incl. securities techniques
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Commitment.

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the long term.

The fund may appeal to investors who:
- are looking for long-term investment growth
- seek income whether in the form of capital appreciation or distributions
- are interested in exposure to emerging equity markets, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Continues on next page.

Fees (%)

	Max. one-time fees		Annual fees			
Main share class	**Entry**	**CDSC**	**Manage-ment**	**Adminis-tration**	**Distri-bution**	**Max. emerging mkt custody**
A	5.25	—	1.60	0.18	—	0.05
B	—	4.00[1]	1.60	0.18	1.00	0.05
C	—	1.00[2]	2.40	0.18	—	0.05
F	—	—	0.75	0.18	—	0.05
I	2.00	—	0.75	0.14	—	0.05
J	—	—	—	0.10	—	0.05
N	—	—	—	0.10	—	0.05
S	—	—	0.75	0.10	—	0.05
Z	—	—	0.75	0.10	—	0.05

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Morgan Stanley Investment Funds

Tailwinds Fund

Investment Objective and Policy

Objective To seek long-term capital appreciation (measured in USD).

Investment policy The fund primarily invests (at least 70% of total net assets) in equity securities, including depositary receipts (including American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs)), of companies located in the US with capitalisations within the range of companies included in the Russell 1000 Index.

The fund may also invest, on an ancillary basis (up to 30% of total net assets), in equity securities not meeting the criteria of the fund's primary investments, including those of issuers located in emerging markets and China A-Shares (through Stock Connect), debt securities convertible into common shares, preference shares, warrants and other equity-related securities. The fund may invest up to 10% of its net assets in China A-Shares (through Stock Connect).

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

In addition to core derivatives (see "How the Funds Use Instruments and Techniques"), the fund may use total return swaps (TRSs).

TRS usage 0% of total net assets expected, 15% maximum.
Securities lending 0-5% of total net assets expected, 33% maximum.

Strategy The investment process will emphasise a bottom-up stock selection process seeking attractive investments on an individual company basis. In selecting securities for investment, the investment manager typically invests in companies it believes have strategies that are aligned with and support positive environmental or social trends Tailwinds (as defined below). These companies are expected to benefit from sustainability-related business activities in the form of enhanced growth rates, profitability, or competitive advantages. The investment manager will seek to identify companies by, among other things, analysing the degree to which their revenue and/or investment spending in the form of capital expenditures is aligned with benefits to people, planet, and systems, as well as create financial value. The fund is actively managed, not designed to track a benchmark, and therefore not constrained by the composition of a benchmark.

Sustainability approach The investment manager actively integrates sustainability into the investment process by using ESG factors as a lens for additional fundamental research, which can contribute to investment decision-making. The investment manager seeks to understand how environmental and social initiatives within companies can create value by strengthening durable competitive advantages, creating growth opportunities, driving profitability, and/or aligning with secular growth trends. The investment manager generally engages with companies to discuss their ESG practices, with the aim of identifying how sustainability themes present opportunities and risks that can be material to the value of the security over the long-term. Other aspects of the investment process include a proprietary, systematic evaluation of governance policies, specifically focusing on compensation alignment on long-term value creation.

The investment manager defines a Tailwind as a business activity or market opportunity that aligns with a sustainability-related benefit to people (such as Economic Empowerment; Health; Access Democratization or Inclusive Communities), planet (such as Resource Efficiency or Downstream Efficiency) or systems (such as Data Security; Effective Institutions; Stakeholder Cultures or Structural Longtermism). At least 50% of the fund's investments will have a material revenue or capital expenditure alignment (10% or greater) with at least one of the ten Tailwinds above, as identified by investment manager based on available quantitative and qualitative information.

The investment manager also applies certain investment restrictions.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) Russel 1000 Index, used for portfolio design indication. See the Key Information Document for information on the benchmark that is used for performance comparison.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- Convertible bonds
- Country risk — China
- Credit
- Currency
- Depositary receipt
- Derivatives
- Emerging markets
- Equities
- ESG/sustainability
- Eurozone
- Hedging
- Investment fund
- Management
- Market
- Real estate investment
- SPAC

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral, incl. securities techniques
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Commitment.

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the long term.

The fund may appeal to investors who:

- seek to invest in equities
- seek capital appreciation over the long term
- seek income whether in the form of capital appreciation or distributions
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	5.25	—	1.75	0.18	—
B	—	4.00[1]	1.75	0.18	1.00
C	—	1.00[2]	2.35	0.18	—
F	—	—	0.70	0.18	—
I	2.00	—	0.70	0.14	—
J	—	—	0.35	0.10	—
N	—	—	—	0.10	—
S	—	—	0.70	0.10	—
Z	—	—	0.70	0.10	—

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Morgan Stanley Investment Funds

US Advantage Fund

Investment Objective and Policy

Objective To seek long-term capital appreciation (measured in USD).

Investment policy The fund primarily invests (at least 70% of total net assets) 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 organised 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 equities of established large-capitalisation companies.

The fund may also be invested, on an ancillary basis (up to 30% of total net assets), 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, China A-shares (through Stock Connect), cash equivalents and other equity-related securities. The fund may invest in shares of special purpose acquisition companies (SPACs) and up to 10% of its net assets in China A-shares (through Stock Connect).

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

In addition to core derivatives (see "How the Funds Use Instruments and Techniques"), the fund may use total return swaps (TRSs).

TRS usage 0% of total net assets expected, 15% maximum.
Securities lending 0-5% of total net assets expected, 33% maximum.

Strategy The investment process will emphasise a bottom-up stock selection process, seeking attractive investments on an individual company basis. In selecting securities for investment, the investment manager typically invests in companies it believes have strong name recognition and sustainable competitive advantages with above average business visibility, the ability to deploy capital at high rates of return, strong balance sheets and an attractive risk/reward. The fund is actively managed, not designed to track a benchmark, and therefore not constrained by the composition of a benchmark.

Sustainability approach The investment manager actively integrates sustainability into the investment process by using ESG factors as a lens for additional fundamental research, which can contribute to investment decision-making. The investment manager seeks to understand how environmental and social initiatives within companies can create value by strengthening durable competitive advantages, creating growth opportunities, driving profitability, and/or aligning with secular growth trends. The investment manager generally engages with companies to discuss their ESG practices, with the aim of identifying how sustainability themes present opportunities and risks that can be material to the value of the security over the long-term. Other aspects of the investment process include a proprietary, systematic evaluation of governance policies, specifically focusing on compensation alignment on long-term value creation.

The investment manager also applies certain investment restrictions.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- Convertible bonds
- Country risk — China
- Credit
- Currency
- Depositary receipt
- Derivatives
- Emerging markets
- Equities
- ESG/sustainability
- Eurozone
- Hedging
- Investment fund
- Management
- Market
- SPAC

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral, incl. securities techniques
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Commitment.

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the long term.

The fund may appeal to investors who:

- seek to invest in equities
- seek capital appreciation over the long term
- seek income whether in the form of capital appreciation or distributions
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	5.25	—	1.40	0.18	—
B	—	4.00[1]	1.40	0.18	1.00
B2	—	3.00[2]	1.40	0.18	1.00
C	—	1.00[3]	2.20	0.18	—
F	—	—	0.70	0.18	—
I	2.00	—	0.70	0.14	—
J	—	—	—	0.10	—
N	—	—	—	0.10	—
S	—	—	0.70	0.10	—
Z	—	—	0.70	0.10	—

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 3 years of purchase and decreases yearly by 1%. After 3 years these shares automatically convert into corresponding class A shares.*

[3] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Morgan Stanley Investment Funds

US Core Equity Fund

Investment Objective and Policy

Objective To increase the value of your investment over the long term, mainly through growth of capital.

Investment policy The fund invests at least 70% of total net assets in equities of US medium and large capitalisation companies.

Specifically, these investments are in companies located in the US. These investments may include equity-related securities, such as American and global depositary receipts, and eligible closed-end real estate investment trusts (REITs).

The fund may invest up to 30% of total net assets in equities not meeting the criteria of the fund's primary investments, and other types of securities, such as preference shares and convertible bonds.

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

The fund intends to use core derivatives only (see "How the Funds Use Instruments and Techniques").

TRS usage and securities lending None.

Strategy (effective until 27 September 2026) In actively managing the fund, the investment manager sets asset allocations based on quantitative analysis of value, growth, momentum and quality, then uses fundamental analysis to select individual companies and build a highly concentrated portfolio (top-down and bottom-up approach). The fund is not benchmark-constrained and its performance may deviate significantly from that of the benchmark.

In making investment decisions, the investment manager does not consider the EU criteria for environmentally sustainable economic activities for the purpose of the Taxonomy Regulation.

SFDR product category Article 6.

Strategy (effective from 28 September 2026) In actively managing the fund, the investment manager sets asset allocations based on quantitative analysis of value, growth, momentum and quality, then uses fundamental analysis to select individual companies and build a highly concentrated portfolio (top-down and bottom-up approach). The fund is not benchmark-constrained and its performance may deviate significantly from that of the benchmark.

Sustainability approach The investment manager may integrate a non-binding sustainability analysis as a part of the fundamental analysis component of the investment process. Sustainability analysis is inclusive of environmental; social and human capital; and business model, innovation, leadership and governance ("ESG") issues.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- Convertible bonds
- Credit
- Depositary receipt
- Derivatives
- Equities
- ESG/sustainability
- Hedging
- Investment fund
- Management
- Market
- Real estate investment

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Commitment.

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the medium term.

The fund may appeal to investors who:

- are looking for medium-term investment growth
- seek income whether in the form of capital appreciation or distributions
- are interested in exposure to developed equity markets, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	5.25	—	1.10	0.18	—
B	—	4.00[1]	1.10	0.18	1.00
B2	—	3.00[2]	1.10	0.18	1.00
C	—	1.00[3]	1.50	0.18	—
F	—	—	0.45	0.18	—
I	2.00	—	0.45	0.14	—
J	—	—	—	0.10	—
N	—	—	—	0.10	—
S	—	—	0.45	0.10	—
Z	—	—	0.45	0.10	—

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 3 years of purchase and decreases yearly by 1%. After 3 years these shares automatically convert into corresponding class A shares.*

[3] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Morgan Stanley Investment Funds

US Growth Fund

Investment Objective and Policy

Objective To seek long-term capital appreciation (measured in USD).

Investment policy The fund primarily invests (at least 70% of total net assets) 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 organised 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 equities of high quality growth oriented companies.

The fund may also invest, on an ancillary basis (up to 30% of total net assets), 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, China A-shares (through Stock Connect), cash equivalents and other equity-related securities. The fund may invest in shares of special purpose acquisition companies (SPACs) and up to 10% of its net assets in China A-shares (through Stock Connect).

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

In addition to core derivatives (see "How the Funds Use Instruments and Techniques"), the fund may use total return swaps (TRSs).

TRS usage 0% of total net assets expected, 15% maximum.
Securities lending 0-10% of total net assets expected, 33% maximum.

Strategy The investment process will emphasise a bottom-up stock selection process, seeking attractive investments on an individual company basis. In selecting securities for investment, the investment manager typically invests in unique companies it believes have sustainable competitive advantages with above average business visibility, the ability to deploy capital at high rates of return, strong balance sheets and an attractive risk/reward. Individual security selection will be emphasised. The fund is actively managed, not designed to track a benchmark, and therefore not constrained by the composition of a benchmark.

Sustainability approach The investment manager actively integrates sustainability into the investment process by using ESG factors as a lens for additional fundamental research, which can contribute to investment decision-making. The investment manager seeks to understand how environmental and social initiatives within companies can create value by strengthening durable competitive advantages creating growth opportunities, driving profitability, and/or aligning with secular growth trends. The investment manager generally engages with companies to discuss their ESG practices, with the aim of identifying how sustainability themes present opportunities and risks that can be material to the value of the security over the long-term. Other aspects of the investment process include a proprietary, systematic evaluation of governance policies, specifically focusing on compensation alignment on long-term value creation.

The investment manager also applies certain investment restrictions.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- Convertible bonds
- Country risk — China
- Credit
- Currency
- Depositary receipt
- Derivatives
- Emerging markets
- Equities
- ESG/sustainability
- Eurozone
- Hedging
- Investment fund
- Management
- Market
- SPAC

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral, incl. securities techniques
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Commitment.

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the long term.

The fund may appeal to investors who:

- seek to invest in equities
- seek capital appreciation over the long term
- seek income whether in the form of capital appreciation or distributions
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	5.25	—	1.40	0.18	—
B	—	4.00[1]	1.40	0.18	1.00
B2	—	3.00[2]	1.40	0.18	1.00
C	—	1.00[3]	2.20	0.18	—
F	—	—	0.70	0.18	—
I	2.00	—	0.70	0.14	—
J	—	—	—	0.10	—
N	—	—	—	0.10	—
S	—	—	0.70	0.10	—
Z	—	—	0.70	0.10	—

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 3 years of purchase and decreases yearly by 1%. After 3 years these shares automatically convert into corresponding class A shares.*

[3] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Morgan Stanley Investment Funds

US Insight Fund

Investment Objective and Policy

Objective To seek long-term capital appreciation (measured in USD).

Investment policy The fund primarily invests (at least 70% of total net assets) 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 organised 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 equities of established and emerging companies.

The fund may also invest on an ancillary basis (up to 30% of total net assets), 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, China A-shares (through Stock Connect), cash equivalents and other equity-related securities. The fund may invest in shares of special purpose acquisition companies (SPACs) and up to 10% of its net assets in China A-shares (through Stock Connect).

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

The fund intends to use core derivatives only (see "How the Funds Use Instruments and Techniques").

TRS usage None.
Securities lending 0-10% of total net assets expected, 33% maximum.

Strategy The investment process will emphasise a bottom-up stock selection process, seeking attractive investments on an individual company basis. In selecting securities for investment, the investment manager typically invests in unique companies it believes have sustainable competitive advantages with above average business visibility, the ability to deploy capital at high rates of return, strong balance sheets and an attractive risk/reward. Individual security selection will be emphasised. The fund is actively managed, not designed to track a benchmark, and therefore not constrained by the composition of a benchmark.

Sustainability approach The investment manager actively integrates sustainability into the investment process by using ESG factors as a lens for additional fundamental research, which can contribute to investment decision-making. The investment manager seeks to understand how environmental and social initiatives within companies can create value by strengthening durable competitive advantages, creating growth opportunities, driving profitability, and/or aligning with secular growth trends. The investment manager generally engages with companies to discuss their ESG practices, with the aim of identifying how sustainability themes present opportunities and risks that can be material to the value of the security over the long-term. Other aspects of the investment process include a proprietary, systematic evaluation of governance policies, specifically focusing on compensation alignment on long-term value creation.

The investment manager also applies certain investment restrictions.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- Convertible bonds
- Country risk — China
- Credit
- Currency
- Depositary receipt
- Derivatives
- Emerging markets
- Equities
- ESG/sustainability
- Hedging
- Investment fund
- Management
- Market
- SPAC

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral, incl. securities techniques
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Commitment.

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the long term.

The fund may appeal to investors who:

- seek to invest in equities
- seek capital appreciation over the long term
- seek income whether in the form of capital appreciation or distributions
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	5.25	—	1.50	0.18	—
B	—	4.00[1]	1.50	0.18	1.00
C	—	1.00[2]	2.20	0.18	—
F	—	—	0.70	0.18	—
I	2.00	—	0.70	0.14	—
J	—	—	—	0.10	—
N	—	—	—	0.10	—
S	—	—	0.70	0.10	—
Z	—	—	0.70	0.10	—

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

US Permanence Fund

Investment Objective and Policy

Objective To seek long-term capital appreciation (measured in USD).

Investment policy The fund primarily invests (at least 70% of total net assets) in equity securities, including depositary receipts (including American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs)), of established companies located in the US, with capitalisations within the range of companies included in the S&P 500 Index.

The fund may also invest, on an ancillary basis (up to 30% of total net assets), in equity securities not meeting the criteria of the fund's primary investments, debt securities convertible into common shares, preference shares, China A-shares (through Stock Connect), warrants and other equity-related securities. The fund may invest up to 10% of its net assets in China A-shares (through Stock Connect). The fund may invest to a limited extent (up to 10% of total net assets) in units/shares of other collective investment schemes, including the SICAV's funds and open-ended ETFs, which are eligible investments for UCITS under the 2010 Law, and in shares of special purpose acquisition companies (SPACs).

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

The fund intends to use core derivatives only (see "How the Funds Use Instruments and Techniques").

TRS usage and *securities lending* None.

Strategy The investment process will emphasise a bottom up stock selection process seeking attractive investments on an individual company basis. In selecting securities for investment, the investment manager typically invests in companies it believes have strong name recognition and sustainable competitive advantages with above average business visibility, the ability to deploy capital at high rates of return, strong balance sheets and an attractive risk/reward. The fund will make long-term investments in companies that the investment manager believes have qualities of permanence including durable long-term competitive advantages. The fund may also invest in more moderate growth companies, companies with lower earnings volatility and/or companies with some cyclicality in their end markets. The fund is actively managed, not designed to track a benchmark, and therefore not constrained by the composition of the S&P 500 Index. The fund references the benchmark for the purpose of setting the capitalisation range of issuers the fund will invest in.

Sustainability approach The investment manager actively integrates sustainability into the investment process by using ESG factors as a lens for additional fundamental research, which can contribute to investment decision-making. The investment manager seeks to understand how environmental and social initiatives within companies can create value by strengthening durable competitive advantages, creating growth opportunities, driving profitability, and/or aligning with secular growth trends. The investment manager generally engages with companies to discuss their ESG practices, with the aim of identifying how sustainability themes present opportunities and risks that can be material to the value of the security over the long-term. Other aspects of the investment process include a proprietary, systematic evaluation of governance policies, specifically focusing on compensation alignment on long-term value creation.

The investment manager also applies certain investment restrictions.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) S&P 500 Index, used for portfolio design indication. See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- Convertible bonds
- Country risk — China
- Credit
- Currency
- Depositary receipt
- Derivatives
- Emerging market
- Equities
- ESG/sustainability
- Hedging
- Investment fund
- Management
- Market
- SPAC

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Commitment.

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the long term.

The fund may appeal to investors who:

- seek to invest in equities
- seek capital appreciation over the long term
- seek income whether in the form of capital appreciation or distributions
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	5.25	—	1.40	0.18	—
B	—	4.00[1]	1.40	0.18	1.00
C	—	1.00[2]	2.20	0.18	—
F	—	—	0.70	0.18	—
I	2.00	—	0.70	0.14	—
J	—	—	0.35	0.10	—
N	—	—	—	0.10	—
S	—	—	—	0.10	—
Z	—	—	0.70	0.10	—

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Morgan Stanley Investment Funds

US Value Fund

Investment Objective and Policy

Objective To increase the value of your investment over the long term, mainly through growth of capital.

Investment policy The fund invests at least 70% of total net assets in equities of US companies.

Specifically, these investments are in companies located in the US and may include equity-related securities, such as American and global depositary receipts.

The fund may invest up to 30% of total net assets in equities not meeting the criteria of the fund's primary investments, and other types of securities, such as preference shares and convertible bonds.

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs only.

The fund intends to use core derivatives only (see "How the Funds Use Instruments and Techniques").

TRS usage and *securities lending* None.

Strategy In actively managing the fund, the investment manager employs fundamental analysis to identify leading companies with sound business fundamentals and whose securities appear undervalued relative to their intrinsic value and build a broadly diversified portfolio (value-oriented bottom-up approach). The fund is not benchmark-constrained and its performance may deviate significantly from that of the benchmark.

Sustainability approach The investment manager actively integrates sustainability into the investment process by assessing key ESG risks and opportunities in the bottom-up stock selection process, primary by leveraging the extensive proprietary ESG research generated by Calvert Research and Management, a Morgan Stanley affiliate. The investment manager may consider financially material ESG factors as part of the fund's securities selection process. Such financially material factors comprise sustainability risks or opportunities likely to affect the financial condition or performance of the issuer over a long-term investment horizon and may include, without limitation, business ethics, energy use, energy efficiency and renewable energy, workplace diversity, climate change, data security and workplace safety.

The investment manager believes that corporate governance practices of issuers have a direct impact on business performance and results produced by those issuers and incorporating companies' ESG behaviours into investment decisions provides a more comprehensive, holistic approach to investing that the investment manager believes can enhance both stock selection and risk-adjusted returns over the long term. While ESG considerations are an integrated and fundamental part of the investment process, they are only one of several key determinants used by the investment manager to determine if an investment will be made or size adjusted in the overall portfolio.

The investment manager also applies certain investment restrictions.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- Convertible bonds
- Credit
- Depositary receipt
- Equities
- ESG/sustainability
- Hedging
- Investment fund
- Management
- Market
- Real estate investment

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Commitment.

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the long term.

The fund may appeal to investors who:

- are looking for long-term investment growth
- seek income whether in the form of capital appreciation or distributions
- are interested in exposure to developed equity markets, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	5.25	—	1.50	0.18	—
B	—	4.00[1]	1.50	0.18	1.00
C	—	1.00[2]	2.00	0.18	—
F	—	—	0.60	0.18	—
I	2.00	—	0.60	0.14	—
J	—	—	0.34	0.10	—
N	—	—	—	0.10	—
S	—	—	0.60	0.10	—
Z	—	—	0.60	0.10	—

[1] Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.

[2] Contingent deferred sales charge applies to shares sold within 1 year of purchase.

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Morgan Stanley Investment Funds

Vitality Fund

Investment Objective and Policy

Objective To seek long-term capital appreciation (measured in USD).

Investment policy The fund primarily invests (at least 70% of total net assets) in equity securities, including depositary receipts (including American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs)), of companies located in the US that are principally engaged in the discovery, development, production, or distribution of products or services related to advances in healthcare. These companies include, but are not limited to, biotechnology, pharmaceuticals, medical equipment and supplies, healthcare technology, healthcare providers and services, and life sciences tools and services.

In relation to this fund, vitality means the power to endure and thrive. This reflects the healthcare sector-oriented focus of the fund and the view of the investment manager that the sector will offer superior opportunity for long-term capital appreciation. The fund may also allocate to industries related to the healthcare industry, but are not primarily engaged in the scientific advancement of healthcare. The allocation among these areas will vary depending on the relative potential the investment manager sees within each area and the outlook for the overall healthcare sector.

The fund may also invest, on an ancillary basis (up to 30% of total net assets), 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-related securities. The fund may invest to a limited extent (up to 10% of total net assets) in units/shares of other collective investment schemes, including the SICAV's funds and open-ended ETFs, which are eligible investments for UCITS under the 2010 Law, and in shares of special purpose acquisition companies (SPACs).

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

The fund intends to use core derivatives only (see "How the Funds Use Instruments and Techniques").

TRS usage None.
Securities lending 0-10% of total net assets expected, 33% maximum.

Strategy The investment process will emphasise a bottom up stock selection process seeking attractive investments on an individual company basis. In selecting securities for investment, the investment manager typically invests in unique companies it believes have sustainable competitive advantages, strong research and development and productive new product flow, financial strength, and an attractive risk/reward profile. The fund generally seeks investments in companies that are developing new and effective medicines, enabling novel and more efficient research and development efforts, as well as companies whose business models reduce costs or improve quality in healthcare systems. The fund will make long-term investments in companies that the investment manager believes have the most durable long-term competitive advantages. The fund may also invest in more moderate growth companies, companies with lower earnings volatility and/or companies with some cyclicality in their end markets. The investment manager generally considers selling a portfolio holding when it determines that the holding no longer satisfies its investment criteria. The fund is actively managed, not designed to track a benchmark, and therefore not constrained by the composition of a benchmark.

Sustainability approach The investment manager actively integrates sustainability into the investment process by using ESG factors as a lens for additional fundamental research, which can contribute to investment decision-making. The investment manager seeks to understand how environmental and social initiatives within companies can create value by strengthening durable competitive advantages, creating growth opportunities, driving profitability, and/or aligning with secular growth trends. The investment manager generally engages with companies to discuss their ESG practices, with the aim of identifying how sustainability themes present opportunities and risks that can be material to the value of the security over the long-term. Other aspects of the investment process include a proprietary, systematic evaluation of governance policies, specifically focusing on compensation alignment on long-term value creation.

The investment manager also applies certain investment restrictions.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- Convertible bonds
- Credit
- Depositary receipt
- Derivatives
- Emerging markets
- Equities
- ESG/sustainability
- Eurozone
- Hedging
- Investment fund
- Management
- Market
- SPAC

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral, incl. securities techniques
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Commitment.

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the long term.

The fund may appeal to investors who:

- seek to invest in equities
- seek capital appreciation over the long term
- seek income whether in the form of capital appreciation or distributions
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Continues on next page.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	5.25	—	1.90	0.18	—
B	—	4.00[1]	1.90	0.18	1.00
C	—	1.00[2]	2.50	0.18	—
F	—	—	0.75	0.18	—
I	2.00	—	0.75	0.14	—
J	—	—	0.45	0.10	—
N	—	—	—	0.10	—
S	—	—	0.75	0.10	—
Z	—	—	0.75	0.10	—

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Calvert Global Green Bond Fund

Investment Objective and Policy

Objective To increase the value of your investment through a combination of income and growth of capital (total return), while advancing environmental goals.

Investment policy The fund invests at least 70% of total net assets in a range of fixed income securities, such as corporate, government and government-related bonds whose proceeds finance environmental projects (green bonds). These bonds may be issued anywhere in the world, including emerging markets, and some them may be below investment grade (high yield bonds).

Specifically, the proceeds of these bonds finance environmental projects or the transition to more environmental-friendly business models. These investments may be of any credit quality and may include, among other fixed income securities, bonds from issuers that provide environmental solutions or demonstrate environmental sustainability leadership, securitised instruments, such as asset- or mortgage-backed securities (ABSs/MBSs) and loan assignments and participations, and convertible bonds. The fund does not intend to invest more than 50% of its net assets in aggregate in securitised instruments or more than 20% of its net assets in any one type of securitised instrument. The fund may also invest in currencies.

The fund may invest up to 30% of total net assets in bonds not meeting the criteria of the fund's primary investments, such as straight bonds and social bonds financing only societal projects that meet the investment manager's ESG criteria, and other types of securities.

The fund may invest in, or be exposed to, the following, up to the percentage of total net assets indicated:
- contingent convertible (coco) bonds: 20%
- Chinese bonds (through the China Interbank Bond Market): 10%

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

In addition to core derivatives (see "How the Funds Use Instruments and Techniques"), the fund may use total return swaps (TRSs).

TRS usage 0% of total net assets expected, 25% maximum.
Securities lending 0-10% of total net assets expected, 33% maximum.

Strategy In actively managing the fund, the investment manager combines quantitative and qualitative analysis in a proprietary research process to build and optimise a portfolio of companies that appear to have above-average total return potential (top-down and bottom-up approach). The fund is not benchmark-constrained and its performance may deviate significantly from that of the benchmark.

Sustainability approach The fund's sustainable objective is to support positive environmental and social impacts and outcomes by investing in Green Bonds and other types of bonds in which the use of proceeds or other bond features are linked to sustainable projects or activities. The investment manager integrates the consideration of sustainability themes and ESG issues in its investment decision-making on a discretionary basis. The fund utilises a quantitative and qualitative ESG research process that applies the Calvert Principles for Responsible Investment (the "Calvert Principles"). In doing so, the fund promotes environmental sustainability and resource efficiency, equitable societies and respect for human rights, in addition to accountable governance and transparent operations. In relation to its investments in fixed income securities, the fund seeks to invest only in issuers that promote the Calvert Principles. The investment manager and Calvert also seek to engage issuers on financially material ESG issues identified through fundamental and ESG research processes.

The investment manager utilises Calvert's research in relation to Green Bonds and Calvert employs a proprietary "Sustainable Bond Evaluation" framework in this regard, which takes into consideration market principles and guidelines as relevant. Further details are set out in the Sustainability Annex.

On an ancillary basis the fund may invest in securities which make a significant contribution towards social objectives, such as social use of proceeds bonds.

In line with the ESMA fund name requirements, this fund also applies the PAB exclusions and ensures that 90% of its investments will be used to meet the sustainable investment objective of the fund.

The investment manager also applies certain other investment restrictions.

The aim of the investment manager will be to ensure that at least 90% of the Net Asset Value of the fund's fixed income securities are assessed against the ESG considerations described above.

The use of "Calvert" in the fund's name refers to Calvert Research and Management, an indirect, wholly owned subsidiary of Morgan Stanley, whose role in relation to this fund is limited to the provision of non-discretionary investment advice to the investment manager to assist the investment manager in its management of the fund. Calvert has no discretion to make or recommend portfolio allocation or construction decisions on behalf of the fund, such investment discretion being vested solely in the investment manager.

For further detail on the fund's sustainability approach, including the fund's SFDR social objective, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 9.

Benchmark(s) See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions
- ABS/MBS
- Coco bonds
- Convertible bonds
- Credit incl. below investment grade
- Currency
- Derivatives
- Emerging markets
- ESG/sustainability
- Eurozone
- Hedging
- Interest rate
- Investment fund
- Leverage
- Management
- Market
- Prepayment and extension

Risks typically associated with unusual conditions or unpredictable events
- Circumstantial liquidity
- Counterparty and collateral, incl. securities techniques
- Default
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Relative VaR, with the ICE BofA Green Bond Index used as a reference portfolio. Expected gross leverage: 100% (not guaranteed; may be higher or lower).

Continues on next page.

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the medium term.

The fund may appeal to investors who:

- are looking for a combination of income and investment growth, through an investment with comparatively high environmental or social characteristics
- seek income whether in the form of capital appreciation or distributions
- are interested in exposure to bond markets globally, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	4.00	—	1.15	0.18	—
B	—	4.00[1]	1.15	0.18	1.00
C	—	1.00[2]	1.50	0.18	—
F	—	—	0.45	0.18	—
I	2.00	—	0.45	0.14	—
J	—	—	0.25	0.10	—
N	—	—	—	0.10	—
S	—	—	0.45	0.10	—
Z	—	—	0.45	0.10	—

[1] Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.

[2] Contingent deferred sales charge applies to shares sold within 1 year of purchase.

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Morgan Stanley Investment Funds

Calvert Global High Yield Bond Fund

Investment Objective and Policy

Objective To increase the value of your investment through a combination of income and growth of capital (total return).

Investment policy The fund invests at least 70% of total net assets in a range of below investment grade (high yield) fixed income securities, such as corporate and government bonds, issued anywhere in the world, including emerging markets.

Specifically, these investments are in bonds rated lower than BBB-/Baa3 or unrated, and may include, among other fixed income securities, convertible bonds, securitised instruments, such as asset-backed securities (ABSs) and loan assignments and participations.

The fund may invest up to 30% of total net assets in bonds not meeting the criteria of the fund's primary investments, and other types of securities.

The fund may invest in, or be exposed to, the following, up to the percentage of total net assets indicated:

- bonds not paying current income in anticipation of the receipt of possible future income or capital appreciation that are rated D (S&P) or C (Moody's), or unrated: 20%
- Chinese bonds (through the China Interbank Bond Market): 10%

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

The fund intends to use core derivatives only (see "How the Funds Use Instruments and Techniques").

TRS usage and *securities lending* None.

Strategy In actively managing the fund, the investment manager combines quantitative and qualitative analysis in a proprietary research process to build and optimise a portfolio of companies that appear to have above-average total return potential (top-down and bottom-up approach). The fund is not benchmark-constrained and its performance may deviate significantly from that of the benchmark.

Sustainability approach The fund utilises a quantitative and qualitative ESG research process that applies the Calvert Principles for Responsible Investment (the "Calvert Principles"). In doing so, the fund promotes environmental sustainability and resource efficiency, equitable societies and respect for human rights, in addition to accountable governance and transparent operations. In relation to its investments in fixed income securities, the fund seeks to invest only in issuers that promote the Calvert Principles. The investment manager and Calvert also seek to engage issuers on financially material ESG issues identified through fundamental and ESG research processes.

The fund promotes environmental and social characteristics through the application of the Calvert Principles to determine the eligible investment universe, through sustainability-related exclusions and allocations to sustainable investments. Additionally, the fund will maintain a carbon intensity lower than the benchmark, aiming to halve it by year-end 2030 compared to year-end 2022.

The application of the Calvert Principles and the other aforementioned ESG criteria that are expected to result in a reduction in a significantly engaging manner by at least 20% of the fund's investment universe. The investment manager will aim to ensure that at least 90% of the Net Asset Value of the fund's fixed income securities are assessed against these ESG considerations. The investment universe for these purposes is defined as the constituents of the benchmark.

The use of "Calvert" in the fund's name refers to Calvert Research and Management, an indirect, wholly owned subsidiary of Morgan Stanley, whose role in relation to this fund is limited to the provision of non-discretionary investment advice to the investment manager to assist the investment manager in its management of the fund. Calvert has no discretion to make or recommend portfolio allocation or construction decisions on behalf of the fund, such investment discretion being vested solely in the investment manager.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) ICE BofA Developed Markets High Yield Ex-Subordinated Financial (USD-hedged) Index, used for sustainability indicator comparison and portfolio design indication. See the Key Information Document for information on the benchmark that is used for performance comparison.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- ABS/MBS
- Convertible bonds
- Country risk — China
- Credit incl. below investment grade and unrated
- Currency
- Derivatives
- Emerging markets
- ESG/sustainability
- Eurozone
- Hedging
- Interest rate
- Investment fund
- Management
- Market
- Prepayment and extension

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral
- Default
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Commitment.

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the medium term.

The fund may appeal to investors who:

- are looking for a combination of income and investment growth
- seek income whether in the form of capital appreciation or distributions
- are interested in exposure to high-yield bond markets globally, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Continues on next page.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	4.00	—	1.50	0.18	—
B	—	4.00[1]	1.50	0.18	1.00
C	—	1.00[2]	2.00	0.18	—
F	—	—	0.60	0.18	—
I	2.00	—	0.60	0.14	—
J	—	—	0.30	0.10	—
N	—	—	—	0.10	—
S	—	—	0.60	0.10	—
Z	—	—	0.60	0.10	—

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Emerging Markets Corporate Debt Fund

Investment Objective and Policy

Objective To increase the value of your investment through a combination of income and growth of capital (total return).

Investment policy The fund invests at least 70% of total net assets in corporate and government bonds in emerging markets. Some of these investments may be below investment grade (high yield bonds).

Specifically, these investments are in bonds of issuers located in an emerging country or in a developed country but whose bonds are primarily traded in, or that derive at least half of company revenue from, emerging markets, or whose market value reflects principally conditions in an emerging market country. These investments may be of any credit quality and may include bonds, notes, bills, debentures, convertible securities, bank debt obligations, short-term paper, asset- and mortgage-backed securities (ABSs/MBSs) and securitised loan assignments and participations. Emerging countries are determined by JP Morgan Corporate Emerging Markets Bond Index – Broad Diversified and developed countries are determined by JP Morgan Government Bond Index. The fund may also invest in less developed countries before they are added to the benchmark.

The fund may invest up to 30% of total net assets in bonds not meeting the criteria of the fund's primary investments, such as bonds issued in developed markets, and other types of securities.

The fund may invest in, or be exposed to, the following, up to the percentage of total net assets indicated:
- contingent convertible (coco) bonds: 20%
- Chinese bonds (through the China Interbank Bond Market): 20%
- warrants issued by emerging market issuers: 10%

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

In addition to core derivatives (see "How the Funds Use Instruments and Techniques"), the fund may use total return swaps (TRSs).

TRS usage 0% of total net assets expected, 25% maximum.
Securities lending 5-25% of total net assets expected, 33% maximum.

Strategy In actively managing the fund, the investment manager combines market and fundamental analysis to select securities that appear to offer the best return for their risk level (top-down and bottom-up approach). The fund is not benchmark-constrained and its performance may deviate significantly from that of the benchmark.

Sustainability approach The fund promotes environmental and social characteristics through the application of sustainability-related exclusions and allocations to sustainable investments. Additionally, as part of the investment manager's bottom-up, fundamental research process, and in its engagements with issuers, the investment manager incorporates an assessment of sustainability- related risks and opportunities through the use of proprietary ESG assessment and scoring methodologies. ESG criteria taken into consideration may include, but are not limited to decarbonisation and climate risk, circular economy and waste reduction, diverse and inclusive business, and decent work and resilient jobs.

The investment manager may also engage issuers around what it deems to be materially important environmental and/or social issues, as well as corporate governance practices.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) JP Morgan Corporate Emerging Markets Bond Broad Diversified Index and JP Morgan Government Bond Index, used for geographic allocation indication. See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions
- ABS/MBS
- Coco bonds
- Convertible bonds
- Country risk — China
- Credit incl. below investment grade
- Currency
- Derivatives
- Emerging markets
- ESG/sustainability
- Hedging
- Interest rate
- Investment fund
- Leverage
- Management
- Market
- Prepayment and extension

Risks typically associated with unusual conditions or unpredictable events
- Circumstantial liquidity
- Counterparty and collateral, incl. securities techniques
- Default
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Relative VaR, with the JP Morgan Corporate Emerging Markets Bond Broad Diversified Index used as a reference portfolio. Expected gross leverage: 100% (not guaranteed; may be higher or lower).

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the medium term.

The fund may appeal to investors who:
- are looking for a combination of income and investment growth
- seek income whether in the form of capital appreciation or distributions
- are interested in exposure to emerging bond markets globally, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Continues on next page.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	4.00	—	1.45	0.18	—
B	—	4.00[1]	1.45	0.18	1.00
C	—	1.00[2]	2.15	0.18	—
F	—	—	0.75	0.18	—
I	2.00	—	0.75	0.14	—
J	—	—	—	0.10	—
N	—	—	—	0.10	—
S	—	—	0.75	0.10	—
Z	—	—	0.75	0.10	—

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Morgan Stanley Investment Funds

Emerging Markets Debt Fund

Investment Objective and Policy

Objective To increase the value of your investment through a combination of income and growth of capital (total return).

Investment policy The fund invests at least 70% of total net assets in government and corporate bonds in emerging markets. Some of these investments may be below investment grade (high yield bonds).

Specifically, these investments are in bonds of issuers located in an emerging market country or in a developed country but whose bonds are primarily traded in, or that derive at least half of company revenue from, emerging markets. These investments may be of any credit quality and may include securitised instruments, such as asset- or mortgage-backed securities (ABSs/MBSs) and loan assignments and participations, and convertible bonds. Emerging countries are determined by JP Morgan Emerging Markets Bond Index Global Diversified and developed countries are determined JP Morgan Government Bond Index. The fund may also invest in less developed countries before they are added to the benchmark.

The fund may invest up to 30% of total net assets in bonds not meeting the criteria of the fund's primary investments, such as bonds issued in developed markets, and other types of securities.

The fund may invest in, or be exposed to, the following, up to the percentage of total net assets indicated:
- contingent convertible (coco) bonds: 20%
- Chinese bonds (through the China Interbank Bond Market): 20%
- warrants issued by emerging market issuers and in ETFs: 10%

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

In addition to core derivatives (see "How the Funds Use Instruments and Techniques"), the fund may use total return swaps (TRSs).

TRS usage 0% of total net assets expected, 25% maximum.
Securities lending 0-20% of total net assets expected, 33% maximum.

Strategy In actively managing the fund, the investment manager combines market and fundamental analysis to select securities that appear to offer the best return for their risk level (top-down and bottom-up approach). The fund is not benchmark-constrained and its performance may deviate significantly from that of the benchmark.

Sustainability approach The fund promotes environmental and social characteristics through the application of sustainability-related exclusions. Additionally as part of the investment manager's bottom-up, fundamental research process, and in its engagements with issuers, the investment manager incorporates an assessment of sustainability-related risks and opportunities through the use of proprietary ESG assessment and scoring methodologies. ESG criteria taken into consideration may include, but are not limited to greenhouse gas emissions, climate vulnerability, forestry conservation, life expectancy and health, education, living standards, voice and accountability, political stability, effective government, regulatory quality, rule of law, corruption, violence/terrorism.

The investment manager may also engage issuers around what it deems to be materially important environmental and/or social, as well as governance practices.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) JP Morgan Emerging Markets Bond Global Diversified Index and JP Morgan Government Bond Index, used for geographic allocation indication. See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions
- ABS/MBS
- Coco bonds
- Country risk — China
- Credit incl. below investment grade
- Currency
- Derivatives
- Emerging markets
- ESG/sustainability
- Eurozone
- Hedging
- Interest rate
- Investment fund
- Leverage
- Management
- Market
- Prepayment and extension

Risks typically associated with unusual conditions or unpredictable events
- Circumstantial liquidity
- Counterparty and collateral, incl. securities techniques
- Default
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Relative VaR, with the JP Morgan Emerging Markets Bond Global Diversified Index used as a reference portfolio. Expected gross leverage: 100% (not guaranteed; may be higher or lower).

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the medium term.

The fund may appeal to investors who:
- are looking for a combination of income and investment growth
- seek income whether in the form of capital appreciation or distributions
- are interested in exposure to emerging bond markets globally, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	5.25	—	1.40	0.18	—
B	—	4.00[1]	1.40	0.18	1.00
B2	—	3.00[2]	1.40	0.18	1.00
C	—	1.00[3]	2.10	0.18	—
F	—	—	0.65	0.18	—
I	2.00	—	0.65	0.14	—
J	—	—	—	0.10	—
N	—	—	—	0.10	—
S	—	—	0.60	0.10	—
Z	—	—	0.65	0.10	—

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 3 years of purchase and decreases yearly by 1%. After 3 years these shares automatically convert into corresponding class A shares.*

[3] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Emerging Markets Debt Opportunities Fund

Investment Objective and Policy

Objective To increase the value of your investment through a combination of income and growth of capital (total return).

Investment policy The fund invests, directly or indirectly through derivatives, at least 70% of total net assets in government and corporate bonds in emerging or frontier markets (frontier markets are less developed than emerging markets). Some of these investments may be below investment grade (high yield bonds).

Specifically, these investments are in bonds of issuers located in emerging or frontier market countries, and may include bonds of any credit quality or unrated, securitised loan assignments and participations and convertible bonds. The fund defines emerging countries based on various economical and political criteria, and the development of their financial and capital markets. The frontier countries are not developed countries that are either not included in, or represent 2% or less of, the benchmark.

The fund may invest up to 30% of total net assets in bonds not meeting the criteria of the fund's primary investments, such as bonds issued in developed markets, and other types of securities, such as equities and equity-related securities.

The fund may invest in, or be exposed to, the following, up to the percentage of total net assets indicated:

- bonds not paying current income but offering potential future income or growth that are rated D (S&P) or C (Moody's), or unrated: 20%
- contingent convertible (coco) bonds: 20%
- securitised instruments, such as asset- or mortgage-backed securities (ABSs/MBSs): 20%
- participation notes: 10%

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

In addition to core derivatives (see "How the Funds Use Instruments and Techniques"), the fund may use total return swaps (TRSs).

TRS usage 0% of total net assets expected, 30% maximum.
Securities lending 0-5% of total net assets expected, 15% maximum.

Strategy In actively managing the fund, the investment manager uses macroeconomic and individual country analysis, including fiscal and monetary policies, to determine country, currency and sector exposure. The investment manager then combines market and fundamental analysis to identify securities that appear to offer the best return for their risk level (top-down and bottom-up approach). The investment manager may take both long and short positions on such instruments as individual securities, currencies and interest rates. The fund is not benchmark-constrained and its performance may deviate significantly from that of the benchmark.

Sustainability approach The fund promotes environmental and social characteristics through the application of sustainability related exclusions. Additionally, as part of the investment manager's bottom-up, fundamental research process, and in its engagement with issuers, the investment manager incorporates an assessment of sustainability-related risks and opportunities through the use of proprietary ESG assessment and scoring methodologies. ESG criteria taken into consideration may include, but are not limited to greenhouse gas emissions, climate vulnerability, forestry conservation, life expectancy and health, education, living standards, voice and accountability, political stability, effective government, regulatory quality, rule of law, corruption, and violence/terrorism.

The investment manager may also engage issuers around what it deems to be materially important environmental and/or social issues, as well as governance practices.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) JP Morgan Emerging Markets Bond (JEMB) Hard Currency/Local Currency 50-50 Index, used for geographic allocation indication. See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- Coco bonds
- Convertible bonds
- Credit incl. below investment grade and unrated
- Currency
- Derivatives
- Emerging markets
- ESG/sustainability
- Eurozone
- Hedging
- Interest rate
- Investment fund
- Leverage
- Management
- Market
- Short position
- Volatility strategies

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral, incl. securities techniques
- Default
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Relative VaR, with the JP Morgan Emerging Markets Bond (JEMB) Hard Currency/Local Currency 50-50 Index used as a reference portfolio. Expected gross leverage: 200% (not guaranteed; may be higher or lower).

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the long term.

The fund may appeal to investors who:

- are looking for a combination of income and investment growth
- seek income whether in the form of capital appreciation or distributions
- are interested in exposure to emerging bond markets globally, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Continues on next page.

Fees (%)

	Max. one-time fees		Annual fees			
Main share class	Entry	CDSC	Manage-ment	Adminis-tration	Distri-bution	Max. emerging mkt custody
A	5.25	—	1.40	0.18	—	0.25
B	—	4.00[1]	1.40	0.18	1.00	0.25
C	—	1.00[2]	1.90	0.18	—	0.25
F	—	—	0.65	0.18	—	0.25
I	2.00	—	0.65	0.14	—	0.25
J	—	—	0.32	0.10	—	0.25
N	—	—	—	0.10	—	0.25
S	—	—	0.65	0.10	—	0.25
Z	—	—	0.65	0.10	—	0.25

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Emerging Markets Local Income Fund

Investment Objective and Policy

Objective To increase the value of your investment through a combination of income and growth of capital (total return).

Investment policy The fund invests, directly or indirectly through derivatives, at least 70% of total net assets in government and corporate bonds issued in emerging markets or denominated in an emerging market currency. Some of these investments may be below investment grade (high yield bonds).

Specifically, these investments are in bonds of issuers located in emerging market countries. These investments may be of any credit quality or unrated and may include convertible bonds. Emerging countries are defined as any country that did not become a member of the OECD prior to 1975 and Turkey, and may include frontier market countries. Frontier market countries are less developed countries than emerging market countries and are defined as any country that are either not included in, or represent 2% or less of, the benchmark.

The fund may invest up to 30% of total net assets in bonds not meeting the criteria of the fund's primary investments, such as bonds issued in developed markets, and other types of securities, such as equities and equity-related securities.

The fund may invest in, or be exposed to, the following, up to the percentage of total net assets indicated:

- bonds not paying current income but offering potential future income or growth that are rated D (S&P) or C (Moody's), or unrated: 20%
- securitised instruments, such as asset- or mortgage-backed securities (ABSs/MBSs): 20%

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

In addition to core derivatives (see "How the Funds Use Instruments and Techniques"), the fund may use total return swaps (TRSs).

TRS usage 5% of total net assets expected, 30% maximum.
Securities lending 0-5% of total net assets expected, 15% maximum.

Strategy In actively managing the fund, the investment manager uses macroeconomic and individual country analysis, including fiscal and monetary policies, to determine country, currency and sector exposure. The investment manager then combines market and fundamental analysis to identify securities that appear to offer the best return for their risk level (top-down and bottom-up approach). The fund is not benchmark-constrained and its performance may deviate significantly from that of the benchmark.

Sustainability approach The fund promotes environmental and social characteristics through the application of sustainability related exclusions. Additionally, as part of the investment manager's bottom-up, fundamental research process, and in its engagement with issuers, the investment manager incorporates an assessment of sustainability-related risks and opportunities through the use of proprietary ESG assessment and scoring methodologies. ESG criteria taken into consideration may include, but are not limited to greenhouse gas emissions, climate vulnerability, forestry conservation, life expectancy and health, education, living standards, voice and accountability, political stability, effective government, regulatory quality, rule of law, corruption, and violence/terrorism.

The investment manager may also engage issuers around what it deems to be materially important environmental and/or social issues as well as governance practices.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) JP Morgan Government Bond Index: Emerging Market (JP Morgan GBI-EM) Global Diversified Index, used for geographic allocation indication. See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- Convertible bonds
- Credit incl. below investment grade and unrated
- Currency
- Derivatives
- Emerging markets
- ESG/sustainability
- Eurozone
- Hedging
- Interest rate
- Investment fund
- Leverage
- Management
- Market
- Volatility strategies

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral, incl. securities techniques
- Default
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Relative VaR, with the JP Morgan Government Bond Index: Emerging Market (JP Morgan GBI-EM) Global Diversified Index used as a reference portfolio. Expected gross leverage: 450% (not guaranteed; may be higher or lower).

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the long term.

The fund may appeal to investors who:

- are looking for a combination of income and investment growth
- seek income whether in the form of capital appreciation or distributions
- are interested in exposure to emerging bond markets globally, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Continues on next page.

Fees (%)

	Max. one-time fees		Annual fees			
Main share class	**Entry**	**CDSC**	**Manage-ment**	**Adminis-tration**	**Distri-bution**	**Max. emerging mkt custody**
A	5.25	—	1.40	0.18	—	0.25
B	—	4.00[1]	1.40	0.18	1.00	0.25
C	—	1.00[2]	2.10	0.18	—	0.25
F	—	—	0.65	0.18	—	0.25
I	2.00	—	0.65	0.14	—	0.25
J	—	—	0.32	0.10	—	0.25
N	—	—	—	0.10	—	0.25
S	—	—	0.65	0.10	—	0.25
Z	—	—	0.65	0.10	—	0.25

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Morgan Stanley Investment Funds

Euro Bond Fund

Investment Objective and Policy

Objective To increase the value of your investment through a combination of income and growth of capital (total return).

Investment policy The fund invests at least 70% of total net assets in government and corporate bonds denominated in EUR. Some of these investments may be below investment grade (high yield bonds).

Specifically, these investments are in bonds rated at least B-/B3 or, in the case of securitised instruments, BBB-/Baa3. If these securities are downgraded below B-/B3 or, in the case of securitised instruments, below BBB-/Baa3, the fund may hold such securities up to 3% of total net assets but will divest any of them that has not been upgraded to the required credit rating within six months. For more information on credit policies, see page 108. The securitised instruments may include asset- and mortgage-backed securities (ABSs/MBSs).

The fund may invest up to 30% of total net assets in bonds not meeting the criteria of the fund's primary investments, such as bonds not denominated in EUR, and other types of securities.

The fund may invest in, or be exposed to, the following, up to the percentage of total net assets indicated:
- contingent convertible (coco) bonds: 20%
- collaterised loan obligations (CLOs): 5%

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

The fund intends to use core derivatives only (see "How the Funds Use Instruments and Techniques").

TRS usage None.
Securities lending 5-15% of total net assets expected, 33% maximum.

Strategy In actively managing the fund, the investment manager combines macroeconomic, market and fundamental analysis to identify securities that appear to offer the best return for their risk level (top-down and bottom-up approach). The fund is not benchmark-constrained and its performance may deviate significantly from that of the benchmark.

Sustainability approach The fund promotes environmental and social characteristics through the application of sustainability-related exclusions and allocations to sustainable investments. Additionally, as part of the investment manager's bottom-up, fundamental research process, and in its engagements with issuers, the investment manager incorporates an assessment of sustainability-related risks and opportunities through the use of proprietary ESG assessment and scoring methodologies. ESG criteria taken into consideration may include, but are not limited to decarbonisation and climate risk, circular economy and waste reduction, diverse and inclusive business, and decent work and resilient jobs. The investment manager may also engage issuers around what it deems to be materially important environmental and/or social issues as well as corporate governance.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency EUR.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions
- ABS/MBS
- Coco bonds
- Credit incl. below investment grade
- Derivatives
- ESG/sustainability
- Eurozone
- Hedging
- Interest rate
- Investment fund
- Leverage
- Management
- Market
- Prepayment and extension

Risks typically associated with unusual conditions or unpredictable events
- Circumstantial liquidity
- Counterparty and collateral, incl. securities techniques
- Default
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Relative VaR, with the Bloomberg Euro Aggregate A- or Better Index used as a reference portfolio. Expected gross leverage: 100% (not guaranteed; may be higher or lower).

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the medium term.

The fund may appeal to investors who:
- are looking for a combination of income and investment growth
- seek income whether in the form of capital appreciation or distributions
- are interested in exposure to bond markets globally, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	4.00	—	0.80	0.18	—
B	—	4.00[1]	0.80	0.18	1.00
C	—	1.00[2]	1.45	0.18	—
F	—	—	0.45	0.18	—
I	2.00	—	0.45	0.14	—
J	—	—	—	0.10	—
N	—	—	—	0.10	—
S	—	—	0.45	0.10	—
Z	—	—	0.45	0.10	—

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Euro Corporate Bond – Duration Hedged Fund

Investment Objective and Policy

Objective To increase the value of your investment through a combination of income and growth of capital (total return), while seeking to reduce the effect of interest rate movements.

Investment policy The fund invests at least 70% of total net assets in investment grade corporate bonds issued anywhere in the world, including emerging markets, and denominated in EUR.

Specifically, these investments are in corporate bonds rated at least BBB-/Baa3 and may include securitised instruments, such as asset- or mortgage-backed securities (ABSs/MBSs). The fund may continue to hold downgraded securities with a rating of at least B-/B3 or, in the case of securitised instruments, BBB-/Baa3. For more information on credit policies, see page 108.

The fund may invest up to 30% of total net assets in bonds not meeting the criteria of the fund's primary investments, such as below investment grade (high yield) bonds, and other types of securities.

The fund may invest in, or be exposed to, the following, up to the percentage of total net assets indicated:
- contingent convertible (coco) bonds: 20%
- securitised instruments, such as asset- or mortgage-backed securities (ABSs/MBSs): 20%
- Chinese bonds (through the China Interbank Bond Market): 10%

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purpose.

The fund intends to use core derivatives only (see "How the Funds Use Instruments and Techniques").

TRS usage None.
Securities lending 13-33% of total net assets expected, 33% maximum.

Strategy In actively managing the fund, the investment manager combines macroeconomic, market and fundamental analysis to identify securities that appear to offer the best return for their risk level (top-down and bottom-up approach). The investment manager also hedges the portfolio's duration to reduce the fund's sensitivity to interest rate movements. The fund is not benchmark-constrained and its performance may deviate significantly from that of the benchmark.

Sustainability approach The fund promotes environmental and social characteristics through the application of sustainability-related exclusions and allocations to sustainable investments. Additionally, as part of the investment manager's bottom-up, fundamental research process, and in its engagements with issuers, the investment manager incorporates an assessment of sustainability-related risks and opportunities through the use of proprietary ESG assessment and scoring methodologies. ESG criteria taken into consideration may include, but are not limited to decarbonisation and climate risk, circular economy and waste reduction, diverse and inclusive business, and decent work and resilient jobs. The investment manager may also engage issuers around what it deems to be materially important environmental and/or social issues as well as corporate governance practices.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency EUR.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions
- ABS/MBS
- Coco bonds
- Country risk — China
- Credit incl. below investment grade
- Currency
- Derivatives
- Emerging markets
- ESG/sustainability
- Eurozone
- Hedging
- Interest rate
- Investment fund
- Leverage
- Management
- Market
- Prepayment and extension

Risks typically associated with unusual conditions or unpredictable events
- Circumstantial liquidity
- Counterparty and collateral, incl. securities techniques
- Default
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Absolute VaR. Expected gross leverage: 150% (not guaranteed; may be higher or lower).

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the medium term.

The fund may appeal to investors who:
- are looking for a combination of income and investment growth with some degree of protection against interest rate movements
- seek income whether in the form of capital appreciation or distributions
- are interested in exposure to corporate bond markets globally, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	4.00	—	0.80	0.18	—
B	—	4.00[1]	0.80	0.18	1.00
C	—	1.00[2]	1.45	0.18	—
F	—	—	0.45	0.18	—
I	2.00	—	0.45	0.14	—
J	—	—	—	0.10	—
N	—	—	—	0.10	—
S	—	—	0.40	0.10	—
Z	—	—	0.45	0.10	—

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Morgan Stanley Investment Funds

Euro Corporate Bond Fund

Investment Objective and Policy

Objective To increase the value of your investment through a combination of income and growth of capital (total return).

Investment policy The fund invests at least 70% of total net assets in corporate bonds issued anywhere in the world, including emerging markets, and denominated in EUR. Some of these investments may be below investment grade (high yield bonds).

Specifically, these investments are in corporate bonds rated at least B-/B3 or, in the case of securitised instruments, BBB-/Baa3. If these securities are downgraded below B-/B3 or, in the case of securitised instruments, below BBB-/Baa3, the fund may hold such securities up to 3% of total net assets but will divest any of them that has not been upgraded to the required credit rating within six months. For more information on credit policies, see page 108. Securitised instruments may include asset- and mortgage-backed securities (ABSs/MBSs).

The fund may invest up to 30% of total net assets in bonds not meeting the criteria of the fund's primary investments, such as bonds not denominated in EUR, and other types of securities.

The fund may invest in, or be exposed to, the following, up to the percentage of total net assets indicated:
- contingent convertible (coco) bonds: 20%
- Chinese bonds (through the China Interbank Bond Market): 10%

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

The fund intends to use core derivatives only (see "How the Funds Use Instruments and Techniques").

TRS usage None.
Securities lending 5-25% of total net assets expected, 33% maximum.

Strategy In actively managing the fund, the investment manager combines macroeconomic, market and fundamental analysis to identify securities that appear to offer the best return for their risk level (top-down and bottom-up approach). The fund is not benchmark-constrained and its performance may deviate significantly from that of the benchmark.

Sustainability approach The fund promotes environmental and social characteristics through the application of sustainability-related exclusions and allocations to sustainable investments. Additionally, as part of the investment manager's bottom-up, fundamental research process, and in its engagements with issuers, the investment manager incorporates an assessment of sustainability-related risks and opportunities through the use of proprietary ESG assessment and scoring methodologies. ESG criteria taken into consideration may include, but are not limited to, decarbonisation and climate risk, circular economy and waste reduction, diverse and inclusive business, and decent work and resilient jobs.

The investment manager may also engage issuers around what it deems to be materially important environmental and/or social issues, as well as corporate governance practices

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency EUR.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions
- ABS/MBS
- Coco bonds
- Country risk — China
- Credit incl. below investment grade
- Currency
- Derivatives
- Emerging markets
- ESG/sustainability
- Eurozone
- Hedging
- Interest rate
- Investment fund
- Leverage
- Management
- Market
- Prepayment and extension

Risks typically associated with unusual conditions or unpredictable events
- Circumstantial liquidity
- Counterparty and collateral, incl. securities techniques
- Default
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Relative VaR, with the Bloomberg Euro-Aggregate Corporate Index used as a reference portfolio. Expected gross leverage: 100% (not guaranteed; may be higher or lower).

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the medium term.

The fund may appeal to investors who:
- are looking for a combination of income and investment growth
- seek income whether in the form of capital appreciation or distributions
- are interested in exposure to corporate bond markets globally, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	4.00	—	0.80	0.18	—
B	—	4.00[1]	0.80	0.18	1.00
C	—	1.00[2]	1.45	0.18	—
F	—	—	0.45	0.18	—
I	2.00	—	0.45	0.14	—
J	—	—	—	0.10	—
N	—	—	—	0.10	—
S	—	—	0.40	0.10	—
Z	—	—	0.45	0.10	—

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Morgan Stanley Investment Funds

Euro Strategic Bond Fund

Investment Objective and Policy

Objective To increase the value of your investment through a combination of income and growth of capital (total return).

Investment policy The fund invests at least 70% of total net assets in government and corporate bonds issued anywhere in the world, including emerging markets, and denominated in EUR. Some of these investments may be below investment grade (high yield bonds).

Specifically, these investments are in bonds of any credit quality and may include securitised instruments, such as asset-backed securities (ABSs) and loan assignments and participations.

The fund may invest up to 30% of total net assets in bonds not meeting the criteria of the fund's primary investments, such as bonds not denominated in EUR, and other types of securities.

The fund may invest in, or be exposed to, the following, up to the percentage of total net assets indicated:
- contingent convertible (coco) bonds: 20%
- Chinese bonds (through the China Interbank Bond Market): 10%
- collaterised loan obligations (CLOs): 5%

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

The fund intends to use core derivatives only (see "How the Funds Use Instruments and Techniques").

TRS usage None.
Securities lending 0-5% of total net assets expected, 33% maximum.

Strategy In actively managing the fund, the investment manager combines macroeconomic, market and fundamental analysis to identify securities that appear to offer the best return for their risk level (top-down and bottom-up approach). The fund is not benchmark-constrained and its performance may deviate significantly from that of the benchmark.

Sustainability approach The fund promotes environmental and social characteristics through the application of sustainability-related exclusions and allocations to sustainable investments. Additionally, as part of the investment manager's bottom-up, fundamental research process, and in its engagements with issuers, the investment manager incorporates an assessment of sustainability-related risks and opportunities through the use of proprietary ESG assessment and scoring methodologies. ESG criteria taken into consideration may include, but are not limited to ESG themes such as decarbonisation and climate risk, circular economy and waste reduction, diverse and inclusive business, and decent work and resilient jobs.

The investment manager may also engage issuers around what it deems to be materially important environmental and/or social issues as well as corporate governance practices.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency EUR.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions
- ABS/MBS
- Coco bonds
- Country risk — China
- Credit incl. below investment grade
- Currency
- Derivatives
- Emerging markets
- ESG/sustainability
- Eurozone
- Hedging
- Interest rate
- Investment fund
- Leverage
- Management
- Market
- Prepayment and extension

Risks typically associated with unusual conditions or unpredictable events
- Circumstantial liquidity
- Counterparty and collateral, incl. securities techniques
- Default
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Relative VaR, with the Bloomberg Euro-Aggregate Index used as a reference portfolio. Expected gross leverage: 100% (not guaranteed; may be higher or lower).

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the medium term.

The fund may appeal to investors who:
- are looking for a combination of income and investment growth
- seek income whether in the form of capital appreciation or distributions
- are interested in exposure to bond markets globally, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	4.00	—	0.80	0.18	—
B	—	4.00[1]	0.80	0.18	1.00
C	—	1.00[2]	1.45	0.18	—
F	—	—	0.45	0.18	—
I	2.00	—	0.45	0.14	—
J	—	—	—	0.10	—
N	—	—	—	0.10	—
S	—	—	0.40	0.10	—
Z	—	—	0.45	0.10	—

[1] Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.

[2] Contingent deferred sales charge applies to shares sold within 1 year of purchase.

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

European Fixed Income Opportunities Fund

Investment Objective and Policy

Objective To increase the value of your investment through a combination of income and growth of capital (total return).

Investment policy The fund invests at least 70% of total net assets in government and corporate bonds, convertible bonds and asset-backed securities issued anywhere in the world, including emerging markets, and denominated in EUR. Some of these investments may be below investment grade (high yield bonds).

Specifically, these investments are in bonds of any credit quality and may include securitised instruments, such as asset- or mortgage-backed securities (ABSs/MBSs) and loan assignments and participations, convertible bonds and currencies. For more information on credit policies, see page 108.

The fund may invest up to 30% of total net assets in bonds not meeting the criteria of the fund's primary investments, such as bonds not denominated in EUR, and other types of securities, such as equities and equity-related securities.

The fund may invest in, or be exposed to, the following, up to the percentage of total net assets indicated:
- contingent convertible (coco) bonds: 20%
- Chinese bonds (through the China Interbank Bond Market): 10%
- collaterised loan obligations (CLOs): 5%

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

The fund intends to use core derivatives only (see "How the Funds Use Instruments and Techniques").

TRS usage None.
Securities lending 5-15% of total net assets expected, 33% maximum.

Strategy In actively managing the fund, the investment manager combines macroeconomic, market and fundamental analysis to identify securities that appear to offer the best return for their risk level (top-down and bottom-up approach).

Sustainability approach The fund promotes environmental and social characteristics through the application of sustainability-related exclusions and allocations to sustainable investments. Additionally, as part of the investment manager's bottom-up, fundamental research process, and in its engagements with issuers, the investment manager incorporates an assessment of sustainability-related risks and opportunities through the use of proprietary ESG assessment and scoring methodologies. ESG criteria taken into consideration may include, but are not limited to ESG themes such as decarbonisation and climate risk, circular economy and waste reduction, diverse and inclusive business, and decent work and resilient jobs.

The investment manager may also engage issuers around what it deems to be materially important environmental and/or social issues as well as corporate governance practices.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency EUR.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions
- ABS/MBS
- Coco bonds
- Convertible bonds
- Country risk — China
- Credit incl. below investment grade
- Currency
- Derivatives
- Emerging markets
- Equities
- ESG/sustainability
- Hedging
- Interest rate
- Investment fund
- Leverage
- Management
- Market
- Prepayment and extension

Risks typically associated with unusual conditions or unpredictable events
- Circumstantial liquidity
- Counterparty and collateral, incl. securities techniques
- Default
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Absolute VaR. Expected gross leverage: 160% (not guaranteed; may be higher or lower).

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the medium term.

The fund may appeal to investors who:
- are looking for a combination of income and investment growth
- seek income whether in the form of capital appreciation or distributions
- are interested in exposure to bond markets globally, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	4.00	—	1.00	0.18	—
B	—	4.00[1]	1.00	0.18	1.00
C	—	1.00[2]	1.45	0.18	—
F	—	—	0.45	0.18	—
I	2.00	—	0.45	0.14	—
J	—	—	0.25	0.10	—
N	—	—	—	0.10	—
S	—	—	0.45	0.10	—
Z	—	—	0.45	0.10	—

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

European High Yield Bond Fund

Investment Objective and Policy

Objective To increase the value of your investment through a combination of income and growth of capital (total return).

Investment policy The fund invests at least 70% of total net assets in a range of below investment grade (high yield) fixed income securities, such as government and corporate bonds, issued anywhere in the world, including emerging markets, and denominated in a European currency.

Specifically, these investments are in bonds rated lower than BBB-/Baa3 and unrated, and may include, among other fixed income securities, securitised instruments, such as asset-backed securities (ABSs) and loan assignments and participations.

The fund may invest up to 30% of total net assets in bonds not meeting the criteria of the fund's primary investments, such as investment grade bonds, and other types of securities.

The fund may invest in, or be exposed to, the following, up to the percentage of total net assets indicated:
- contingent convertible (coco) bonds: 20%
- Chinese bonds (through the China Interbank Bond Market): 10%

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

In addition to core derivatives (see "How the Funds Use Instruments and Techniques"), the fund may use total return swaps (TRSs).

TRS usage 0% of total net assets expected, 25% maximum.
Securities lending 13-33% of total net assets expected, 33% maximum.

Strategy In actively managing the fund, the investment manager combines macroeconomic, market and fundamental analysis to identify securities that appear to offer the best return for their risk level (top-down and bottom-up approach). The fund is not benchmark-constrained and its performance may deviate significantly from that of the benchmark.

Sustainability approach The fund promotes environmental and social characteristics through the application of sustainability-related exclusions and allocations to sustainable investments. Additionally, as part of the investment manager's bottom-up, fundamental research process, and in its engagements with issuers, the investment manager incorporates an assessment of sustainability-related risks and opportunities through the use of proprietary ESG assessment and scoring methodologies. ESG criteria taken into consideration may include, but are not limited to ESG themes such as decarbonisation and climate risk, circular economy and waste reduction, diverse and inclusive business, and decent work and resilient jobs.

The investment manager may also engage issuers around what it deems to be materially important environmental and/or social issues as well as corporate governance practices.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency EUR.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions
- ABS/MBS
- Coco bonds
- Country risk — China
- Credit incl. below investment grade and unrated
- Currency
- Derivatives
- Emerging markets
- ESG/sustainability
- Eurozone
- Hedging
- Interest rate
- Investment fund
- Leverage
- Management
- Market
- Prepayment and extension

Risks typically associated with unusual conditions or unpredictable events
- Circumstantial liquidity
- Counterparty and collateral, incl. securities techniques
- Default
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Relative VaR, with the ICE BofAML European Currency High Yield 3% Constrained Ex-Sub Financials Index used as a reference portfolio. Expected gross leverage: 100% (not guaranteed; may be higher or lower).

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the medium term.

The fund may appeal to investors who:
- are looking for a combination of income and investment growth
- seek income whether in the form of capital appreciation or distributions
- are interested in exposure to high-yield bond markets globally, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	4.00	—	0.85	0.18	—
B	—	4.00[1]	0.85	0.18	1.00
B2	—	3.00[2]	0.85	0.18	1.00
C	—	1.00[3]	1.50	0.18	—
F	—	—	0.50	0.18	—
I	2.00	—	0.50	0.14	—
J	—	—	—	0.10	—
N	—	—	—	0.10	—
S	—	—	0.50	0.10	—
Z	—	—	0.50	0.10	—

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 3 years of purchase and decreases yearly by 1%. After 3 years these shares automatically convert into corresponding class A shares.*

[3] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Morgan Stanley Investment Funds

Floating Rate ABS Fund

Investment Objective and Policy

Objective To increase the value of your investment through a combination of income and growth of capital (total return), while seeking to reduce the effect of interest rate movements.

Investment policy The fund invests at least 70% of total net assets in floating rate asset-backed securities (ABSs) with a short maturity that are investment grade and issued in developed markets.

Specifically, these investments are in asset- and mortgage-backed securities (ABSs/MBSs) of any type and other securitised instruments, that are investment grade and have a duration of less than two years.

The fund may invest up to 30% of total net assets in bonds not meeting the criteria of the fund's primary investments.

The fund targets a weighted average duration of between 0 and 1 year (it may be higher depending on market conditions).

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

The fund intends to use core derivatives only (see "How the Funds Use Instruments and Techniques").

TRS usage None.
Securities lending 0-5% of total net assets expected, 33% maximum.

Strategy In actively managing the fund, the investment manager combines macroeconomic, market and fundamental analysis to identify securities that appear to offer the best return for their risk level (top-down and bottom-up approach). The fund is not benchmark-constrained and its performance may deviate significantly from that of the benchmark.

Sustainability approach The fund promotes environmental and social characteristics through the application of sustainability-related exclusions. Additionally, as part of the investment manager's bottom-up, fundamental research process, and in its engagements with issuers, lenders and servicers, the investment manager incorporates an assessment of sustainability-related risks and opportunities through the use of proprietary ESG assessment and scoring methodologies. ESG criteria taken into consideration may include, but are not limited to, exposure to energy efficient assets, avoidance of predatory lending practices, compliance with consumer protection standards, and business ethics.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency EUR.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- ABS/MBS
- Currency
- Derivatives
- ESG/sustainability
- Eurozone
- Hedging
- Interest rate
- Investment fund
- Management
- Market
- Prepayment and extension

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral, incl. securities techniques
- Default
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Absolute VaR. Expected gross leverage: 100% (not guaranteed; may be higher or lower).

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the short term.

The fund may appeal to investors who:

- are looking for a combination of income and investment growth
- seek income whether in the form of capital appreciation or distributions
- are interested in exposure to securitised bond markets globally, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	4.00	—	0.75	0.18	—
B	—	4.00[1]	0.75	0.18	1.00
C	—	1.00[2]	1.00	0.18	—
F	—	—	0.30	0.18	—
I	2.00	—	0.30	0.14	—
J	—	—	0.15	0.10	—
N	—	—	—	0.10	—
S	—	—	0.30	0.10	—
Z	—	—	0.30	0.10	—

[1] Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.

[2] Contingent deferred sales charge applies to shares sold within 1 year of purchase.

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Morgan Stanley Investment Funds

Global Asset Backed Securities Focused Fund

Investment Objective and Policy

Objective To increase the value of your investment through a combination of income and growth of capital (total return).

Investment policy The fund invests at least 70% of total net assets in mortgage-backed securities anywhere in the world, including emerging markets. Some of these investments may be below investment grade (high yield bonds).

Specifically, these investments are in asset- and mortgage-backed securities (ABSs/MBSs) and other securitised instruments of any type and credit quality, and may include tranches of securitisations of non-performing loans.

The fund may invest up to 30% of total net assets in bonds not meeting the criteria of the fund's primary investments.

The fund may invest in, or be exposed to, the following, up to the percentage of total net assets indicated:

- securities rated at least BBB-/Baa3 or judged equivalent or backed by the US government: 100%, with a minimum of 65%
- non-agency residential mortgage-backed securities (RMBSs): 75%
- unrated securities: 15%
- distressed securities (at time of purchase): 5%

If the holdings described in the first bullet above fall below 65% because of credit downgrades, the fund will take action to bring its holdings above 65% within 6 months.

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

The fund intends to use core derivatives only (see "How the Funds Use Instruments and Techniques").

TRS usage and *securities lending* None.

Strategy In actively managing the fund, the investment manager combines macroeconomic, market and fundamental analysis to identify securities that appear to offer the best return for their risk level (top-down and bottom-up approach). The fund is not benchmark-constrained and its performance may deviate significantly from that of the benchmark.

Sustainability approach The fund promotes environmental and social characteristics through the application of sustainability-related exclusions and allocations to sustainable investments. Additionally, as part of the investment manager's bottom-up, fundamental research process, and in its engagements with selected issuers, lenders and servicers, the investment manager incorporates an assessment of sustainability-related risks and opportunities through the use of proprietary ESG assessment and scoring methodologies. ESG criteria taken into consideration may include, but are not limited to, exposure to energy efficient assets, avoidance of predatory lending practices, compliance with consumer protection standards, and business ethics.

The fund makes a proportion of allocations to Green, Social or Sustainability securitised bonds ("Sustainable Securitisations") where the issuer commits to allocate the proceeds to projects making a positive environmental or social contribution.

In relation to this fund, the use of "Focused" in the name refers to the reduced investment universe of the fund following the application of the ESG criteria mentioned above and described in detail in the fund's sustainability annex.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) See the Key Information Document for information on the benchmark that is used for performance comparison. *See page 108 for usage definitions.*

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- ABS/MBS
- Credit incl. below investment grade and unrated
- Derivatives
- Emerging markets
- ESG/sustainability
- Eurozone
- Hedging
- Interest rate
- Investment fund
- Leverage
- Management
- Market
- Prepayment and extension

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral
- Default
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Absolute VaR. Expected gross leverage: 160% (not guaranteed; may be higher or lower).

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the medium term.

The fund may appeal to investors who:

- are looking for a combination of income and investment growth
- seek income whether in the form of capital appreciation or distributions
- are interested in exposure to securitised bond markets globally, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	4.00	—	1.00	0.18	—
B	—	4.00[1]	1.00	0.18	1.00
C	—	1.00[2]	1.60	0.18	—
F	—	—	0.50	0.18	—
I	2.00	—	0.50	0.14	—
J	—	—	0.31	0.10	—
N	—	—	—	0.10	—
S	—	—	0.50	0.10	—
Z	—	—	0.50	0.10	—

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Global Asset Backed Securities Fund

Investment Objective and Policy

Objective To increase the value of your investment through a combination of income and growth of capital (total return).

Investment policy The fund invests at least 70% of total net assets in mortgage-backed securities anywhere in the world, including emerging markets. Some of these investments may be below investment grade (high yield bonds).

Specifically, these investments are in asset- and mortgage-backed securities (ABSs/MBSs) and other securitised instruments of any type and credit quality.

The fund may invest up to 30% of total net assets in bonds not meeting the criteria of the fund's primary investments.

The fund may invest in, or be exposed to, the following, up to the percentage of total net assets indicated:

- securities rated at least BBB-/Baa3 or judged equivalent or backed by the US government: 100%, with a minimum of 50%

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

The fund intends to use core derivatives only (see "How the Funds Use Instruments and Techniques").

TRS usage and *securities lending* None.

Strategy In actively managing the fund, the investment manager combines macroeconomic, market and fundamental analysis to identify securities that appear to offer the best return for their risk level (top-down and bottom-up approach). The fund is not benchmark-constrained and its performance may deviate significantly from that of the benchmark.

Sustainability approach The fund promotes environmental and social characteristics through the application of sustainability-related exclusions. Additionally, as part of the investment manager's bottom-up, fundamental research process, and in its engagements with issuers, lenders and servicers, the investment manager incorporates an assessment of sustainability-related risks and opportunities through the use of proprietary ESG assessment and scoring methodologies. ESG criteria taken into consideration may include, but are not limited to, exposure to energy efficient assets, avoidance of predatory lending practices, compliance with consumer protection standards, and business ethics.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) See the Key Information Document for information on the benchmark that is used for performance comparison. *See page 108 for usage definitions.*

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- ABS/MBS
- Credit incl. below investment grade
- Derivatives
- Emerging markets
- ESG/sustainability
- Eurozone
- Hedging
- Interest rate
- Investment fund
- Leverage
- Management
- Market
- Prepayment and extension

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral
- Default
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Absolute VaR. Expected gross leverage: 160% (not guaranteed; may be higher or lower).

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the medium term.

The fund may appeal to investors who:

- are looking for a combination of income and investment growth
- seek income whether in the form of capital appreciation or distributions
- are interested in exposure to securitised bond markets globally, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	4.00	—	1.00	0.18	—
B	—	4.00[1]	1.00	0.18	1.00
C	—	1.00[2]	1.60	0.18	—
F	—	—	0.50	0.18	—
I	2.00	—	0.50	0.14	—
J	—	—	—	0.10	—
N	—	—	—	0.10	—
S	—	—	0.50	0.10	—
Z	—	—	0.50	0.10	—

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Morgan Stanley Investment Funds

Global Bond Fund

Investment Objective and Policy

Objective To increase the value of your investment through a combination of income and growth of capital (total return).

Investment policy The fund invests at least 70% of total net assets in a range of investment grade fixed income securities, such as government and corporate bonds, issued anywhere in the world, including emerging markets.

Specifically, these investments are in bonds rated at least BBB-/Baa3 and may include, among other fixed income securities, securitised instruments, such as asset- or mortgage-backed securities (ABSs/MBSs) and loan assignments and participations. The fund may continue to hold investments in securities that are downgraded below BBB-/Baa3 after purchase.

The fund may invest up to 30% of total net assets in bonds not meeting the criteria of the fund's primary investments, such as below investment grade (high yield) bonds, and other types of securities.

The fund may invest in, or be exposed to, the following, up to the percentage of total net assets indicated:
- contingent convertible (coco) bonds: 20%
- Chinese bonds (through the China Interbank Bond Market): 10%
- portfolio bonds downgraded below BBB-/Baa3: 10%
- collaterised loan obligations (CLOs): 5%

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

In addition to core derivatives (see "How the Funds Use Instruments and Techniques"), the fund may use total return swaps (TRSs).

TRS usage 0% of total net assets expected, 25% maximum.
Securities lending 0-10% of total net assets expected, 33% maximum.

Strategy In actively managing the fund, the investment manager combines macroeconomic, market and fundamental analysis to identify securities that appear to offer the best return for their risk level (top-down and bottom-up approach). The fund is not benchmark-constrained and its performance may deviate significantly from that of the benchmark.

Sustainability approach The fund promotes environmental and social characteristics through the application of sustainability-related exclusions and allocations to sustainable investments. Additionally, as part of the investment manager's bottom-up, fundamental research process, and in its engagements with issuers, the investment manager incorporates an assessment of sustainability-related risks and opportunities through the use of proprietary ESG assessment and scoring methodologies. ESG criteria taken into consideration may include, but are not limited to ESG themes such as decarbonisation and climate risk, circular economy and waste reduction, diverse and inclusive business, and decent work and resilient jobs.

The investment manager may also engage issuers around what it deems to be materially important environmental and/or social issues as well as corporate governance practices.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions
- ABS/MBS
- Coco bonds
- Country risk — China
- Credit incl. below investment grade
- Currency
- Derivatives
- Emerging markets
- ESG/sustainability
- Eurozone
- Hedging
- Interest rate
- Investment fund
- Leverage
- Management
- Market
- Prepayment and extension

Risks typically associated with unusual conditions or unpredictable events
- Circumstantial liquidity
- Counterparty and collateral, incl. securities techniques
- Default
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Relative VaR, with the Bloomberg Global Aggregate Index used as a reference portfolio. Expected gross leverage: 100% (not guaranteed; may be higher or lower).

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the medium term.

The fund may appeal to investors who:
- are looking for a combination of income and investment growth
- seek income whether in the form of capital appreciation or distributions
- are interested in exposure to bond markets globally, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	4.00	—	0.80	0.18	—
B	—	4.00[1]	0.80	0.18	1.00
C	—	1.00[2]	1.45	0.18	—
F	—	—	0.45	0.18	—
I	2.00	—	0.45	0.14	—
J	—	—	—	0.10	—
N	—	—	—	0.10	—
S	—	—	0.45	0.10	—
Z	—	—	0.45	0.10	—

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Morgan Stanley Investment Funds

Global Convertible Bond Fund

Investment Objective and Policy

Objective To increase the value of your investment through a combination of income and growth of capital (total return).

Investment policy The fund invests at least 70% of total net assets in corporate convertible bonds issued anywhere in the world, including emerging markets, and denominated in a global currency (such as USD, EUR and GBP). Some of these investments may be below investment grade (high yield bonds).

Specifically, these investments are in convertible bonds of any credit quality.

The fund may invest up to 30% of total net assets in bonds not meeting the criteria of the fund's primary investments, and other types of securities, such as straight bonds, equities and equity-related securities.

The fund may invest in, or be exposed to, the following, up to the percentage of total net assets indicated:
- contingent convertible (coco) bonds: 20%

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

The fund intends to use core derivatives only (see "How the Funds Use Instruments and Techniques").

TRS usage None.
Securities lending 0-20% of total net assets expected, 33% maximum.

Strategy In actively managing the fund, the investment manager combines macroeconomic, market and fundamental analysis to identify securities that appear to offer the best return for their risk level (top-down and bottom-up approach). The fund is not benchmark-constrained and its performance may deviate significantly from that of the benchmark.

Sustainability approach The fund promotes environmental and social characteristics through the application of sustainability-related exclusions and allocations to sustainable investments. Additionally, as part of the investment manager's bottom-up, fundamental research process, and in its engagements with issuers, the investment manager incorporates an assessment of sustainability-related risks and opportunities through the use of proprietary ESG assessment and scoring methodologies. ESG criteria taken into consideration may include, but are not limited to ESG themes such as decarbonisation and climate risk, circular economy and waste reduction, diverse and inclusive business, and decent work and resilient jobs.

The investment manager may also engage issuers around what it deems to be materially important environmental and/or social issues as well as corporate governance practices.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions
- ABS/MBS
- Coco bonds
- Convertible bonds
- Credit incl. below investment grade
- Currency
- Derivatives
- Emerging markets
- Equities
- ESG/sustainability
- Eurozone
- Hedging
- Interest rate
- Investment fund
- Leverage
- Management
- Market
- Prepayment and extension

Risks typically associated with unusual conditions or unpredictable events
- Circumstantial liquidity
- Counterparty and collateral, incl. securities techniques
- Default
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Relative VaR, with the FTSE Global Convertible Index Global Focus Hedged USD used as a reference portfolio. Expected gross leverage: 100% (not guaranteed; may be higher or lower).

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the medium term.

The fund may appeal to investors who:
- are looking for a combination of income and investment growth
- seek income whether in the form of capital appreciation or distributions
- are interested in exposure to convertible bond markets globally, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	4.00	—	1.00	0.18	—
B	—	4.00[1]	1.00	0.18	1.00
B2	—	3.00[2]	1.00	0.18	1.00
C	—	1.00[3]	1.60	0.18	—
F	—	—	0.60	0.18	—
I	2.00	—	0.60	0.14	—
J	—	—	—	0.10	—
N	—	—	—	0.10	—
S	—	—	0.55	0.10	—
Z	—	—	0.60	0.10	—

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 3 years of purchase and decreases yearly by 1%. After 3 years these shares automatically convert into corresponding class A shares.*

[3] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Morgan Stanley Investment Funds

Global Credit Fund

Investment Objective and Policy

Objective To increase the value of your investment through a combination of income and growth of capital (total return).

Investment policy The fund invests at least 70% of total net assets in corporate bonds issued anywhere in the world, including emerging markets, and denominated in USD, EUR, GBP or another global currency. Some of these investments may be below investment grade (high yield bonds).

Specifically, these investments are in corporate bonds rated at least B-/B3 or, in the case of securitised instruments, BBB-/Baa3. If these securities are downgraded below B-/B3 or, in the case of securitised instruments, below BBB-/Baa3, the fund may hold such securities up to 3% of total net assets but will divest any of them that has not been upgraded to the required credit rating within six months. For more information on credit policies, see page 108. Securitised instruments may include asset- and mortgage-backed securities (ABSs/MBSs).

The fund may invest up to 30% of total net assets in bonds not meeting the criteria of the fund's primary investments, such as government bonds, and other types of securities.

The fund may invest in, or be exposed to, the following, up to the percentage of total net assets indicated:
- contingent convertible (coco) bonds: 20%
- Chinese bonds (through the China Interbank Bond Market): 10%

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

In addition to core derivatives (see "How the Funds Use Instruments and Techniques"), the fund may use total return swaps (TRSs).

TRS usage 0% of total net assets expected, 25% maximum.
Securities lending 0-5% of total net assets expected, 33% maximum.

Strategy In actively managing the fund, the investment manager combines macroeconomic, market and fundamental analysis to identify securities that appear to offer the best return for their risk level (top-down and bottom-up approach). The fund is not benchmark-constrained and its performance may deviate significantly from that of the benchmark.

Sustainability approach The fund promotes environmental and social characteristics through the application of sustainability-related exclusions and allocations to sustainable investments. Additionally, as part of the investment manager's bottom-up, fundamental research process, and in its engagements with issuers, the investment manager incorporates an assessment of sustainability-related risks and opportunities through the use of proprietary ESG assessment and scoring methodologies. ESG criteria taken into consideration may include, but are not limited to decarbonisation and climate risk, circular economy and waste reduction, diverse and inclusive business, and decent work and resilient jobs.

The investment manager may also engage issuers around what it deems to be materially important environmental and/or social issues as well as corporate governance practices.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions
- ABS/MBS
- Coco bonds
- Country risk — China
- Credit incl. below investment grade
- Currency
- Derivatives
- Emerging markets
- ESG/sustainability
- Eurozone
- Hedging
- Interest rate
- Investment fund
- Leverage
- Management
- Market
- Prepayment and extension

Risks typically associated with unusual conditions or unpredictable events
- Circumstantial liquidity
- Counterparty and collateral, incl. securities techniques
- Default
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Relative VaR, with the Bloomberg Global Aggregate Corporate Index used as a reference portfolio. Expected gross leverage: 160% (not guaranteed; may be higher or lower).

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the medium term.

The fund may appeal to investors who:
- are looking for a combination of income and investment growth
- seek income whether in the form of capital appreciation or distributions
- are interested in exposure to corporate bond markets globally, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	4.00	—	0.80	0.18	—
B	—	4.00[1]	0.80	0.18	1.00
C	—	1.00[2]	1.45	0.18	—
F	—	—	0.45	0.18	—
I	2.00	—	0.45	0.14	—
J	—	—	—	0.10	—
N	—	—	—	0.10	—
S	—	—	0.45	0.10	—
Z	—	—	0.45	0.10	—

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Morgan Stanley Investment Funds

Global Fixed Income Opportunities Fund

Investment Objective and Policy

Objective To increase the value of your investment through a combination of income and growth of capital (total return).

Investment policy The fund invests at least 70% of total net assets in a range of fixed income securities, such as government and corporate bonds, convertible bonds, asset-backed securities, issued anywhere in the world, including emerging markets, and in currencies. Some of these investments may be below investment grade (high yield bonds).

Specifically, these investments are in bonds of any credit quality and may include securitised instruments, such as asset- or mortgage-backed securities (ABSs/MBSs) and loan assignments and participations, and convertible bonds.

The fund may invest up to 30% of total net assets in bonds not meeting the criteria of the fund's primary investments, and other types of securities, such as equities and equity-related securities.

The fund may invest in, or be exposed to, the following, up to the percentage of total net assets indicated:
- contingent convertible (coco) bonds: 20%
- Chinese bonds (through the China Interbank Bond Market): 10%
- collaterised loan obligations (CLOs): 5%

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

In addition to core derivatives (see "How the Funds Use Instruments and Techniques"), the fund may use total return swaps (TRSs).

TRS usage 0% of total net assets expected, 25% maximum.
Securities lending 0-5% of total net assets expected, 33% maximum.

Strategy In actively managing the fund, the investment manager uses macroeconomic analysis to determine bond sector exposure. It then combines fundamental and quantitative market analysis to identify securities that appear to offer the best return for their risk level and builds a highly diversified portfolio (top-down and bottom-up approach).

Sustainability approach The fund promotes environmental and social characteristics through the application of sustainability-related exclusions and allocations to sustainable investments. Additionally, as part of the investment manager's bottom-up, fundamental research process, and in its engagements with issuers, the investment manager incorporates an assessment of sustainability-related risks and opportunities through the use of proprietary ESG assessment and scoring methodologies. ESG criteria taken into consideration may include, but are not limited to ESG themes such as decarbonisation and climate risk, circular economy and waste reduction, diverse and inclusive business, and decent work and resilient jobs.

The investment manager may also engage issuers around what it deems to be materially important environmental and/or social issues as well as corporate governance practices.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions
- ABS/MBS
- Coco bonds
- Convertible bonds
- Country risk — China
- Credit incl. below investment grade
- Currency
- Derivatives
- Equities
- Emerging markets
- ESG/sustainability
- Eurozone
- Hedging
- Interest rate
- Investment fund
- Leverage
- Management
- Market
- Prepayment and extension

Risks typically associated with unusual conditions or unpredictable events
- Circumstantial liquidity
- Counterparty and collateral, incl. securities techniques
- Default
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Absolute VaR. Expected gross leverage: 160% (not guaranteed; may be higher or lower).

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the medium term.

The fund may appeal to investors who:
- are looking for a combination of income and investment growth
- seek income whether in the form of capital appreciation or distributions
- are interested in exposure to bond markets globally, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	4.00	—	1.00	0.18	—
B	—	4.00[1]	1.00	0.18	1.00
C	—	1.00[2]	1.45	0.18	—
F	—	—	0.45	0.18	—
I	2.00	—	0.45	0.14	—
J	—	—	—	0.10	—
N	—	—	—	0.10	—
S	—	—	0.45	0.10	—
Z	—	—	0.45	0.10	—

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Morgan Stanley Investment Funds

Global High Yield Bond Fund

Investment Objective and Policy

Objective To increase the value of your investment through a combination of income and growth of capital (total return).

Investment policy The fund invests at least 70% of total net assets in a range of below investment grade (high yield) fixed income securities, such as corporate and government bonds, issued anywhere in the world, including emerging markets.

Specifically, these investments are in bonds rated lower than BBB-/Baa3 or unrated, and may include, among other fixed income securities, securitised instruments, such as asset-backed securities (ABSs) and loan assignments and participations.

The fund may invest up to 30% of total net assets in bonds not meeting the criteria of the fund's primary investments, such as investment grade bonds, and other types of securities, such as equities and equity-related securities.

The fund may invest in, or be exposed to, the following, up to the percentage of total net assets indicated:
- bonds rated D (S&P) or C (Moody's), or unrated: 20%
- contingent convertible (coco) bonds: 20%
- Chinese bonds (through the China Interbank Bond Market): 10%

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

The fund intends to use core derivatives only (see "How the Funds Use Instruments and Techniques").

TRS usage and *securities lending* None.

Strategy In actively managing the fund, the investment manager combines macroeconomic, market and fundamental analysis to select securities that meet the fund's sustainability criteria and offer the best return for their risk level (top-down and bottom-up approach). The fund is not benchmark-constrained and its performance may deviate significantly from that of the benchmark.

Sustainability approach The fund promotes environmental and social characteristics through the application of sustainability-related exclusions and allocations to sustainable investments. Additionally, as part of the investment manager's bottom-up, fundamental research process, and in engagement meetings with issuers, the investment manager incorporates an assessment of sustainability-related risks and opportunities through the use of ESG assessment and scoring methodologies. ESG criteria taken into consideration may include, but are not limited to decarbonisation and climate risk, circular economy and waste reduction, diverse and inclusive business and decent work and resilient jobs.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions
- ABS/MBS
- Coco bonds
- Country risk — China
- Credit incl. below investment grade and unrated
- Currency
- Derivatives
- Emerging markets
- ESG/sustainability
- Eurozone
- Hedging
- Interest rate
- Investment fund
- Leverage
- Management
- Market
- Prepayment and extension

Risks typically associated with unusual conditions or unpredictable events
- Circumstantial liquidity
- Counterparty and collateral
- Default
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Commitment.

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the medium term.

The fund may appeal to investors who:
- are looking for a combination of income and investment growth
- seek income whether in the form of capital appreciation or distributions
- are interested in exposure to high-yield bond markets globally, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	4.00	—	1.00	0.18	—
B	—	4.00[1]	1.00	0.18	1.00
C	—	1.00[2]	1.60	0.18	—
F	—	—	0.60	0.18	—
I	2.00	—	0.60	0.14	—
J	—	—	—	0.10	—
N	—	—	—	0.10	—
S	—	—	0.60	0.10	—
Z	—	—	0.60	0.10	—

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Morgan Stanley Investment Funds

Short Maturity Euro Bond Fund

Investment Objective and Policy

Objective To increase the value of your investment, mainly through income.

Investment policy The fund invests at least 70% of total net assets in short-maturity government and corporate bonds denominated in EUR. Some of these investments may be below investment grade (high yield bonds).

Specifically, these bonds have a maturity (or remaining maturity) of maximum 5 years and are rated at least B-/B3 or, in the case of securitised instruments, BBB-/Baa3. If these securities are downgraded below B-/B3 or, in the case of securitised instruments, below BBB-/Baa3, the fund may hold such securities up to 3% of total net assets but will divest any of them that has not been upgraded to the required credit rating within six months. For more information on credit policies, see page 108. Securitised instruments may include asset- and mortgage-backed securities (ABSs/MBSs).

The fund may invest up to 30% of total net assets in bonds not meeting the criteria of the fund's primary investments, such as bonds not denominated in EUR, and other types of securities.

The fund may invest in, or be exposed to, the following, up to the percentage of total net assets indicated:
- contingent convertible (coco) bonds: 20%
- collateralised loan obligations (CLOs): 5%

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

The fund intends to use core derivatives only (see "How the Funds Use Instruments and Techniques").

TRS usage None.
Securities lending 5-15% of total net assets expected, 33% maximum.

Strategy In actively managing the fund, the investment manager combines macroeconomic, market and fundamental analysis to identify securities that appear to offer the best return for their risk level (top-down and bottom-up approach). The fund is not benchmark-constrained and its performance may deviate significantly from that of the benchmark.

Sustainability approach The fund promotes environmental and social characteristics through the application of sustainability-related exclusions and allocations to sustainable investments. Additionally, as part of the investment manager's bottom-up, fundamental research process, and in its engagements with issuers, the investment manager incorporates an assessment of sustainability-related risks and opportunities through the use of proprietary ESG assessment and scoring methodologies. ESG criteria taken into consideration may include, but are not limited to ESG themes such as decarbonisation and climate risk, circular economy and waste reduction, diverse and inclusive business, and decent work and resilient jobs.

The investment manager may also engage issuers around what it deems to be materially important environmental and/or social issues as well as corporate governance practices.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency EUR.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions
- ABS/MBS
- Coco bonds
- Credit incl. below investment grade
- Currency
- Derivatives
- ESG/sustainability
- Eurozone
- Hedging
- Interest rate
- Investment fund
- Leverage
- Management
- Market
- Prepayment and extension

Risks typically associated with unusual conditions or unpredictable events
- Circumstantial liquidity
- Counterparty and collateral, incl. securities techniques
- Default
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Commitment.

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the short term.

The fund may appeal to investors who:
- are looking for an investment with low volatility and an investment with comparatively high environmental or social characteristics
- seek income whether in the form of capital appreciation or distributions
- are interested in exposure to short-term bond markets, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	4.00	—	0.80	0.18	—
B	—	4.00[1]	0.80	0.18	1.00
C	—	1.00[2]	1.45	0.18	—
F	—	—	0.45	0.18	—
I	2.00	—	0.45	0.14	—
J	—	—	—	0.10	—
N	—	—	—	0.10	—
S	—	—	0.45	0.10	—
Z	—	—	0.45	0.10	—

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Morgan Stanley Investment Funds

Strategic Income Fund

Investment Objective and Policy

Objective To increase the value of your investment through a combination of income and growth of capital (total return).

Investment policy The fund invests at least 70% of total net assets in a range of fixed income securities, such as securitised instruments, corporate and government bonds, located anywhere in the world, including emerging markets and frontier markets, and in currencies.

Specifically, these investments are in bonds of any credit quality rated at least CCC+/Caa1 or judged equivalent. If these securities are downgraded below CCC+/Caa1 or distressed securities, the fund may hold such securities up to 10% of total net assets, and will divest any of them, in excess of these 10%, that has not been upgraded to the required credit rating within six months. The fund will maintain an average credit quality of at least BBB-/Baa3 or judged equivalent. If one or more credit ratings have been assigned to a security, the highest rating will be retained.

The fund may invest in, or be exposed to, the following, up to the percentage of total net assets indicated:

- securitised instruments, such as asset- or mortgage-backed securities (ABSs/MBSs): 70%, among which, notably:
  - collateralised loan obligations (CLOs): 15% of total net assets
  - non-agency residential and commercial mortgage-backed securities: 25% of total net assets
- corporate bonds rated below BBB-/Baa3 or judged equivalent: 50%
- government and corporate bonds located in emerging and/or frontier markets: 50%

The fund may invest up to 30% of total net assets in securities not meeting the criteria of the fund's primary investments, preferred securities, convertible bonds (including contingent convertible bonds (up to 20%)).

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

In addition to core derivatives (see "How the Funds Use Instruments and Techniques"), the fund may use total return swaps (TRSs).

TRS usage 5-10% of total net assets expected, 50% maximum.
Securities lending 0-5% of total net assets expected, 33% maximum.

Strategy In actively managing the fund, the investment manager adjusts investments based on its macroeconomic views and analysis in an effort to take advantage of differences in investment sectors, such as U.S. Government, investment grade and below investment grade credit markets, and non-U.S. sectors (primarily focused on sovereign debt, currencies and interest rates). The investment manager considers the relative risk/return characteristics of prospective investments (whether securities, currencies, derivatives, or other instruments) in determining the most efficient means for achieving desired exposures. The fund is not benchmark-constrained, and its performance may deviate significantly from that of the benchmark.

Sustainability approach The fund promotes environmental and social characteristics through the application of sustainability-related exclusions. Additionally, as part of the investment manager's bottom-up, fundamental research process, and in its engagements with issuers, the investment manager incorporates an assessment of sustainability-related risks and opportunities through the use of proprietary ESG assessment and scoring methodologies. ESG criteria taken into consideration may include, but are not limited to, ESG themes such as decarbonisation and climate risk, circular economy and waste reduction, diverse and inclusive business, and decent work and resilient jobs.

The investment manager may also engage issuers around what it deems to be materially important environmental and/or social issues as well as corporate governance practices.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) Bloomberg U.S. Aggregate Bond Index, used for performance comparison. See page 108 for usage definitions.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- ABS/MBS
- Coco Bonds
- Convertible Bonds
- Credit incl. below investment grade
- Currency
- Derivatives
- Emerging Markets
- ESG/ Sustainability
- Hedging
- Interest Rate
- Investment Fund
- Leverage
- Management
- Market
- Prepayment and extension

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral, incl. securities techniques
- Default
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Absolute VaR. Expected gross leverage: 400% (not guaranteed; may be higher or lower).

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the medium term.

The fund may appeal to investors who:

- are looking for a combination of income and investment growth
- seek income whether in the form of capital appreciation or distributions
- are interested in exposure to bond markets globally, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	4.00	—	1.50	0.18	—
B	—	4.00[1]	1.50	0.18	1.00
C	—	1.00[2]	2.00	0.18	—
F	—	—	0.60	0.18	—
I	2.00	—	0.60	0.14	—
J	—	—	—	0.10	—
N	—	—	—	0.10	—
S	—	—	0.60	0.10	—
Z	—	—	0.60	0.10	—

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Morgan Stanley Investment Funds

US Dollar Corporate Bond Fund

Investment Objective and Policy

Objective To increase the value of your investment through a combination of income and growth of capital (total return).

Investment policy The fund invests at least 70% of total net assets in corporate bonds denominated in USD. Some of these investments may be below investment grade (high yield bonds).

Specifically, these investments are in bonds rated at least B-/B3 or, in the case of securitised instruments, BBB-/Baa3. If these securities are downgraded below B-/B3 or, in the case of securitised instruments, below BBB-/Baa3, the fund may hold such securities up to 3% of total net assets but will divest any of them that has not been upgraded to the required credit rating within six months. For more information on credit policies, see page 108.

The fund may invest up to 30% of total net assets in bonds not meeting the criteria of the fund's primary investments, such as US government bonds and bonds not denominated in USD, and other types of securities.

The fund may invest in, or be exposed to, the following, up to the percentage of total net assets indicated:

- securitised instruments, such as asset- or mortgage-backed securities (ABSs/MBSs), rated at least BBB-/Baa3: 20%

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

In addition to core derivatives (see "How the Funds Use Instruments and Techniques"), the fund may use total return swaps (TRSs).

TRS usage 0% of total net assets expected, 25% maximum.
Securities lending None.

Strategy In actively managing the fund, the investment manager combines macroeconomic, market and fundamental analysis to identify securities that to identify relative value opportunities and securities that appear to offer the best return for their risk level (top-down and bottom-up approach). The fund is not benchmark-constrained and its performance may deviate significantly from that of the benchmark.

Sustainability approach The fund promotes environmental and social characteristics through the application of sustainability-related exclusions and allocations to sustainable investments. Additionally, as part of the investment manager's bottom-up, fundamental research process, and in its engagements with issuers, the investment manager incorporates an assessment of sustainability-related risks and opportunities through the use of proprietary ESG assessment and scoring methodologies. ESG criteria taken into consideration may include, but are not limited to decarbonisation and climate risk, circular economy and waste reduction, diverse and inclusive business, and decent work and resilient jobs.

The investment manager may also engage issuers around what it deems to be materially important other environmental and/or social issues.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- ABS/MBS
- Credit incl. below investment grade
- Derivatives
- ESG/sustainability
- Hedging
- Interest rate
- Investment fund
- Leverage
- Management
- Market
- Prepayment and extension

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral
- Default
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Relative VaR, with the Bloomberg US Corporate Index used as a reference portfolio. Expected gross leverage: 110% (not guaranteed; may be higher or lower).

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the medium term.

The fund may appeal to investors who:

- are looking for a combination of income and investment growth
- seek income whether in the form of capital appreciation or distributions
- are interested in exposure to corporate bond markets globally, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	4.00	—	0.80	0.18	—
B	—	4.00[1]	0.80	0.18	1.00
C	—	1.00[2]	1.35	0.18	—
F	—	—	0.35	0.18	—
I	2.00	—	0.35	0.14	—
J	—	—	0.20	0.10	—
N	—	—	—	0.10	—
S	—	—	0.35	0.10	—
Z	—	—	0.35	0.10	—

[1] Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.

[2] Contingent deferred sales charge applies to shares sold within 1 year of purchase.

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Morgan Stanley Investment Funds

US Dollar Short Duration Bond Fund

Investment Objective and Policy

Objective To increase the value of your investment through a combination of income and growth of capital (total return).

Investment policy The fund invests at least 70% of total net assets in a range of investment grade fixed income securities, such as government and corporate bonds, issued in developed markets and denominated in USD. The fund also maintains a short duration at portfolio level (meaning the fund has a comparatively lower sensitivity to interest rate changes).

Specifically, these investments are in bonds rated at least BBB-/Baa3 and may include, among other fixed income securities, securitised instruments, such as asset- or mortgage-backed securities (ABSs/MBSs).

The fund may invest up to 30% of total net assets in bonds not meeting the criteria of the fund's primary investments, such as bonds not denominated in USD, and other types of securities.

The fund may invest in, or be exposed to, the following, up to the percentage of total net assets indicated:
- collateralised loan obligations (CLOs): 5%

The fund targets a weighted average duration of less than 3 years (it may be higher depending on market conditions).

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

In addition to core derivatives (see "How the Funds Use Instruments and Techniques"), the fund may use total return swaps (TRSs).

TRS usage 0% of total net assets expected, 25% maximum.
Securities lending None.

Strategy In actively managing the fund, the investment manager uses macroeconomic analysis to determine bond sector exposure. It then combines fundamental and quantitative market analysis to identify securities that appear to offer the best return for their risk level (top-down and bottom-up approach). The fund is not benchmark-constrained and its performance may deviate significantly from that of the benchmark.

Sustainability approach The fund promotes environmental and social characteristics through the application of sustainability-related exclusions and allocations to sustainable investments. Additionally, as part of the investment manager's bottom-up, fundamental research process, and in its engagements with issuers, the investment manager incorporates an assessment of sustainability-related risks and opportunities through the use of proprietary ESG assessment and scoring methodologies. ESG criteria taken into consideration may include, but are not limited to ESG themes such as decarbonisation and climate risk, circular economy and waste reduction, diverse and inclusive business, and decent work and resilient jobs.

The investment manager may also engage issuers around what it deems to be materially important environmental and/or social issues as well as corporate governance practices.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions
- ABS/MBS
- Credit
- Derivatives
- ESG/sustainability
- Hedging
- Interest rate
- Investment fund
- Management
- Market
- Prepayment and extension

Risks typically associated with unusual conditions or unpredictable events
- Circumstantial liquidity
- Counterparty and collateral
- Default
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Commitment.

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the short term.

The fund may appeal to investors who:
- are looking for a combination of income and investment growth
- seek income whether in the form of capital appreciation or distributions
- are interested in exposure to developed bond markets globally, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	4.00	—	0.50	0.18	—
B	—	4.00[1]	0.50	0.18	1.00
C	—	1.00[2]	0.70	0.18	—
F	—	—	0.20	0.18	—
I	2.00	—	0.20	0.14	—
J	—	—	—	0.10	—
N	—	—	—	0.10	—
S	—	—	0.20	0.10	—
Z	—	—	0.20	0.10	—

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

US Dollar Short Duration High Yield Bond Fund

Investment Objective and Policy

Objective To increase the value of your investment through a combination of income and growth of capital (total return).

Investment policy The fund invests at least 70% of total net assets in a range of below investment grade (high yield) fixed income securities, such as government and corporate bonds, issued anywhere in the world, including emerging markets, and denominated in USD. The fund also maintains a short duration at portfolio level (meaning the fund has a comparatively lower sensitivity to interest rate changes).

Specifically, these investments are in bonds rated lower than BBB-/Baa3 or unrated and may include, among other fixed income securities, securitised instruments, such as asset-backed securities (ABSs) and loan assignments and participations.

The fund may invest up to 30% of total net assets in bonds not meeting the criteria of the fund's primary investments, such as investment grade bonds and bonds not denominated in USD, and other types of securities.

The fund may invest in, or be exposed to, the following, up to the percentage of total net assets indicated:
- contingent convertible (coco) bonds: 20%

The fund targets a weighted average duration of less than 3 years (it may be higher depending on market conditions).

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

In addition to core derivatives (see "How the Funds Use Instruments and Techniques"), the fund may use total return swaps (TRSs).

TRS usage 0% of total net assets expected, 25% maximum.
Securities lending None.

Strategy In actively managing the fund, the investment manager combines macroeconomic, market and fundamental analysis to identify securities that appear to offer the best return for their risk level (top-down and bottom-up approach). The fund is not benchmark-constrained and its performance may deviate significantly from that of the benchmark.

Sustainability approach The fund promotes environmental and social characteristics through the application of sustainability-related exclusions and allocations to sustainable investments. Additionally, as part of the investment manager's bottom-up, fundamental research process, and in its engagements with issuers, the investment manager incorporates an assessment of sustainability-related risks and opportunities through the use of ESG assessment and scoring methodologies. ESG criteria taken into consideration may include, but are not limited to decarbonisation and climate risk, circular economy and waste reduction, diverse and inclusive business, and decent work and resilient jobs.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions
- ABS/MBS
- Coco bonds
- Credit incl. below investment grade and unrated
- Currency
- Derivatives
- Emerging markets
- ESG/sustainability
- Hedging
- Interest rate
- Investment fund
- Leverage
- Management
- Market
- Prepayment and extension

Risks typically associated with unusual conditions or unpredictable events
- Circumstantial liquidity
- Counterparty and collateral
- Default
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Relative VaR, with the Bloomberg US High Yield 1-5 Year Cash Pay 2% Issuer Capped Index used as a reference portfolio. Expected gross leverage: 100% (not guaranteed; may be higher or lower).

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the medium term.

The fund may appeal to investors who:
- are looking for a combination of income and investment growth
- seek income whether in the form of capital appreciation or distributions
- are interested in exposure to high-yield bond markets globally, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	4.00	—	1.00	0.18	—
B	—	4.00[1]	1.00	0.18	1.00
C	—	1.00[2]	1.30	0.18	—
F	—	—	0.40	0.18	—
I	2.00	—	0.40	0.14	—
J	—	—	0.20	0.10	—
N	—	—	—	0.10	—
S	—	—	0.40	0.10	—
Z	—	—	0.40	0.10	—

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Morgan Stanley Investment Funds

US High Yield Bond Fund

Investment Objective and Policy

Objective To increase the value of your investment through a combination of income and growth of capital (total return).

Investment policy The fund invests at least 70% of total net assets in a range of below investment grade (high yield) fixed income securities, such as corporate and government bonds, issued in the US and denominated in USD.

Specifically, these investments are in bonds rated lower than BBB-/Baa3 or unrated.

The fund may invest up to 30% of total net assets in bonds not meeting the criteria of the fund's primary investments, such as investment grade US bonds and bonds not denominated in USD, and other types of securities, such as equities and equity-related securities.

The fund may invest in, or be exposed to, the following, up to the percentage of total net assets indicated:
- contingent convertible (coco) bonds: 20%

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

The fund intends to use core derivatives only (see "How the Funds Use Instruments and Techniques").

TRS usage and *securities lending* None.

Strategy In actively managing the fund, the investment manager combines macroeconomic, market and fundamental analysis to select securities that meet the fund's sustainability criteria and offer the best return for their risk level (top-down and bottom-up approach). The fund is not benchmark-constrained and its performance may deviate significantly from that of the benchmark.

Sustainability approach The fund promotes environmental and social characteristics through the application of sustainability-related exclusions and allocations to sustainable investments. Additionally, as part of the investment manager's bottom-up, fundamental research process, and in its engagements with issuers, the investment manager incorporates am assessment of sustainability-related risks and opportunities through the use of ESG assessment and scoring methodologies. ESG criteria taken into consideration may include, but are not limited to decarbonisation and climate risk, circular economy and waste reduction, diverse and inclusive business and decent work and resilient jobs.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions
- Credit incl. below investment grade and unrated
- Currency
- Derivatives
- ESG/sustainability
- Eurozone
- Hedging
- Interest rate
- Investment fund
- Leverage
- Management
- Market

Risks typically associated with unusual conditions or unpredictable events
- Circumstantial liquidity
- Counterparty and collateral
- Default
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Commitment.

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the medium term.

The fund may appeal to investors who:
- are looking for a combination of income and investment growth
- seek income whether in the form of capital appreciation or distributions
- are interested in exposure to high-yield bond markets, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	4.00	—	1.25	0.18	—
B	—	4.00[1]	1.25	0.18	1.00
C	—	1.00[2]	1.75	0.18	—
F	—	—	0.60	0.18	—
I	2.00	—	0.60	0.14	—
J	—	—	0.30	0.10	—
N	—	—	—	0.10	—
S	—	—	0.60	0.10	—
Z	—	—	0.60	0.10	—

[1] Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.

[2] Contingent deferred sales charge applies to shares sold within 1 year of purchase.

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Morgan Stanley Investment Funds

US High Yield Middle Market Bond Fund

Investment Objective and Policy

Objective To increase the value of your investment through a combination of income and growth of capital (total return).

Investment policy The fund invests at least 70% of total net assets in a range of below investment grade (high yield) fixed income securities, such as corporate and government bonds, issued anywhere in the world, including emerging markets, and denominated in USD.

Specifically, these investments are in bonds rated lower than BBB-/Baa3 or unrated. These investments are corporate and government bonds from issuers with up to USD 1 billion in outstanding debt (middle market issuers), and may include, among other fixed income securities, securitised instruments, such as asset-backed securities (ABSs) and loan assignments and participations.

The fund may invest up to 30% of total net assets in bonds not meeting the criteria of the fund's primary investments, such as bonds not denominated in USD, and other types of securities.

The fund may invest in, or be exposed to, the following, up to the percentage of total net assets indicated:
- contingent convertible (coco) bonds: 20%

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

In addition to core derivatives (see "How the Funds Use Instruments and Techniques"), the fund may use total return swaps (TRSs).

TRS usage 0% of total net assets expected, 25% maximum.
Securities lending 0-10% of total net assets expected, 33% maximum.

Strategy In actively managing the fund, the investment manager combines macroeconomic, market and fundamental analysis to select securities that meet the fund's sustainability criteria and offer the best return for their risk level (top-down and bottom-up approach). The fund is not benchmark-constrained and its performance may deviate significantly from that of the benchmark.

Sustainability approach The fund promotes environmental and social characteristics through the application of sustainability-related exclusions and allocations to sustainable investments. Additionally, as part of the investment manager's bottom-up, fundamental research process, and in its engagements with issuers, the investment manager incorporates an assessment of sustainability-related risks and opportunities through the use of ESG assessment and scoring methodologies. ESG criteria taken into consideration may include, but are not limited to decarbonisation and climate risk, circular economy and waste reduction, diverse and inclusive business, and decent work and resilient jobs.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- ABS/MBS
- Coco bonds
- Credit incl. below investment grade and unrated
- Currency
- Derivatives
- Emerging markets
- ESG/sustainability
- Hedging
- Interest rate
- Investment fund
- Leverage
- Management
- Market
- Prepayment and extension

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral, incl. securities techniques
- Default
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Relative VaR, with the Bloomberg US Corporate High Yield Index used as a reference portfolio. Expected gross leverage: 100% (not guaranteed; may be higher or lower).

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the medium term.

The fund may appeal to investors who:
- are looking for a combination of income and investment growth
- seek income whether in the form of capital appreciation or distributions
- are interested in exposure to high-yield bond markets globally, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	4.00	—	1.25	0.18	—
B	—	4.00[1]	1.25	0.18	1.00
C	—	1.00[2]	1.70	0.18	—
F	—	—	0.50	0.18	—
I	2.00	—	0.50	0.14	—
J	—	—	0.25	0.10	—
N	—	—	—	0.10	—
S	—	—	0.50	0.10	—
Z	—	—	0.50	0.10	—

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Morgan Stanley Investment Funds

Global Balanced Defensive Fund

Investment Objective and Policy

Objective To increase the value of your investment through a combination of income and growth of capital (total return) with comparatively low volatility.

Investment policy The fund invests, directly or indirectly, at least 70% of total net assets in a range of asset classes, such as equities, bonds, real estate, commodities and cash equivalents, anywhere in the world, including emerging markets. Some of the bond investments may be below investment grade (high yield bonds).

Specifically, these investments are in bonds of any credit quality or unrated and equities, and may include eligible closed-end real estate investment trusts (REITs), commodity-linked securities, securitised instruments, such as asset-backed securities (ABSs).

The fund may invest up to 30% of total net assets in securities not meeting the criteria of the fund's primary investments.

The fund may invest in, or be exposed to, the following, up to the percentage of total net assets indicated:

- China A-shares (through Stock Connect): 10%

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

In addition to core derivatives (see "How the Funds Use Instruments and Techniques"), the fund may use total return swaps (TRSs) and credit derivatives.

TRS usage 0% of total net assets expected, 50% maximum.
Securities lending None.

Strategy In actively managing the fund, the investment manager combines macroeconomic and market analysis to make tactical views on asset classes globally and dynamically allocate investments across asset classes and geographic areas (top-down approach). The investment manager also maintains a predefined low portfolio volatility.

Sustainability approach Sustainability factors are considered by the investment manager during both the investment and research process to limit exposure to sustainability risks and seek out investment opportunities. These factors may include, but are not limited to, climate change, carbon emissions, water scarcity, waste management, biodiversity, labour management, gender diversity, health & safety, product safety, data privacy & security, executive remuneration, board independence, shareholder rights, and bribery and corruption.

The investment manager may engage company management around corporate governance practices as well as what it deems to be materially important environmental and/or social issues facing a company in order to ensure that the target companies follow good governance practices.

The investment manager also applies certain investment restrictions, and tilts the portfolio towards high ESG performing equities.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) None.

Fund base currency EUR.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- ABS/MBS
- Allocation shift
- Commodity
- Country risk — China
- Credit incl. below investment grade and unrated
- Currency
- Depositary receipt
- Derivatives
- Emerging markets
- Equities
- ESG/sustainability
- Eurozone
- Hedging
- Interest rate
- Investment fund
- Leverage
- Management
- Market
- Prepayment and extension
- Real estate investment

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral
- Default
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Absolute VaR. Expected gross leverage: 100% (not guaranteed; may be higher or lower).

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the medium term.

The fund may appeal to investors who:

- are looking for a combination of income and investment growth with a comparatively low volatility
- seek income whether in the form of capital appreciation or distributions
- are interested in exposure to a diversified asset mix globally, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	5.25	—	1.00	0.18	—
B	—	4.00[1]	1.00	0.18	1.00
C	—	1.00[2]	1.35	0.18	—
F	—	—	0.40	0.18	—
I	2.00	—	0.40	0.14	—
J	—	—	—	0.10	—
N	—	—	—	0.10	—
S	—	—	0.40	0.10	—
Z	—	—	0.40	0.10	—

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Morgan Stanley Investment Funds

Global Multi Asset Strategist Fund

Investment Objective and Policy

Objective To increase the value of your investment through a combination of income and growth of capital (total return) with comparatively moderate volatility.

Investment policy The fund invests, directly or indirectly, at least 70% of total net assets in a range of asset classes, such as equities, bonds, real estate, commodities and cash equivalents, anywhere in the world, including emerging markets. Some of the bond investments may be below investment grade (high yield bonds).

Specifically, these investments are in bonds of any credit quality or unrated and equities, and may include eligible closed-end real estate investment trusts (REITs), commodity-linked securities, securitised instruments, such as asset-backed securities (ABSs).

The fund may invest up to 30% of total net assets in securities not meeting the criteria of the fund's primary investments.

The fund may invest in, or be exposed to, the following, up to the percentage of total net assets indicated:

- China A-shares (through Stock Connect): 10%

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

In addition to core derivatives (see "How the Funds Use Instruments and Techniques"), the fund may use total return swaps (TRSs) and credit derivatives.

TRS usage 0% of total net assets expected, 50% maximum.
Securities lending None.

Strategy In actively managing the fund, the investment manager combines macroeconomic and market analysis within a risk-controlled framework to dynamically allocate investments across asset classes and geographic areas (top-down approach). The investment manager also maintains a predefined moderate portfolio volatility.

Sustainability approach Sustainability factors are considered by the investment manager during both the investment and research process to limit exposure to sustainability risks and seek out investment opportunities. These criteria may include, but are not limited to, climate change, carbon emissions, water scarcity, waste management, biodiversity, labour management, gender diversity, health and safety, product safety, data privacy and security, executive remuneration, board independence, shareholder rights, and bribery and corruption.

The investment manager may engage company management around corporate governance practices as well as what it deems to be materially important environmental and/or social issues facing a company in order to ensure that the target companies follow good governance practices.

The investment manager also applies certain investment restrictions, and tilts the portfolio towards high ESG performing equities.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency EUR.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- ABS/MBS
- Allocation shift
- Commodity
- Country risk — China
- Credit incl. below investment grade and unrated
- Currency
- Depositary receipt
- Derivatives
- Emerging markets
- Equities
- ESG/sustainability
- Eurozone
- Hedging
- Interest rate
- Investment fund
- Leverage
- Management
- Market
- Prepayment and extension
- Real estate investment

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral
- Default
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Absolute VaR. Expected gross leverage: 100% (not guaranteed; may be higher or lower).

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the medium term.

The fund may appeal to investors who:

- are looking for a combination of income and investment growth
- seek income whether in the form of capital appreciation or distributions
- are interested in exposure to a diversified asset mix globally, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	5.25	—	1.50	0.18	—
B	—	4.00[1]	1.50	0.18	1.00
C	—	1.00[2]	2.00	0.18	—
F	—	—	0.60	0.18	—
I	2.00	—	0.60	0.14	—
J	—	—	—	0.10	—
N	—	—	—	0.10	—
S	—	—	0.60	0.10	—
Z	—	—	0.60	0.10	—

[1] Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.

[2] Contingent deferred sales charge applies to shares sold within 1 year of purchase.

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Morgan Stanley Investment Funds

Global Balanced Income Fund

Investment Objective and Policy

Objective To increase the value of your investment through a combination of income and growth of capital (total return) with comparatively moderate volatility.

Investment policy The fund invests, directly or indirectly, at least 70% of total net assets in a range of asset classes, such as equities, bonds, real estate, commodities and cash equivalents, anywhere in the world, including emerging markets. Some of the bond investments may be below investment grade (high yield bonds).

Specifically, these investments are in bonds of any credit quality or unrated and equities, and may include eligible closed-end real estate investment trusts (REITs), commodity-linked securities, securitised instruments, such as asset-backed securities (ABSs).

The fund may invest up to 30% of total net assets in securities not meeting the criteria of the fund's primary investments.

The fund may invest in, or be exposed to, the following, up to the percentage of total net assets indicated:
- equities: 90%, with a minimum of 10%
- below investment grade bonds: 30%
- China A-shares (through Stock Connect): 10%

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

In addition to core derivatives (see "How the Funds Use Instruments and Techniques"), the fund may use total return swaps (TRSs) and credit derivatives.

TRS usage 0% of total net assets expected, 50% maximum.
Securities lending None.

Strategy In actively managing the fund, the investment manager combines macroeconomic and market analysis to make tactical views on asset classes globally and dynamically allocate investments across asset classes and geographic areas with a focus on high-yielding securities (top-down approach). The investment manager maintains a predefined moderate portfolio volatility and seeks additional income by writing exchange-traded options on indices, securities or currencies.

Sustainability approach Sustainability factors are considered by the investment manager during both the investment and research process to limit exposure to sustainability risks and seek out investment opportunities. These factors may include, but are not limited to, climate change, carbon emissions, water scarcity, waste management, biodiversity, labour management, gender diversity, health and safety, product safety, data privacy and security, executive remuneration, board independence, shareholder rights, and bribery and corruption.

The investment manager may engage company management around corporate governance practices as well as what it deems to be materially important environmental and/or social issues facing a company in order to ensure that the target companies follow good governance practices.

The investment manager also applies certain investment restrictions, and tilts the portfolio towards high ESG performing equities.

For further detail on the fund's sustainability approach, including the fund's SFDR environmental and social characteristics, investment restrictions, and use and limitations of ESG data, see the fund's sustainability annex and the "Sustainable Investing" section on page 108.

SFDR product category Article 8.

Benchmark(s) None.

Fund base currency EUR.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions
- ABS/MBS
- Allocation shift
- Commodity
- Country risk — China
- Credit incl. below investment grade and unrated
- Currency
- Derivatives
- Emerging markets
- Equities
- ESG/sustainability
- Eurozone
- Hedging
- Interest rate
- Investment fund
- Leverage
- Management
- Market
- Prepayment and extension
- Real estate investment

Risks typically associated with unusual conditions or unpredictable events
- Circumstantial liquidity
- Counterparty and collateral
- Default
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Absolute VaR. Expected gross leverage: 100% (may be higher depending on market conditions).

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the medium term.

The fund may appeal to investors who:
- are looking for a combination of income and investment growth
- seek income whether in the form of capital appreciation or distributions
- are interested in exposure to a diversified asset mix globally, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	5.25	—	1.50	0.18	—
B	—	4.00[1]	1.50	0.18	1.00
B2	—	3.00[2]	1.50	0.18	1.00
C	—	1.00[3]	2.00	0.18	—
F	—	—	0.60	0.18	—
I	2.00	—	0.60	0.14	—
J	—	—	—	0.10	—
N	—	—	—	0.10	—
S	—	—	0.60	0.10	—
Z	—	—	0.60	0.10	—

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 3 years of purchase and decreases yearly by 1%. After 3 years these shares automatically convert into corresponding class A shares.*

[3] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Global Balanced Risk Control Fund of Funds

Investment Objective and Policy

Objective To increase the value of your investment through a combination of income and growth of capital (total return) with comparatively moderate volatility.

Investment policy The fund invests, mainly indirectly through funds, at least 70% of total net assets in a range of asset classes, such as equities, bonds, real estate, commodities and cash equivalents, anywhere in the world, including emerging markets. Some of the bond investments may be below investment grade (high yield bonds).

Specifically, these investments are mainly in undertakings for collective investments (UCIs), including those from the SICAV or other UCIs managed by the investment manager or third-party UCIs or ETFs. The fund may be exposed to bonds of any credit quality or unrated, equities, commodity-linked securities, securitised instruments, such as asset-backed securities (ABSs).

The fund may invest up to 30% of total net assets in securities not meeting the criteria of the fund's primary investments, such as eligible closed-end real estate investment trusts (REITs).

The fund may invest in, or be exposed to, the following, up to the percentage of total net assets indicated:

- China A-shares (through Stock Connect): 10%

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

In addition to core derivatives (see "How the Funds Use Instruments and Techniques"), the fund may use total return swaps (TRSs).

TRS usage 0% of total net assets expected, 50% maximum.
Securities lending None.

Strategy In actively managing the fund, the investment manager combines macroeconomic and market analysis within a risk-controlled framework to dynamically allocate investments across asset classes and geographic areas (top-down approach). The investment manager also maintains a predefined moderate portfolio volatility.

In making investment decisions, the investment manager does not consider the EU criteria for environmentally sustainable economic activities for the purpose of the Taxonomy Regulation.

SFDR product category Article 6.

Benchmark(s) None.

Fund base currency EUR.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- ABS/MBS
- Allocation shift
- Commodity
- Country risk — China
- Credit incl. below investment grade and unrated
- Currency
- Depositary receipt
- Derivatives
- Emerging markets
- Equities
- ESG/sustainability
- Eurozone
- Hedging
- Interest rate
- Investment fund
- Leverage
- Management
- Market
- Prepayment and extension
- Real estate investment

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral
- Default
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Absolute VaR. Expected gross leverage: 50% (not guaranteed; may be higher or lower).

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the medium term.

The fund may appeal to investors who:

- are looking for a combination of income and investment growth
- seek income whether in the form of capital appreciation or distributions
- are interested in exposure to a diversified asset mix globally, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Administration	Distribution
A	5.25	—	2.00	0.18	—
B	—	4.00[1]	2.00	0.18	1.00
C	—	1.00[2]	2.70	0.18	—
F	—	—	0.80	0.18	—
I	2.00	—	0.80	0.14	—
J	—	—	—	0.10	—
N	—	—	—	0.10	—
S	—	—	0.80	0.10	—
Z	—	—	0.80	0.10	—

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Morgan Stanley Investment Funds

Global Macro Fund

Investment Objective and Policy

Objective To increase the value of your investment, while seeking to achieve a positive return in any market conditions (absolute return) over any given 3-year period.

Investment policy The fund invests, directly or indirectly through derivatives and funds, at least 70% of total net assets in a range of fixed income securities, such as government and corporate bonds, convertible bonds and asset-backed securities, issued anywhere in the world, including emerging markets, cash equivalents, and in currencies. Some of these investments may be below investment grade (high yield bonds).

Specifically, these investments are in bonds of any credit quality and may include convertible bonds, securitised instruments, such as asset- or mortgage-backed securities (ABS/MBSs), structured products and, to a limited extent (up to 10% of total net assets), participation notes. Emerging countries are defined as any country that did not become a member of the OECD prior to 1975 and Turkey.

The fund may invest up to 30% of total net assets in securities not meeting the criteria of the fund's primary investments, such as equities and equity-related securities.

The fund may invest in, or be exposed to, the following, up to the percentage of total net assets indicated:

- emerging market securities: 100%
- securitised instruments, such as asset- or mortgage-backed securities (ABSs/MBSs): 20%

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

In addition to core derivatives (see "How the Funds Use Instruments and Techniques"), the fund may use total return swaps (TRSs).

TRS usage 10% of total net assets expected, 500% maximum.
Securities lending 0-5% of total net assets expected, 33% maximum.

Strategy In actively managing the fund, the investment manager uses macroeconomic and individual country analysis, including fiscal and monetary policies, to determine country, currency and sector exposure. The investment manager then combines market and fundamental analysis to identify securities that appear to offer the best return for their risk level (top-down and bottom-up approach). The investment manager may take both long and short positions on individual securities, buying those it appears will increase in price and taking short positions on those it appears will decline in price or in an effort to implement a hedge. The fund is not benchmark-constrained and its performance may deviate significantly from that of the benchmark.

Sustainability approach In evaluating the debt securities issued by governments, government agencies and government- sponsored enterprises in which the fund may invest, the investment manager will integrate environmental, social and governance (ESG) criteria. The investment manager, as part of its research and asset selection process in respect of debt securities, will consider the ESG issues in respect of each country and will carry out a qualitative analysis of each country, rating the ESG factors for each country based on information gathered by the research staff of the investment manager, sub-manager (if applicable) and/or their affiliates as well as third-party sources. Such qualitative analysis will be supplemented by quantitative ESG scores attributed by the investment manager to each country and the ESG scores allow for cross-country comparisons. As part of the investment manager's analysis, the investment manager may have regard to ESG factors comprising sustainability risks or opportunities likely to affect the financial condition or performance of the country over a long term investment horizon, including, without limitation, pollution/ environmental/ecosystem health, risk of social unrest, human development, democracy and rights and freedoms.

The investment manager believes that as sustainability issues are sources of long-term risk and return, the integration of sustainability risks as outlined above may assist in enhancing the returns of the fund over the long term.

In making investment decisions, the investment manager does not consider the EU criteria for environmentally sustainable economic activities for the purpose of the Taxonomy Regulation.

SFDR product category Article 6.

Benchmark(s) See the Key Information Document for information on the benchmark that is used for performance comparison. See page 108 for usage definitions.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- Absolute return strategies
- ABS/MBS
- Commodity
- Credit incl. below investment grade
- Currency
- Derivatives
- Equities
- Emerging markets
- ESG/sustainability
- Eurozone
- Hedging
- Interest rate
- Investment fund
- Leverage
- Management
- Market
- Prepayment and extension
- Short position
- Volatility strategies

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral, incl. securities techniques
- Default
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Absolute VaR. Expected gross leverage: 550% (not guaranteed; may be higher or lower).

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the medium term.

The fund may appeal to investors who:

- are looking for a combination of income and investment growth
- seek income whether in the form of capital appreciation or distributions
- are interested in exposure to bond markets globally, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Settlement occurs within 3 business days after a request has been accepted.

Continues on next page.

Fees (%)

	Max. one-time fees		Annual fees			
Main share class	**Entry**	**CDSC**	**Manage-ment**	**Adminis-tration**	**Distri-bution**	**Max. emerging mkt custody**
A	4.00	—	2.00	0.18	—	0.25
B	—	4.00[1]	2.00	0.18	1.00	0.25
C	—	1.00[2]	2.65	0.18	—	0.25
F	—	—	0.80	0.18	—	0.25
I	2.00	—	0.80	0.14	—	0.25
J	—	—	—	0.10	—	0.25
N	—	—	—	0.10	—	0.25
S	—	—	0.80	0.10	—	0.25
Z	—	—	0.80	0.10	—	0.25

[1] *Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.*

[2] *Contingent deferred sales charge applies to shares sold within 1 year of purchase.*

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Parametric Commodity Fund

Investment Objective and Policy

Objective To increase the value of your investment, while providing a total return equivalent to that of the benchmark (gross of fees and expenses).

Investment policy The fund invests, indirectly through derivatives, at least 70% of total net assets in a basket of commodities represented in the benchmark, including such sectors as agriculture, livestock, energy, and industrial and precious metals.

Specifically, the fund invests in swaps that provide a synthetic exposure to the benchmark and anticipates a tracking error of less than 1.5% in normal market conditions. The approved counterparty for all swap transactions is the benchmark administrator and any of its affiliates. The fund may also invest in other funds, including ETFs, if it deems to be the most efficient way to gain exposure to the benchmark.

The fund holds physical assets including mainly treasuries, that are used to finance the swaps and targets a weighted average duration of between 0 and 1 year (it may be higher depending on market conditions).

The fund may invest up to 30% of total net assets in securities not meeting the criteria of the fund's primary investments, such as bonds and cash equivalents.

Non-base currency exposure may be partially or fully hedged to the base currency of the fund.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

In addition to core derivatives (see "How the Funds Use Instruments and Techniques"), the fund uses extensively total return swaps (TRSs).

TRS usage 100% of total net assets expected, 100% maximum.
Securities lending None.

Strategy In passively managing the fund, the investment manager seeks to track the performance of the benchmark by replicating its risk/return profile. The benchmark uses a quantitative, rule-based model for sector weightings and index rebalancing that aims to take advantage of market movements (top-down approach).

The investment manager does not take sustainability risks into account in the investment decisions in respect of the fund for the following reasons:

- the fund gains exposure to the benchmark through a derivative(s) as part of its investment policy
- the benchmark does not consider sustainability risks, screening, exclusions, controversies, etc. as part of its methodology; therefore, such risks will be analysed or considered by investment manager
- the investment manager does not have discretion on the fund's exposure

In making investment decisions, the investment manager does not consider the EU criteria for environmentally sustainable economic activities for the purpose of the Taxonomy Regulation.

SFDR product category Article 6.

Benchmark(s) Barclays Commodity Index Series, used for tracking. See page 108 for usage definitions.

The index is designed to reflect the performance of a broad range of commodities using a rules-based model. It provides exposure to such sectors such as agriculture, energy, industrial metals, precious metals and livestock.

Selection of index components begins with screening a universe of commodity components based on two criteria:

- sufficient liquidity (as measured by trading volume and open interest) that rebalancing trades can be implemented without affecting market prices
- denominated in USD, to eliminate the effects of fluctuations in foreign exchange rates

The components remaining after the screening are then assigned to one of four liquidity tiers. Tier 1 components are the most liquid and have the highest target weightings, Tier 4 the least liquid and the lowest target weightings. When two components are highly correlated (such as Brent Crude and WTI Crude) or are themselves refined in other commodities (such as crude oil being refined into gasoline and heating oil), they are moved to the next lower liquidity tier to reduce concentration risk.

The index is rebalanced monthly. Any component's deviation from the target weight is reset over the first four business days of the month, with 25% of the deviation removed each of those days, so that the index is fully rebalanced at the end of the fourth business day. The maximum exposure to any component or group of highly correlated components is not expected to exceed 20%. The effect of rebalancing will be to decrease exposure to components with the largest relative outperformance and increase exposure to those with the largest relative underperformance. The anticipated yearly costs of index rebalancing are currently 0.05%. These costs are reviewed at least once a year.

Barclays bank plc is the index sponsor. Bloomberg Index Services Limited is the index calculation agent. For a list of index components and other details, go to morganstanley.com/im/publication/msinvf/material/msinvf_parametriccommodity_en.pdf. Barclays Commodity Index Series has a unique number identifier which may be updated over time as a result of changes to the index. The current identifier for the index is available through the above link.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- Benchmark orientation
- Commodity
- Credit
- Currency
- Derivatives
- Emerging markets
- ESG/sustainability
- Hedging
- Interest rate
- Investment fund
- Leverage
- Management
- Market
- Swaps

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral
- Default
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Commitment.

Continues on next page.

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the long term.

The fund may appeal to investors who:

- are looking for long-term investment growth
- seek income whether in the form of capital appreciation or distributions
- are interested in exposure to commodity markets, either for a core investment or for diversification
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Conversions in, and exchanges out of, the fund are not permitted (exchanges are however allowed with the Systematic Liquid Alpha Fund).

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	5.25	—	1.40	0.18	—
B	—	4.00[1]	1.40	0.18	1.00
C	—	1.00[2]	1.85	0.18	—
F	—	—	0.55	0.18	—
I	2.00	—	0.55	0.14	—
J	—	—	0.275	0.10	—
N	—	—	—	0.10	—
S	—	—	0.55	0.10	—
Z	—	—	0.55	0.10	—

[1] Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.

[2] Contingent deferred sales charge applies to shares sold within 1 year of purchase.

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Systematic Liquid Alpha Fund

Investment Objective and Policy

Objective To provide an attractive level of total return, with the potential for low correlation to traditional asset classes (bonds and equities) and a target annualised volatility of 8% over the long term. While the fund aims to achieve positive returns and its volatility target, this is not guaranteed.

Investment policy The fund seeks to achieve its objective primarily (at least 70% of total net assets) through exposure to a diversified set of investment strategies across different asset classes, directly or indirectly, being equities, fixed income securities (primarily of investment grade quality with no direct exposure to distressed securities), cash equivalents, currencies, and commodities (only indirectly).

Within each asset class, the fund will seek exposure to different strategies in order to provide diversified returns. The allocation to the different asset classes and strategies will be based on a systematic process set by the investment manager, aimed at achieving the fund's volatility targeting. This process considers the volatility of the different strategies, the correlations between them and their correlations to equities and bonds. However, for temporary defensive purposes, during periods in which the investment manager believes changes in economic, financial or political conditions make it advisable, the investment manager retains the discretion to reduce the exposure of the fund to equities, fixed income securities, currencies, and commodities and invest the fund's assets in cash equivalents (including treasuries).

The fund may invest in treasuries.

See also "Permitted assets, techniques and transactions" on page 110.

Derivatives and techniques The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

In addition to core derivatives (see "How the Funds Use Instruments and Techniques"), the fund may use total return swaps (TRSs).

TRS usage 600% of total net assets expected, 2,000% maximum.
Securities lending None.

Strategy The fund may gain exposure to the different strategies through UCITS-eligible indices (the "Indices") which can be accessed via financial derivative instruments (such as unfunded total return swaps or other derivatives), and to a limited extent (up to 10% of total net assets), via units/shares of other collective investment schemes, including the SICAV's funds and open-ended ETFs which are eligible investments for UCITS under the 2010 Law. The unfunded total return swaps that the fund may use are structured to allow the fund to receive return from the underlying index in exchange of fees. The fund may also buy and sell futures, listed options and common stocks or other UCITS eligible asset classes. The fund is actively managed and the composition of the portfolio holdings is not constrained by any benchmarks.

The fund may pursue exposure to a wide range of investment strategies, including without limitation:

- value strategies: seek to take advantage of securities that have low valuations relative to similar securities
- carry strategies: seek to capture the tendency of higher-yielding assets to provide higher returns than lower-yielding assets; an asset's "carry" is defined as its return assuming that market conditions stay the same, meaning that carry is the income earned if the asset's price remains constant over the holding period
- curve strategies: seek to benefit from structural inefficiencies often present in rate and commodity future yield curves; different points on these curves can be impacted by excessive demand or supply stemming from structural flows from different market participants such as hedgers, producers, borrowers, or lenders
- trend/momentum strategies: seek to benefit from the historical tendency of assets' recent relative performance to continue, typically focusing on investments that have performed relatively well over those that have underperformed; trend strategies are effectively aggregations of momentum strategies, taking long positions in markets with recent positive returns and short positions in those with recent negative returns; the persistence in price trends has delivered excess returns over time, including and during some abnormal market conditions
- mean reversion strategies: seek to benefit from the tendency of securities prices or other metrics to revert to their historical mean in a somewhat predictable fashion in a specific time window

Any information on indices that are "financial indices" (including calculation methodologies, constituents, weightings, etc) and any change thereof, will be made available at the following website: morganstanley.com/im/publication/msinvf/material/msinvf_systematicliquidalpha_en.pdf. Financial indices may make use of increased diversification limits: each component of a financial index may represent up to 20% of the index, except that one single component may represent up to 35% of the index where justified by exceptional market conditions, as it may be the case for highly correlated commodities (such as in the petroleum products sector) with regard to commodity financial indices. Commodity markets are inherently prone to "exceptional market conditions" due to the limited universe of investable commodity futures contracts with adequate liquidity upon which a financial index may be based. None of such indices rebalances on an intra-day or daily basis.

The investment manager does not take sustainability risks into account in the investment decisions in respect of the fund for the following reasons:

- the fund gains exposure to the indices through derivative as part of its investment policy
- the indices do not consider sustainability risks, screening, exclusions, controversies, etc, as part of its methodology; therefore, such risks will not be analysed/considered by investment manager

In making investment decisions, the investment manager does not consider the EU criteria for environmentally sustainable economic activities for the purpose of the Taxonomy Regulation.

SFDR product category Article 6.

Benchmark(s) See the Key Information Document for information on the benchmark that is used for performance comparison.

Fund base currency USD.

Main Risks

The risks below are divided according to how frequent (but not necessarily how significant) their effect may be on the fund. These are only the main risks, not a comprehensive listing. See "Risk Descriptions" on page 100 for more information.

Risks typically associated with ordinary conditions

- Allocation shift
- Commodity
- Credit
- Currency
- Derivatives
- Emerging markets
- Equities
- ESG/sustainability
- Eurozone
- Hedging
- Interest rate
- Investment fund
- Leverage
- Management
- Market
- Short position
- Swaps

Risks typically associated with unusual conditions or unpredictable events

- Circumstantial liquidity
- Counterparty and collateral
- Default
- Operational and cyber
- Standard practices
- Tax change

Risk monitoring approach Absolute VaR. Expected gross leverage: 600% (not guaranteed; may be higher or lower).

Continues on next page.

Planning your Investment

Investor profile Investors who understand the risks of the fund and plan to invest for the medium term.

The fund may appeal to investors who:

- seek to invest in alternative strategies, either for a core investment or for diversification
- seek a capital appreciation over the medium term
- seek that portfolio volatility is managed with to a pre-defined target
- accept the risks associated with this type of investment

Processing requests Requests to buy, exchange and sell shares that are received and accepted by the transfer agent by 1:00 PM CET on any dealing day are ordinarily processed the same day, at a NAV calculated using market values from that day.

Conversions in, and exchanges out of, the fund are not permitted (exchanges are however allowed with the Parametric Commodity Fund).

Settlement occurs within 3 business days after a request has been accepted.

Fees (%)

Main share class	Max. one-time fees		Annual fees		
	Entry	CDSC	Management	Adminis-tration	Distribution
A	5.25	—	1.65	0.18	—
B	—	4.00[1]	1.65	0.18	1.00
C	—	1.00[2]	2.15	0.18	—
F	—	—	0.65	0.18	—
I	2.00	—	0.65	0.14	—
J	—	—	0.35	0.10	—
N	—	—	—	0.10	—
S	—	—	0.65	0.10	—
Z	—	—	0.65	0.10	—

[1] Contingent deferred sales charge applies to shares sold within 4 years of purchase and decreases yearly by 1%. After 4 years these shares automatically convert into corresponding class A shares.

[2] Contingent deferred sales charge applies to shares sold within 1 year of purchase.

Hedged share classes also pay a hedging fee of maximum 0.03%. For more about fees and expenses, see "Fund Fees and Costs" on page 134. For a current and complete list of available share classes, go to morganstanleyinvestmentfunds.com.

Risk Descriptions

All investments involve risk. The risks of some of these funds may be comparatively high.

The risk descriptions below correspond to the main risk factors listed for each fund. Any risk factor may apply differently, in quality and degree, across different funds. Any fund's risk profile may change over time, and unforeseeable risks may arise in the future before the SICAV has had an opportunity to update this prospectus. A fund could potentially be affected by risks beyond those listed for it or described here, nor are these risk descriptions themselves intended as exhaustive. Each risk is described as if for an individual fund.

Any of these risks could cause a fund to lose money, to perform less well than similar investments or a benchmark, to experience high volatility (ups and downs in NAV), to fail to meet its objective over any period of time, or to create conditions under which its objective is achievable. In certain circumstances the right to buy, exchange, or sell shares may be suspended, as described in "Rights We Reserve" on page 126.

Risks typically associated with ordinary conditions

Risks included in this section are generally present to a material degree in ordinary conditions (in particular market, economic, and political conditions) and are likely to have an effect on NAV on a frequent or even daily basis. These risks also tend to be present – and more potent – in unusual market conditions.

Absolute return strategies risk While an absolute return strategy aims for positive returns through a market cycle, it may not achieve them, and also may underperform other types of equity strategies during positive market conditions.

ABS/MBS risk Asset-backed and mortgage-backed securities (ABSs and MBSs), and other types of collateralised debt security, typically carry credit, prepayment and extension risk and can carry above-average liquidity risk.

MBSs (a category that includes collateralised mortgage obligations, or CMOs) and ABSs represent an interest in a pool of debt, such as credit card receivables, auto loans, student loans, equipment leases, home mortgages and home equity loans.

ABSs and MBSs also tend to be of lower credit quality than many other types of debt securities. To the extent that the debts underlying an MBS or ABS go into default or become noncollectable, the securities based on those debts will lose some or all of their value.

Because ABSs and MBSs divide the risks and benefits of the underlying pool of investments into tranches, or layers, the highest risk tranches may become worthless if even a relatively small portion of the underlying debt obligations go into default.

Non-agency MBSs are securities 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.

Allocation shift risk To the extent the fund shifts its investment exposure among asset classes with different risk/return levels, its overall risk/return levels will shift accordingly.

High exposure to a higher-risk class, such as emerging markets equities or below investment grade bonds, will increase the fund's overall risk/return level. In addition, the nature of the fund's risk exposure will change. For example, bonds and equities respond in different ways, and to different degrees, to some risk factors, and in addition bonds and equities each are affected by factors that have little effect on the other.

Benchmark orientation risk Indices used for benchmarks are rule-based and may not yield future positive performance. A fund that is managed with reference to a benchmark might underperform its benchmark over any given period of time, and not take any defensive measures to protect from losses when the benchmark declines.

Market indexes, which are typically used as benchmarks, are calculated by independent entities without consideration for how they may affect fund performance. The index providers make no guarantee that their index calculations are accurate and assume no liability for any losses of investors in any investment that tracks any of their indexes. If a provider ceases to maintain an index, or loses or fails to gain its ESMA registration as a benchmark provider, the fund may be liquidated if no suitable replacement can be found.

The fund may also underperform, or be less correlated to changes of value of, its benchmark due to replication expenses such as swap transaction costs.

Coco bonds risk Contingent convertible securities (coco bonds) are comparatively untested, their issuers can cancel or modify scheduled income payments at will, they are more vulnerable to losses than equities, they carry extension risk, and they can be highly volatile.

Coco bonds carrying the following risks, among others:

- Trigger level risk: Coco bonds are issued with a trigger level, for example, the issuer's core liquid assets falling below 5%. If the trigger level is reached, the coco bond automatically converts to equity, which may, however, be worth little or nothing. A trigger could be reached either through a loss of capital (numerator) or an increase in risk-weighted assets (denominator).
- Coupon cancellation: With some coco bonds, the issuer may cancel coupon payments at any time, for any reason and for any length of time. Cancelled payments do not accumulate. Cancellation can create valuation risk.
- Capital structure inversion risk: A coco bond can be junior not only to other debt but to equity as well, meaning that in certain circumstances (such as the activation of a high trigger principal write down) a coco bond will be among the first securities of the issuer to suffer losses.
- Call extension risk: With coco bonds that are structured as perpetual loans, the principal amount may be paid off on the call date, anytime afterward, or never.
- Unknown risk: How coco bonds will behave in a stressed environment is uncertain. For example, the market may consider a trigger activation or coupon suspension by a single issuer to be a systemic event, leading to price contagion, volatility or liquidity risk across some or all of the asset class.
- Yield/Valuation risk: While cocos tend to offer attractive yields, any assessment of their risk must include not only their credit ratings (which may be below investment grade) but also the other risks associated with cocos, such as the risk of conversion, coupon cancellation, and liquidity risk. It is unclear to what extent investors have accurately assessed the risks of coco bonds.

Commodity risk Commodities tend to be highly volatile, and may be disproportionately affected by political, economic, weather, trade, agricultural and terrorist-related events and by changes in energy and transportation costs.

Because they respond to specific factors, commodity prices may behave differently from each other and from equities, bonds and other common investments.

Concentration risk To the extent that the fund invests a large portion of its assets in a limited number of industries, sectors, or issuers, or within a limited geographical area, it can be more risky than a fund that invests more broadly.

Focusing on any company, industry, sector, country, region, type of equity, type of economy, etc. makes the fund more sensitive to the factors that determine market value for the area of focus. These factors may include economic, financial, or market conditions as well as social, political, economic, environmental, or other conditions. The result can be both higher volatility and a greater risk of loss.

Convertible bonds risk Because convertible bonds are structured as bonds whose repayment of principal is typically in the form of a pre-determined number of equity shares (rather than cash), they carry both equity risk and the risks typical of bonds, such as credit, interest rate, default and prepayment risk, as well as liquidity risk.

Country risk — China The legal rights of investors in China are uncertain, government intervention is common and unpredictable, some of the major trading and custody systems are unproven, and all types of investments are likely to have comparatively high volatility and greater liquidity and counterparty risks.

In China, it is uncertain whether a court would protect the fund's right to securities it may purchase, regardless of the type of purchase and custody arrangements. No currently available arrangement requires full accountability of all of its component entities, which leaves investors such as the fund with relatively

little standing for legal action in China. For example, to meet the short settlement cycles for certain trading channels, the fund may sometimes need to work with a trade clearing entity that temporarily assumes the role of custodian, in which case the depositary would effectively lose its right to oversee or appeal the execution of the transaction.

Trades placed in Chinese markets may not always be handled according to regulation or best execution practices. For example, a trade order placed by the fund may be disadvantaged by being bundled with others or by the place it is assigned in queue. The requirement that all sell orders be pre-checked to ensure that sufficient shares exist to meet the order may in practice limit the brokers eligible to execute the trade. In addition, Chinese security exchanges or authorities may tax or limit short-swing profits, compel disclosure of large ownership stakes at the SICAV level, recall eligible equities, set or change quotas (maximum trading volumes, either at the investor level or at the market level), or otherwise block, limit, restrict or delay trading, hampering or preventing a fund from implementing its intended strategies or trading plans. Tax rules may be complex or unclear and investors may be subject to higher than appropriate taxes.

Qualified Foreign Institutional Investor (QFI) programmes QFI programmes allow licensed international financial investors to participate in Mainland security exchanges. Investments in Mainland exchanges might however be subject to quotas that can vary unexpectedly, adversely affecting the fund's investments. The fund may also be affected by the QFI rules and restrictions, including rules on permissible investment scope, shareholding restrictions and repatriation of principal and profits, which could hamper fund performance and increase liquidity risk.

Where a fund invests in China A-shares or other securities in China through a QFI, these securities will be maintained by one or more custodians appointed by the QFI. The relevant China A-shares will be held through a securities account with the China Securities Depository and Clearing Corporation Limited (ChinaClear). Such an account may be held in the name of a nominee, and if so may be not be segregated from other clients' assets.

The fund may suffer substantial losses if the approval of the QFI status is being revoked or terminated, or otherwise invalidated, as the fund may be prohibited from trading and repatriation of the fund's monies, or if any of the key operators or parties (including QFI custodian/brokers) is bankrupt or in default, or is disqualified from performing its obligations such as execution or settlement of any transaction or transfer of monies or securities.

Shanghai- and Shenzhen-Hong Kong Stock Connect programmes Stock Connect is a joint project of the Hong Kong Exchanges and Clearing Limited (HKEC), ChinaClear, the Shanghai Stock Exchange and the Shenzhen Stock Exchange. Hong Kong Securities Clearing Company Limited (HKSCC), a clearing house that in turn is operated by HKEC, acts as nominee for investors accessing Stock Connect Securities.

Creditors of the nominee or custodian could assert that the assets in accounts held for the funds are actually assets of the nominee or custodian. If a court should uphold this assertion, creditors of the nominee or custodian could seek payment from the assets of the relevant fund. Because HKSCC does not guarantee the title to Stock Connect securities it holds as nominee and has no obligation to enforce title or other rights associated with ownership on behalf of beneficial owners (such as the fund), neither the title to such securities or their associated rights (such as participation in corporate actions or shareholder meetings) is assured.

If the SICAV or a fund suffers losses resulting from the performance or insolvency of HKSCC, the SICAV would have no direct legal recourse against HKSCC, because Chinese law does not recognise any direct legal relationship between HKSCC and either the SICAV or the depositary.

If ChinaClear defaults, HKSCC's contractual liabilities will be limited to assisting participants with claims. A fund's attempts to recover lost assets could involve considerable delays and expenses, and may not be successful.

In a suspension in trading through the programme, the fund's ability to invest in China A-shares or access to PRC markets will be adversely affected. Stock Connect trades are settled in RMB and investors must have timely access to a reliable supply of RMB in Hong Kong, which cannot be guaranteed.

China A-shares Available through the Stock Connect programmes, these securities may offer limited liquidity due to limitations in trading, or be more volatile and unstable (for instance, due to the risk of suspension of a particular equity or government intervention). These securities are also subject to trading fees, levies and stamp duties that may increase unpredictably, and can only be traded when both the PRC and Hong Kong markets are open for trading.

China Interbank Bond Market The CIBM is an over-the-counter market that provides a way for outside investors (such as the fund) to buy Chinese corporate and government bonds. The CIBM may have low trading volumes and high bid and offer spreads, making the bonds comparatively less liquid and more expensive.

Bond Connect In addition to opening an account in China to access the CIBM, some funds may invest in bonds tradable in the PRC through Bond Connect, a connection between the PRC and Hong Kong financial infrastructure institutions. The Bond Connect rules imply some limitations for security transaction and hedging, or might change with little or no notice, which can adversely affect the fund's investments. For example, a transfer of Bond Connect securities between two members of Central Moneymarkets Unit (CMU) of the HKMA or between two CMU sub-accounts of the same CMU member is not allowed, and instructions relating to sell and buy orders may not be amended and can only be cancelled in limited circumstances.

In addition, hedging activities are subject to Bond Connect rules and prevailing market practices, and there is no guarantee that the fund will be able to carry out hedging transactions on acceptable terms. The fund may also find it necessary to unwind a hedge in unfavourable market conditions.

Bond Connect securities are held by CMU members, opening two nominee accounts with China Central Depository & Clearing Co., Ltd (CCDC) or Shanghai Clearing House (SHCH). The application of the concepts of "nominee holder" and "beneficial owner" are untested, and there is no assurance that PRC courts will recognise such rules.

Access products Some of the funds may gain exposure to Chinese securities markets indirectly through participation notes, equity-linked notes, derivatives or similar instruments. These products may add a further layer of liquidity risk as there may be no active market, and their values may diverge from those of the underlying assets. The position of the fund in the access products may be disclosed to the PRC regulators or PRC stock exchanges upon their requests.

Internal currency risk The Chinese government maintains two separate currencies: internal renminbi (CNY), which must remain within China and generally cannot be owned by foreigners, and external renminbi (CNH), which can be owned by any investor. These two currencies are not freely convertible and the exchange rate between the two is subject to foreign exchange control policies of and restrictions imposed by the Chinese government. In addition to general currency risk, this effectively adds a further level of currency risk for outside investors (such as the fund), as well as liquidity risk, since the conversion of CNY to CNH can be restricted, as can the removal of CNH currency from China or Hong Kong.

Tax risk How Chinese authorities may choose interpret tax codes is not certain and may change at any time. Tax relief measures currently in effect for non-Chinese investors may be modified or withdrawn. China could assess taxes retroactively, and in some cases could even expand them to apply to all equity and bond income the fund receives from any source, not just China.

The tax status of investments in China that are held by non-Chinese investors can depend on a range of factors, including the type of investor, type of securities involved, investment channel used, and whether the tax applies to capital gains, income or another reference. The stated tax rates for investors from outside of China are:

- 10% corporate income tax
- 6% VAT
- 10% corporate income tax withholding on dividends and interest derived from China for QFIs

- 10% tax on dividends and bonuses of China A-shares for Hong Kong market investor through Stock Connect
- 10% corporate income tax withholding for non-PRC tax resident investors from the trading of bonds through Bond Connect

To encourage investment in China, these taxes are currently suspended for most investments made by non-Chinese investors. However, because the suspensions result from a complex and overlapping series of rules from different authorities, it is not entirely clear what the current tax status is in some cases.

At least three different Chinese government authorities have the power to regulate various tax aspects of investing. Some of the lack of clarity about Chinese tax policy arises from the dynamics among these authorities, such as the refusal of one authority to say whether it concurs with guidance issued by another.

Future tax policy is also unclear. In general, outside investors in China have little insight into government goals or plans, and changes may occur abruptly and without any advance indication from authorities. The underlying tax laws remain on the books, and the measures currently providing tax relief to outside investors such as the fund are described as "provisional" or "temporary", creating uncertainty as how long they might remain in effect, and which investors, securities, channels or references may be affected by any changes. In addition, the custodian of any fund investments in China A-shares and bonds has the power to withhold any tax they reasonably believe is required, including retroactively.

One tax that does remain fully in effect is the stamp duty on transfers of China A-shares, which is 0.1%.

If the authorities rule that the SICAV has failed to meet the standards for its current advantageous tax status (non-resident without a permanent establishment in China), the tax on the fund's income from China A-shares and bonds may increase from 10% to 25%. If the SICAV is ruled to have become a tax resident of China, the 25% tax may apply to all income received by the fund from all sources globally.

In some cases tax obligations may be reduced or eliminated by reciprocal tax treaties between China and Luxembourg, but there is no guarantee that the treaties will remain in place or will be effective.

Country risk — India If the fund's registration with the Indian government as a Foreign Portfolio Investor (FPI) is suspended or withdrawn, the fund would no longer be able to invest directly in Indian securities.

Whether the fund invests in Indian securities indirectly (such as through derivatives or structured products such as depositary receipts) or directly, and whether an investor holds beneficial ownership in fund shares directly or through an intermediary, the fund may be required by Indian law or regulation to disclose information about shareholders or beneficial owners to Indian authorities or the DDP (Designated Depository Participant), as applicable. In particular, any natural person who, whether acting alone or together, directly or indirectly, exercises control or has ultimately a controlling ownership interest above 25% of the fund's assets, must disclose their identity to the DDP, the relevant counterparty or the local supervisory authorities, as applicable.

Country risk — MENA MENA countries may have particularly high levels of emerging market risks. Due to political and economic situation in Middle East and North Africa, markets of MENA countries have a comparatively high-risk of instability that may result from factors such as government or military intervention, or civil unrest. MENA markets may remain closed for days at a time (due to religious celebrations, for instance), and the exact dates of market closure may not be known in advance.

Country risk — Russia In Russia, risks associated with custody and counterparties are higher than in developed countries.

Russian custodial institutions and registrars observe their own rules, have significantly less responsibility and accountability to investors, may be poorly regulated, or may otherwise be susceptible to fraud, negligence, or error. The securities markets in these countries may also suffer from impaired efficiency and liquidity, which may worsen price volatility and market disruptions.

If there is a change in Russian law or enforcement practices, the fund may be compelled to provide information about its shareholders to Russian depositaries or authorities. The penalty for non-compliance is uncertain but could involve the freezing or seizure of fund assets. It is also possible that records of the fund's ownership of shares could be altered or erased due to lax enforcement or fraud, leaving the fund with little ability to reclaim its lost investment and no ability to hold any Russian fund service providers responsible.

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.

Country risk — Saudi Arabia Investments in Saudi Arabia are likely to have comparatively high volatility, liquidity and counterparty risks, and could be affected by unexpected quotas, limits or other regulatory actions.

The ability of foreign investors to invest in Saudi Arabian issuers is new, untested and subject to limitations. Investing in Saudi markets requires government authorisation, which may be modified or withdrawn. The fund may trade on a secondary market at a higher than usual premium or discount to NAV.

Saudi Arabia relies highly on income from the sale of petroleum to other countries, and its economy is therefore vulnerable to changes in foreign currency values and the market for petroleum. The Saudi Arabia government has an ownership stake in many key industries. The situation is exacerbated by the fact that Saudi Arabia is governed by an absolute monarchy. Saudi Arabia has historically experienced strained relations with economic partners worldwide, including other countries in the Middle East due to geopolitical events. Governmental actions in the future could have a significant effect on economic conditions in Saudi Arabia, which could affect private sector companies and the fund, as well as the value of securities in the fund's portfolio. Any economic sanctions on Saudi Arabian individuals or Saudi Arabian corporate entities, or even the threat of sanctions, may result in the decline of the value and liquidity of Saudi Arabian securities, a weakening of the Saudi riyal or other adverse consequences to the Saudi Arabian economy In addition, Saudi Arabia's economy relies heavily on cheap, foreign labor, and changes in the availability of this labor supply could have an adverse effect on the economy.

QFI regime and investments in Saudi Arabian equities A fund's ability to achieve its investment objective depends on the ability of the investment manager as a QFI, and the fund as a QFI Client, to obtain and maintain their respective authorisations from the Capital Market Authority (CMA), and thereby allow the fund to invest. A failure to obtain or maintain such authorisation could limit the fund's ability to gain exposure to Saudi securities and could increase the cost to the fund of gaining such exposure.

Credit risk A bond or money market instrument from any type of issuer could fall in price, and become more volatile and less liquid, if the security's credit rating or the issuer's financial health deteriorates, or the market believes it might.

The downgrading of a rated debt security could decrease the value and liquidity of the security, particularly in a thinly traded market, and also increase the price volatility. A fund may continue to invest in securities that are downgraded after purchase.

Below investment grade bonds These bonds are considered speculative. Compared to investment grade bonds, prices and yields of below investment grade bonds are more volatile and sensitive to economic events, and the bonds are less liquid and carry greater default risk.

Distressed and in-default bonds These bonds carry the lowest credit quality, are extremely speculative, can be very difficult to value or sell, and often involve complex and unusual situations and extensive legal actions (such as bankruptcy or liquidation of the issuer) whose outcome is quite uncertain.

Unrated bonds While the investment manager assesses the credit quality of any unrated securities, there is no guarantee that its determinations will match those a rating agency would have made.

Sovereign bonds Bonds issued by governments and government-owned or -controlled entities can be subject to many risks, especially in cases where the government is reliant on payments or extensions of credit from external sources, is unable to institute the necessary

systemic reforms or control domestic sentiment, or is unusually vulnerable to changes in geopolitical or economic sentiment.

Even if a government issuer is financially able to pay off its bonds, investors may have little recourse should it decide to delay, discount, or cancel its obligations, as the main avenue to pursue payment is typically the sovereign issuer's own courts.

A fund may suffer significant losses when there is a default of sovereign debt issuers.

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.

Collateralised debt obligations These securities combine, in concentrated form, the credit risks of below investment grade bonds, the prepayment and extension risk of ABSs and MBSs, and the leverage risks associated with derivatives.

Because the securities divide the risks and benefits of the underlying pool of investments into tranches, or layers, the highest risk tranches may become worthless if even a relatively small portion of the underlying mortgages go into default.

Environmental-related credit risk Adverse effects of environmental issues, such as climate change and natural disasters, may erode the financial health of a bond issuer and hamper its ability to make required payments to bondholders.

Currency risk To the extent that the fund holds assets that are denominated in currencies other than the base currency, or any share class currency, any changes in currency exchange rates could reduce investment gains or income, or increase investment losses, in some cases significantly.

Exchange rates can change rapidly and unpredictably, and it may be difficult for the fund to unwind its exposure to a given currency in time to avoid losses. Changes in exchange rates can be influenced by such factors as export-import balances, economic and political trends, governmental intervention and investor speculation.

Intervention by a central bank, such as aggressive buying or selling of currencies, changes in interest rates, restrictions on capital movements, or a "de-pegging" of one currency to another, could cause abrupt or long-term changes in relative currency values.

Depositary receipt risk Depositary receipts are certificates that represent shares in companies trading outside the markets in which the depositary receipts are traded. These certificates are held on deposits by financial institutions. Besides usual risks of equities, they carry illiquid securities and counterparty risks.

Depositary receipts, such as American Depositary Receipts (ADRs), European Depositary Receipts (EDRs) and participatory notes, can trade below the value of their underlying securities. Owners of depositary receipts may lack some of the rights (such as voting rights) they would have if they owned the underlying securities directly. Some of above instruments may create additional counterparty risks. Depositary receipts are also subject to the risks of the underlying securities.

Derivatives risk Small movements in the value of an underlying asset can create large changes in the value of a derivative, making derivatives highly volatile in general and exposing the fund to potential losses significantly greater than the cost of the derivative.

Derivatives are complex investments that are subject to the risks of the underlying asset(s) – typically in modified and greatly amplified form – as well as their own risks. Some of the main risks of derivatives are:

- the pricing and volatility of some derivatives, in particular credit default swaps and collateralised debt obligations, may diverge from the pricing or volatility of their underlying reference(s), sometimes greatly and unpredictably
- liquidity risks as, in difficult market conditions, it may be impossible or infeasible to properly value a derivative or to place orders that would limit or offset the market exposure or financial losses created by some derivatives
- derivatives involve costs that the fund would not otherwise incur
- the behaviour or a derivative may be difficult to predict, especially in unusual market conditions; this risk is greater for newer, more unusual, or more complex types of derivatives, and may require investment techniques, risk analysis and control mechanisms that are different from those used for standard securities and are more complex
- changes in tax, accounting, or securities laws, or decreased liquidity, increased cost of hedging, publication of a successor index, or adjustments or modifications to the index, could cause the value of a derivative to fall or could force the fund to terminate a derivative position under disadvantageous circumstances
- some derivatives, in particular futures, options, total return swaps, contracts for difference and some contingent liability contracts, could involve margin borrowing, meaning that the fund could be forced to choose between liquidating securities to meet a margin call or taking a loss on a position that might, if held longer, have yielded a smaller loss or a gain
- some derivatives, in particular coupon swaps, agency swaps, and term swaps attached to securitised instruments, could entail higher credit and investment (spread) risks
- counterparty risks
- risk of not being able to exercise certain rights attached to the underlying securities

Exchange-traded derivatives Trading in these derivatives or their underlying assets could be suspended or subject to limits. There is also a risk that settlement of these derivatives through a transfer system may not happen when or as expected. Due to this counterparty risk, a fund may not receive all of its assets back and its rights may differ depending on the law of the country in which the party is incorporated and the specific protections that party has put in place.

OTC derivatives — non-cleared Because OTC derivatives are in essence private agreements between a fund and one or more counterparties, they are less highly regulated than market-traded securities. They also carry greater counterparty and liquidity risks, and their pricing is more subjective, meaning that it can be especially difficult to value them properly in unusual market conditions.

If a counterparty ceases to offer a derivative that a fund had been planning on using, the fund may not be able to find a comparable derivative elsewhere and may miss an opportunity for gain or find itself unexpectedly exposed to risks or losses, including losses from a derivative position for which it was unable to buy an offsetting derivative.

Because it is generally impractical for the SICAV to divide its OTC derivative transactions among a wide variety of counterparties, a decline in the financial health of any one counterparty could cause significant losses. Conversely, if any fund experiences any financial weakness or fails to meet an obligation, counterparties could become unwilling to do business with the SICAV, which could leave the SICAV unable to operate efficiently and competitively.

OTC derivatives – cleared Because these derivatives are cleared on a trading platform, their liquidity risks are similar to those for exchange-traded derivatives. However, they still carry counterparty risk that is similar to non-cleared OTC derivatives.

Emerging markets risk Emerging or frontier markets are less established, and more volatile, than developed markets. They involve higher risks, particularly market, credit, illiquid security, counterparty, legal and currency risks, and are more likely to experience risks that in developed markets are associated with unusual market conditions.

Reasons for this higher level of risk include:

- political, economic or social instability
- economies that are heavily reliant on particular industries, commodities or trading partners
- uncontrolled inflation
- high or capricious tariffs or other forms of protectionism
- quotas, regulations, laws, restrictions on repatriation of monies, or other practices that place foreign investors (such as the fund) at a disadvantage
- expropriation of assets and/or confiscatory taxation
- changes in laws or regulations, or failure to enforce these, to provide fair or functioning mechanisms for resolving disputes or competing claims, or pursuing recourse, or to otherwise recognise the rights of investors as understood in developed markets
- a loss of approvals relating to the fund's operations in a market
- excessive fees, trading costs, taxation, or outright seizure of assets
- inadequate reserves to cover issuer or counterparty defaults
- incomplete, misleading, or inaccurate information about securities and their issuers

- non-standard or sub-standard accounting, auditing or financial reporting practices
- markets that are small and have low trading volumes, and consequently can be vulnerable to liquidity risk and to manipulation of market prices
- arbitrary delays and market closures
- less developed market infrastructure that is less tested, may suffer system failures or defects, and is unable to handle peak trading volumes
- lack the substance or financial resources of those in developed countries
- non-existent or limited or inadequate compensation schemes to meet the SICAV's claims in case of a dispute
- fraud, corruption and errors

In certain countries, securities markets may also suffer from impaired efficiency and liquidity, which may worsen price volatility and market disruptions.

For purposes of this prospectus, these risks apply to any country not classified as "high income" by the World Bank and any country (regardless of income level) included in a recognised emerging or frontier markets index. In practice, this means most countries in Asia, Africa, South America and Eastern Europe as well as countries such as China, Russia, India and Saudi Arabia that have large economies but may not offer the highest levels of investor protection.

Equities risk Equities can lose value rapidly, and typically involve higher market risks than bonds or money market instruments.

If a company goes through bankruptcy or a similar financial restructuring, its equities may lose most or all of their value.

The price of an equity varies according to supply and demand and market expectations about the company's future profitability, which may be driven by factors such as consumer demand, product innovation, actions of competitors, and how or whether a company chooses to address ESG factors.

ESG/sustainability risk An ESG event or condition could lower the fund's value.

Such risks are integrated into the investment decision making and risk monitoring to the extent that they represent potential or actual material risks and opportunities to maximising long-term risk-adjusted returns.

The impacts following the occurrence of an ESG risk may be numerous and vary depending on the specific risk, region and asset class. Such risks generally revolve around factors such as:

- climate change risks including both global warming driven by human emissions of greenhouse gases and the resulting large scale shifts in weather patterns; risks associated with climate change include transition risks (policy changes, reputational impacts and shifts in market preferences, norms and technology) and physical risks (physical impacts of climate change such as droughts, floods or thawing ground)
- natural resources risks including rising costs from resource scarcity or resource usage taxes and systemic risks from biodiversity loss
- pollution and waste risks including liabilities associated with contamination and waste management costs
- human capital risks including declining employee productivity, attrition and turnover costs, pandemics and supply chain reputational risks or disruption
- community risk factors including loss of license to operate, operational disruptions caused by protests or boycotts, and systematic inequality and instability
- security and safety risks such as consumer security, data privacy and security

In general, where an ESG risk occurs in respect of an asset, there could be a negative impact on, or entire loss of, its value. Such a decrease in the value of an asset may occur for a company in which a fund invests as a result of damage to its reputation resulting in a consequential fall in demand for its products or services, loss of key personnel, exclusion from potential business opportunities, increased costs of doing business and increased cost of capital. A company may also suffer the impact of fines and other regulatory sanctions. The time and resources of the company's management team may be diverted from furthering its business into dealing with the ESG risk event, including changes to business practices and dealing with investigations and litigation. ESG risk events may also give rise to loss of assets and physical loss including damage to real estate and infrastructure. The utility and value of assets held by companies to which the relevant fund is exposed may also be adversely impacted by an ESG risk event.

An ESG risk trend may arise and impact a specific investment or may have a broader impact on an economic sector such as IT or health care, geography such as emerging markets, or political region or country.

Eurozone risk In light of ongoing concerns on the sovereign debt risk of certain countries within the Eurozone, the fund's investments in the region may be subject to higher volatility, liquidity, currency and default risks. Any adverse events, such as credit downgrade of a sovereign or exit of EU members from the Eurozone, may have a negative impact on the value of the fund.

Hedging risk Any attempts to use hedging to reduce or eliminate certain risks may not work as intended, and to the extent that they do work, they will generally eliminate potentials for gain along with risks of loss.

The fund may use hedging with respect to any designated share classes, to hedge the currency exposure of the share class. Hedging involves costs, which reduce investment performance. With any share class that involves hedging both at the fund level and the share class level, there will be two layers of costs; furthermore, at times the hedge may be at cross purposes (for example, at the fund level, a fund may hedge SGD-denominated assets to EUR, while an SGD-hedged share class of this fund would then reverse that hedge).

At times, and particularly in emerging or frontier markets, it may be impractical or economically unfeasible for the fund or a share class to enter into hedging positions, leaving it exposed to currency risk.

Illiquid securities risk Certain securities may, by nature, be hard to value or sell at a desired time and price, especially in any quantity.

This may include securities that are generally considered to be illiquid, such as unlisted securities (which do not trade on a stock exchange), Rule 144A securities and securities that represent a small issue, trade infrequently, or are traded on markets that are comparatively small or have long settlement times. Costs of liquidating illiquid securities are often higher as well.

Inflation-linked security risk If inflation falls or remains low, the yields on short-term inflation-linked securities will fall or remain low.

Inflation/deflation risk Over time, the growth of low-risk investments may not keep pace with inflation, resulting in a loss of purchasing power. Low or negative inflation (deflation) could lead to low or negative yields on short-term securities.

Infrastructure risk Infrastructure-related companies are subject to a variety of factors that may adversely affect their business such as high interest costs in connection with capital-intensive construction projects, difficulty in raising capital in adequate amounts on reasonable terms in periods of high inflation and unsettled capital markets, and changes in environmental and other regulations.

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.

Interest rate risk When interest rates rise, bond values generally fall. This risk is generally greater the longer the duration of a bond investment.

For bank deposits and for money market instruments and other short-maturity investments, interest rate risk works in the opposite direction: falling interest rates can be expected to cause investment yields to fall.

Very low or negative interest rates can mean that the fund's ownership of a bond effectively requires the fund to pay interest to the issuer rather than to receive income.

Investment fund risk As with any investment fund, investing in the fund involves certain risks an investor would not face if investing in markets directly:

- the actions of other investors, in particular sudden large outflows of cash, could interfere with orderly management of the fund and cause its NAV to fall
- the fund is subject to various investment laws and regulations that limit the use of certain securities and investment techniques that might improve performance, and might be available to an investor through a different investment
- the fund may be modified, merged or closed at any time, which may not align well with the investor's preferences and may cause the investor to receive a compulsory redemption
- while Luxembourg law provides strong investor protections, they may be different or lesser in certain ways that what a shareholder might receive from a fund domiciled in their own jurisdiction or elsewhere
- to the extent that the fund invests in markets that are in different time zones from where the investment manager is located, it might not be able to react in a timely fashion to price movements that occur when the fund is not open for business
- changes in regulations worldwide and increased regulator scrutiny of financial services could limit opportunities or increase costs for the SICAV
- to the extent that the fund decides to invest, conduct operations, register, or distribute shares in a jurisdiction, it may be required to accept certain limitations that would affect all investors in the fund
- for fund shares that are not publicly traded, the only option for liquidation of shares is generally redemption, which is subject to any redemption policies and fees
- the SICAV may not always be able to hold a service provider fully responsible for any losses or lost opportunities arising from the service provider's actions
- because there is no segregation of liabilities between share classes, it may be impractical or impossible for different share classes to completely isolate their costs and risks from other share classes, including the costs of hedging at the share class level and the risk that creditors of one share class of a fund may attempt to seize assets of another share class to settle an obligation
- to the extent that the SICAV and its funds conduct business with affiliates of Morgan Stanley Group, and these affiliates do business with each other on behalf of the SICAV and its funds, conflicts of interest may be created (although to mitigate these, all such business dealings must be conducted on an arm's length basis, and all entities, and the individuals associated with them, are subject to strict fair dealing policies that prohibit profiting from inside information and showing favouritism)
- if an investment owned by any fund in the SICAV is found to be linked to an entity or individual who is associated with money laundering or financing of terrorism, or accused of serious misconduct, or if such an entity or individual is found to be a holder or beneficial owner of fund shares, any resulting reputation damage could cause a significant withdrawal of assets from any or all funds of the SICAV, which in turn could cause one or more funds to suspend processing of requests to sell shares
- to the extent the fund holds odd lots (quantities of equities that are less than 100 shares) the actual market value of the securities in the odd lots will be lower than a price quoted by an outside service

Where a fund invests in another UCITS or UCI, the above risks apply to the fund (and in turn indirectly to shareholders) as well as the following risks:

- the fund will have less direct knowledge of, and no control over, the decisions of the UCITS/UCIs' investment managers
- the fund could incur a second layer of investment fees, which would further erode any investment gains or increase any losses
- the fund could face liquidity risk in trying to unwind its investment in a UCITS/UCI

Investment in other funds risk The ability of a fund that invests in shares of an underlying fund or funds to achieve its investment objective may be directly related to the ability of the underlying fund or funds to meet their investment objectives. The fund is also 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.

Investing in other funds may also incur additional costs.

Leverage risk Because the fund uses warrants, derivatives, or securities lending to amplify its net exposure to certain markets, rates, or other financial reference sources, it may have above-average sensitivity to price changes in a reference source and above-average volatility.

Although leverage presents opportunities for increasing total investment return, it also has the potential to increase losses. Because a fund's expected level of leverage is an indicator and not a regulatory limit, leverage may be higher when interest rates are expected to change significantly, when credit spreads are expected to widen or tighten significantly, or when market volatility is very low. For this reason, levels stated in a fund description may not adequately reflect the fund's true risk profile.

Management risk The fund's investment managers could be wrong in their analysis of market or economic trends, their choice or design of any software models they use, their allocation of assets, or in other decisions regarding how the fund's assets will be invested.

This includes projections concerning industry, market, economic, demographic, or other trends, as well as the timing of investment decisions and the relative emphasis of different investments. In addition to missed opportunities for investment performance, unsuccessful management decisions can involve significant costs, such as the costs of transitioning to a new strategy or fund composition.

Strategies that involve active trading (typically defined as turnover of more than 100% a year) can incur high trading costs and also may generate a high degree of short-term capital gains, which may be taxable to shareholders.

Newly formed funds may use unproven strategies or techniques, and may be difficult for investors to evaluate because of a lack of operating history. In addition, both the volatility and the returns of a new fund can change as an increase in its assets requires a scale-up of strategy and methods.

Market risk Prices and yields of many securities can change frequently – sometimes with significant volatility – and can fall, based on a wide variety of factors.

Examples of these factors include:

- economic and political news, including distressed economic conditions, sovereign rating downgrades, default on public debt, changes in economic policy, election results, adverse developments in diplomatic relations, changes in international alliances and trade agreements, increased military tension, restrictions on the transfer of capital and changes in the industrial and financial outlook in general
- changes in technology and business practices
- changes in demographics, cultures and populations
- natural or human-caused disasters, including widespread diseases or epidemics
- weather and climate patterns
- scientific or investigative discoveries
- costs and availability of energy, commodities and natural resources

The effects of market risk can be immediate or gradual, short-term or long-term, narrow or broad. Diversification has the potential to reduce the effects of market risk but cannot eliminate them.

Mortgage dollar roll risk Mortgage dollar rolls involve ABS/MBS and derivatives risks, can also involve leverage risk, and in general are considered to carry above-average risk.

In a mortgage dollar roll, the fund sells a group of mortgage-backed securities (MBSs) accompanied by a contract to repurchase a comparable group of securities on a future date. The fund can earn interest on the cash from the sale. Unless the value of the MBSs received on the repurchase date is greater than the value of the MBSs sold plus the difference between the interest the MBSs would have paid and the interest the fund earned from the cash, the fund will lose money on the transaction.

Prepayment and extension risk Any unexpected behaviour in interest rates could hurt the performance of callable debt securities (securities whose issuers have the right to pay off the security's principal before the maturity date).

When interest rates fall, issuers tend to pay off these securities and re-issue new ones at lower interest rates. When this happens, the fund may have no alternative but to reinvest the money from these prepaid securities at a lower rate of interest (prepayment risk).

At the same time, when interest rates rise, borrowers tend not to prepay their low-interest mortgages. This can lock in the fund to receiving below-market yields until interest rates fall or the securities mature (extension risk). It can also mean that the fund must either sell the securities at a loss or forgo the opportunity to make other investments that may turn out to have performed better.

The prices and yields of callable securities typically reflect the assumption that they will be paid off at a certain point before maturity. If this prepayment happens when expected, the fund generally will not suffer any adverse effects. However, if it happens substantially earlier or later than expected, it can mean that the fund effectively overpaid for the securities.

These factors can also affect the fund's duration, increasing or decreasing sensitivity to interest rates in undesired ways. In some circumstances, the failure of rates to rise or fall when anticipated could cause prepayment or extension risks as well.

Real estate investment risk Real estate investment trusts (REITs) and real estate investment companies (REOCs) invest directly in physical real estate or related businesses, tend to have above average volatility, and can be hurt by any factor that makes an area or individual property less valuable or by mortgage-related risks.

Specifically, investments in real estate holdings or related businesses or securities (including interests in mortgages) can be hurt by natural disasters, economic declines, oversupply of inventory, rising or unanticipated expenses, zoning changes, tax increases, aggressive price competition, population or lifestyle trends, failures of management, difficulty attracting tenants or collecting payments, environmental contamination and other factors that may affect the market value or cash flow of the investment, including the failure of a REIT to qualify for tax-free pass-through of income.

Equity REITs are most directly affected by real estate factors, while mortgage REITs are more vulnerable to interest rate risk and credit risk (typically declines in the creditworthiness of the mortgage holders).

Many REITs are in effect small corporations and carry small- and mid-cap equity risk. Some are highly leveraged, which increases volatility. The value of real estate-related securities does not necessarily track the value of the underlying assets.

Short position risk Taking a short position (a position whose value moves in the opposite direction from the value of the security itself) through derivatives creates losses when the underlying security's value rises. The use of short positions may increase the risk of both loss and volatility.

Potential losses from using short position are theoretically unlimited, as there is no restriction on the price to which a security may rise, whereas the loss from a cash investment in the security cannot exceed the amount invested.

The short selling of investments may be subject to changes in regulations, which could create losses or the inability to continue using short positions as intended or at all.

Small- and mid-cap equity risk Equities of small and mid-size companies can be more volatile and less liquid than those of larger companies.

Small and mid-size companies often have fewer financial resources, shorter operating histories and less diverse business lines, and as a result can be at greater risk of long-term or permanent business setbacks.

Initial public offerings (IPOs) can be highly volatile and can be hard to evaluate because of a lack of trading history and relative lack of public information.

Special purpose acquisition company (SPAC) risk In addition to small- and mid-cap equity risk and illiquid security risk, special purpose acquisition companies (SPACs) may fail to make an acquisition before their dissolution deadline or may make a suboptimal acquisition in order to avoid dissolution.

A SPAC is a public company formed with the goal of identifying and purchasing (or merging with) a non-public company, in effect bringing that company public. The way SPACs are structured means that the interests of a SPAC's issuers are in some cases contrary to those of SPAC investors. If the SPAC fails to complete an acquisition in the limited amount of time allowed, it typically must return the investors' money with interest, creating a loss for the issuer. With the approval of a majority of shareholders, a SPAC typically may extend its deadline, but this increases the issuer's risk of losses from higher interest costs should the SPAC prove unable to make an acquisition by the new deadline. In contrast, the issuer is likely to realise a significant gain from the SPAC completes an acquisition, even if the SPAC subsequently performs poorly.

Because a SPAC has no prior operating history to disclose when it issues its shares, investors have no way of knowing in advance the past, current or likely future financial performance of the company to be acquired. The SPAC structure itself is comparatively new, and the performance of a SPAC is more highly dependent on the good faith of the issuer than most other types of equities.

SPACs have many of the risks of initial public offerings (IPOs). They carry a distinct risk of above-average volatility, and may fluctuate significantly over short periods of time. Although some SPACs may produce high returns, such returns are not typical and may not be sustainable. Bonds issued by SPACs may or may not be secured by any assets or revenue streams and may be of any credit quality.

Swaps risk Swaps, especially those whose value is linked to one or more indexes, can be affected by market risks as well as other risks, such as regulation, changes in market customs, or suspension of one or more companies in the index.

Swaps can also be affected by changes an index sponsor makes, such as changes to the index design or calculation methodology or other adjustment, suspension, termination, or non-publication of the index. These changes may happen suddenly and without notice. The index provider has sole decision-making authority over such matters, and the fund would therefore usually have no recourse with respect to the provider's decisions and any negative impacts of them. As a result, the approved counterparty or the calculation agent may, in good faith, reduce the value of the swaps held by a fund.

Because the swaps are a derivative, they are a contract between two parties whose value is based on an index or other reference value. They do not represent ownership, either for the fund or any shareholder, of any underlying asset or any other rights to a cash payment from the contract counterparty.

The return payable under a swap agreement may also be subject to the credit risk of an approved counterparty.

Volatility strategies risk To the extent the fund takes positions in volatility-based assets that are not fully hedged, these positions may increase its overall volatility, or may reduce volatility and thus reduce the benefit to the fund of an increase in its main market exposures.

The value of a volatility-based asset may at times diverge from that of its underlying reference (whether equities markets, commodity prices, interest rates or another reference), and in particular can fluctuate more extremely than the underlying reference during periods when that reference is highly volatile. Volatility assets also involve derivatives risk.

Risks typically associated with unusual conditions or other unpredictable events

Risks included in this section tend to have a material effect on NAV only infrequently. During unusual conditions (in particular market, economic, and political conditions), however, these risks can be among the most serious.

Circumstantial liquidity risk Any security could temporarily become hard to value or to sell at a desired time and price. Circumstantial liquidity risk could affect the fund's value and delay the processing of transactions in fund shares or payment of sale proceeds.

Circumstantial liquidity risk could also affect the fund's ability to honour its obligations to its trading partners (including other funds) or to other financial institutions.

Securities lending can create liquidity risk to the extent that they lock in positions for a period of time.

Counterparty and collateral risk An entity with which the fund does business, including any entity with temporary or long-term custody of fund assets, could become unwilling or unable to meet its obligations to the fund.

If a counterparty, including a custodian or a depositary, becomes bankrupt, the fund could lose some or all of its money and could experience liquidity and operational risk, such as delays in getting back securities or cash that were in the possession of the counterparty (including those provided to a counterparty as collateral for securities lending). This could mean the fund is unable to sell the securities or receive the income from them during the period in which it seeks to enforce its rights, which process itself is likely to create additional costs. In addition, the value of the securities could fall during the period of delay. Counterparty risk is greater for counterparties with weaker creditworthiness.

Because cash deposits are subject to lesser asset segregation or protection rules than most other assets, they could be at greater risk in the event of bankruptcy of the depositary or a sub-custodian.

In case a depositary has no correspondent in a country where a fund invests, it has to identify and appoint a local custodian after due diligence. This process may take time and deprive in the meantime a fund of investment opportunities. In the same manner, the depositary assesses on an ongoing basis the custody risk of the country where a fund's assets are safe-kept. The depositary may identify from time to time a custody risk in a jurisdiction and recommends to the management company to realise the investments immediately. In doing so, the price at which such assets are sold may be lower than the price the fund would have received in normal circumstances, potentially affecting its performance.

Because counterparties are not liable for losses caused by a "force majeure" event (such as a serious natural or human-caused disaster, riot, terrorist act or war), such an event could cause significant losses with respect to any contractual arrangement involving the fund. A bank or other credit institution could be forced to not honour its counterparty obligations if government authorities intervene in its operations in an effort to prevent or mitigate a financial crisis (such as is permitted under the EU Bank Recovery and Resolution Directive).

Central securities depositaries In accordance with the 2010 Law, entrusting the custody of the SICAV's assets to the operator of a securities settlement system (SSS) is not considered as a delegation by the depositary and the depositary is exempted from the strict liability of restitution of assets. As the legal person that operates a SSS, a central securities depositary cannot be considered as a delegate of the depositary, irrespective of the fact that the custody of the SICAV's assets have been entrusted to it. There is however some uncertainty around the meaning to be given to such exemption, the scope of which may be interpreted narrowly by some supervisory authorities, notably the European supervisory authorities.

Collateral The value of collateral held by the fund, including cash collateral (whether reinvested or not), might not cover the full value of a transaction, and might not cover any fees or returns owed to the fund. If any collateral the fund holds as protection against counterparty risk (including assets in which cash collateral has been invested) declines in value, it may not fully protect the fund against losses. Difficulties in selling collateral may delay or restrict the ability of the fund to meet sell requests. In the case of securities lending, the collateral held could yield less income than the assets transferred to the counterparty. While in most cases the fund uses industry standard agreements with respect to all collateral, in some jurisdictions even these agreements might prove to be difficult or impossible to enforce.

A fund may also incur a loss in reinvesting cash collateral received, where permitted. Such a loss may arise due to a decline in the value of the investments made. A decline in the value of such investments would reduce the amount of collateral available to be returned by the fund to the counterparty as required by the terms of the transaction. The fund would be required to cover the difference in value between the collateral originally received and the amount available to be returned to the counterparty, thereby resulting in a loss for the fund.

Securities techniques For securities lending transactions, the most notable risks are that the borrower may fail to return the securities lent out in a timely manner, and, during such delay, the value of the collateral may fall below the value of the securities lent out, which would create a loss for the fund that lent securities.

The funds may enter into securities lending transactions with counterparties that are affiliated to their investment managers. Affiliated counterparties, if any, will perform their obligations in a commercially reasonable manner. In addition, the investment manager will select counterparties and enter into transactions in accordance with best execution principles. However, investors should be aware that the investment manager may face conflicts between its role and its own interests or that of affiliated counterparties.

Default risk The issuers of certain bonds could become unable to make payments on their bonds.

Operational and cyber risk The operations of the fund could be subject to human error, faulty processes or governance, and technological failures, including the failure to prevent or detect cyberattacks, data theft, sabotage or other electronic incidents.

Operational risks may subject the fund to errors affecting valuation, pricing, accounting, tax or financial reporting, custody and trading, among other things. Operational risks may go undetected for long periods of time, and even if they are detected it may prove impractical to recover prompt or adequate compensation from those responsible.

The valuation of certain securities may be particularly challenging as they are based on multiple parameters, such as security quality, maturity, coupons or research evaluations, including broker-dealer market price quotations in determining what it believes is a fair valuation. Pricing services generally value securities assuming orderly transactions of an institutional round lot size, but the funds may also hold or transact in such securities in smaller, odd lot sizes (odd lots). Odd lots often trade at lower prices than institutional round lots.

The methods used by cyber criminals evolve rapidly, and reliable defences may not always be available. To the extent that the SICAV's data is stored or transmitted on the systems of multiple entities, using technology of multiple vendors, its vulnerability to cyber risk increases. Possible results of cybersecurity breaches or improper access include loss of investor personal data or proprietary information about fund management, regulatory intervention and sufficient business or reputation damage to create financial implications for investors.

Sanctions risk Any sanctions, tariffs, boycotts or other political or economic restrictions could cause fund assets to decline sharply in value or become illiquid or volatile, could compel the fund to sell assets under disadvantageous circumstances, or could deprive the fund of desirable investment opportunities.

This risk applies to any defensive, punitive or retaliatory action taken by any entity (such as a government, supranational organisation, corporation or non-state entity) or group of entities against any other entity or group. The effects on the fund could be transient or enduring, and could include situations where the fund is temporarily or permanently unable to access some or all of its assets.

The SICAV, the management company, the depositary and investment managers have standing sanction policies with respect to current and anticipated situations, but may add or modify these policies as needed without shareholder notice or approval. The SICAV's response to any sanctions or similar actions must comply with applicable law and regulation (such as those of jurisdictions in which the fund invests or is distributed), and its abilities to anticipate or respond to sanctions or similar actions may be limited and may prove to be ineffective or counterproductive.

The sanctions policies may involve protective or preventive measures beyond what is required by law or regulation, which could create negative impacts that might otherwise not have occurred.

Standard practices risk Investment management practices that have worked well in the past, or are accepted ways of addressing certain conditions, could prove ineffective.

Tax change risk Any country could also change its tax laws or treaties in ways that affect the fund or its shareholders.

Tax changes potentially could be retroactive and could affect investors with no direct investment in the country.

Credit Policies

For bonds of all types and credit qualities, and for money market instruments, the management company assesses credit quality at the security or issuer level, at the time of a security's purchase, using ratings from S&P, Moody's, Fitch, DBRS, Kroll, Morningstar and/or its own internal credit assessment.

With unrated bonds, the management company uses its internal credit assessment alone.

Except otherwise indicated, credit ratings mentioned in "Fund Descriptions" refer to the S&P scoring system or any combination of S&P, Moody's, Fitch, DBRS, Kroll and Morningstar scoring systems.

Benchmark Usages

The usages stated in "Fund Descriptions" have the following meanings:

- **Geographic allocation indication** An index used for providing context with regard to the geographic origin for portfolio companies.
- **Performance comparison** An index for providing context for the fund's financial performance.
- **Portfolio design indication** An index used for providing context for the fund's investment universe in general.
- **Sustainability indicator comparison** An index used for providing context for the fund's performance with regard to certain sustainability indicators, such as carbon footprint comparison, sustainability scoring or board gender diversity. Used only when the fund specifies that the sustainability indicator is being measured against a benchmark.
- **Tracking** Used for measuring any differences between the fund and its benchmark and, within the meaning of the Benchmarks Regulation, only when the fund seeks to replicate both the composition and the performance of the benchmark (passive investment strategy).
- **Volatility comparison** An index for providing context for the fund's risk adjusted performance.

Indices that do not take into account ESG criteria are standard market indices.

Unless specified otherwise, the use of a benchmark by a fund is not to be construed within the meaning of the Benchmarks Regulation.

Sustainable Investing

Sustainability terms with specific meanings

The terms below have the following meanings in this prospectus.

CTB exclusions Exclusions applied by funds in respect of administrators of EU Climate Transition Benchmarks as set out in article 12(1)(a) to (c) of Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020.

ESG Environmental, social or governance.

ESMA fund name requirements ESMA Guidelines on funds' names using ESG or sustainability-related terms (ESMA34-472-440).

EU Taxonomy The EU official classification of economic activities that contribute to an environmental objective, such as climate change mitigation and adaptation, water protection, circular economy, pollution prevention and biodiversity protection.

GHG Greenhouse gas, such as carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF6).

ILO Fundamental Principles International Labour Organisation initiative to promote fair labour standards.

OECD Guidelines for Multinational Enterprises A set of recommendations from governments to multinational enterprises on how to do business sustainably and responsibly.

PAB exclusions Exclusions applied by funds in respect of administrators of EU Paris-aligned Benchmarks as set out in article 12(1)(a) to (g) of Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020.

Paris Agreement An international treaty on climate change that aims to reduce greenhouse gas emissions and limit the rise of temperature to 1.5 degrees Celsius globally.

SFDR Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector.

SFDR website disclosure ESG-related disclosure according to Article 10 of SFDR.

sustainability bond Bond labelled as green, social or sustainability, designed to finance specific environmental or social objectives, including but not limited to bonds aligned with the International Capital Market Association (ICMA)'s Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines.

sustainability annex The annex prepared for each fund which is subject to the requirements of article 8 or article 9 of the SFDR, containing pre-contractual disclosures under this regulation.

UN Global Compact A United Nations initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation.

UN Guiding Principles A set of guidelines for states and companies to prevent, address and remedy human rights abuses committed in business operations.

At the SICAV level

The board of the SICAV, through the delegation of portfolio management to the management company, believes that it must serve shareholders' interests by providing investment solutions that deliver long-term competitive performance. Morgan Stanley Investment Management's (MSIM) approach to sustainable investing forms part of this duty. The management company has adopted MSIM's sustainable investing policy.

MSIM comprises of several investment teams and asset class platforms that invest independently from each other. The specific approach to sustainability taken by any investment team depends on multiple factors, such as the objective and investment policy of the fund, main asset classes, investment strategies and investment time horizon. Investment teams use their skills and judgment in assessing the materiality of ESG-related risks and opportunities as appropriate for each investment strategy. Note that the investment teams use a range of proprietary and third-party data, scoring methods and research that might not be complete, consistent or accurate.

For more information, go to the full MSIM's *sustainable investing policy*.

In addition, the SICAV and the management company prohibit investments in companies that are involved in cluster munitions, explosive sub-munitions and antipersonnel mines. The prohibition will be implemented at the SICAV's and management company's determination.

At the fund level

ESMA fund name requirements Where a fund uses a term in its name that is in scope of the ESMA fund name requirements, at least 80% of the fund's investments will be used to meet the environmental or social characteristics promoted or sustainable investment objectives of the fund. In addition, such fund will apply appropriate exclusions, and will commit to invest meaningfully in sustainable investments and/or apply any other relevant requirements as necessary.

Sustainability risks Under SFDR, the funds are required to disclose the manner in which sustainability risks (also referred to as ESG risks in this document) are integrated into the investment decisions and the results of the assessment of the likely impacts of sustainability risks on the returns of the funds. The management company recognises that various sustainability risks could threaten the investments at individual asset level and portfolio level. See "ESG/ sustainability risk" on page 104 for more information.

Except when indicated otherwise in "Fund Descriptions", the funds conduct an assessment of relevant sustainability risks. These risks may vary depending on the funds' exposure in relation to issuers, asset classes, markets or geographic exposure. The management company or the investment manager, as the case may be, is responsible for the incorporation of materially relevant sustainability risks into due diligence and research, valuation, asset selection, portfolio construction, and ongoing investment monitoring alongside with other material risk factors. It is not anticipated that any single sustainability risk will drive a material negative financial impact on the value of a fund. Where sustainability risks are deemed not to be relevant, the funds will include the reason under "Fund Descriptions".

Sector and norms-based exclusions The sector exclusions applied by the funds are listed in "Fund Descriptions". MSIM's investment teams may apply additional investment restrictions over time that it believes are consistent with the fund's investment objectives.

Based on ESG ratings and monitoring of compliance with international norms, such as the UN Global Compact, the ILO Fundamental Principles and the OECD Guidelines for Multinational Enterprises, MSIM's investment teams for funds with such exclusion policies typically exclude issuers associated with the most controversial practices or severe incidents.

ESG monitoring The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager. The investment manager's compliance, risk and portfolio surveillance teams collaborate with the investment teams to conduct regular portfolio/performance reviews and systemic checks to ensure compliance with portfolio investment objectives, taking into account changing market conditions, information and strategy developments.

ESG data A fund may use data sourced from third-party data providers, including in relation to ESG exclusions and investment restrictions. Such data may be estimated, subject to methodological limitations and issues impacting the accuracy and/or completeness of the data. In addition, the data or methodologies used by the third-party data providers may be subject to change by the third-party data provider without notice. In some cases, the investment manager may use data from alternative third-party data providers, internal methodologies or reasonable estimates.

SFDR product categorisation at a glance

Equity Funds	Article
American Resilience Fund	8
Asia Equity Fund	8
Asia Opportunity Fund	8
Calvert Global Equity Fund	8
Calvert Sustainable Developed Europe Equity Select Fund[1]	9[1]
Calvert Sustainable Developed Markets Equity Select Fund[2]	9[2]
Calvert Sustainable Emerging Markets Equity Select Fund[3]	9[3]
Calvert Sustainable US Equity Select Fund	9
Calvert US Equity Fund	8
China A-Shares Fund	6
Developing Opportunity Fund	8
Emerging Leaders Equity Fund	8
Europe Opportunity Fund	8
Global Brands Equity Income Fund	8
Global Brands Fund	8
Global Brands Horizon 2029 Fund	8
Global Core Equity Fund	6[4]
Global Endurance Fund	8
Global Insight Fund	8
Global Opportunity Fund	8
Global Opportunity Horizon 2030 Fund	8
Global Permanence Fund	8
Global Quality Fund	8
Global Quality Select Fund	8
Global Stars Fund	8
Indian Equity Fund	6
International Resilience Fund	6
Japanese Equity Fund	8
Japanese Small-Mid Cap Equity Fund	8
MENA Equity Fund	6
NextGen Emerging Markets Fund	8
Parametric Global Defensive Equity Fund	6
QuantActive Global Infrastructure Fund	8
Saudi Equity Fund	6
Sustainable Emerging Markets Equity Fund	8
Tailwinds Fund	8
US Advantage Fund	8
US Core Equity Fund	6[5]
US Growth Fund	8
US Insight Fund	8
US Permanence Fund	8
US Value Fund	8
Vitality Fund	8

Bond Funds	Article
Calvert Global Green Bond Fund	9
Calvert Global High Yield Bond Fund	8
Calvert Sustainable Euro Corporate Bond Fund	8
Emerging Markets Corporate Debt Fund	8
Emerging Markets Debt Fund	8
Emerging Markets Debt Opportunities Fund	8
Emerging Markets Local Income Fund	8
Euro Bond Fund	8
Euro Corporate Bond – Duration Hedged Fund	8
Euro Corporate Bond Fund	8
Euro Strategic Bond Fund	8
European Fixed Income Opportunities Fund	8
European High Yield Bond Fund	8
Floating Rate ABS Fund	8
Global Asset Backed Securities Focused Fund	8
Global Asset Backed Securities Fund	8
Global Bond Fund	8
Global Convertible Bond Fund	8
Global Credit Fund	8
Global Fixed Income Opportunities Fund	8
Global High Yield Bond Fund	8
Short Maturity Euro Bond Fund	8
Strategic Income Fund	8
US Dollar Corporate Bond Fund	8
US Dollar Short Duration Bond Fund	8
US Dollar Short Duration High Yield Bond Fund	8
US High Yield Bond Fund	8
US High Yield Middle Market Bond Fund	8

Asset Allocation Funds	Article
Global Balanced Defensive Fund	8
Global Multi Asset Strategist Fund	8
Global Balanced Income Fund	8
Global Balanced Risk Control Fund of Funds	6

Alternative Investment Funds	Article
Global Macro Fund	6
Parametric Commodity Fund	6
Systematic Liquid Alpha Fund	6

[1] *Renamed Calvert Developed Europe Equity Select Fund and categorised as Article 8 from 28 September 2026.*
[2] *Renamed Calvert Developed Markets Equity Select Fund and categorised as Article 8 from 28 September 2026.*
[3] *Renamed Calvert Emerging Markets Equity Select Fund and categorised as Article 8 from 28 September 2026.*
[4] *Categorised as Article 8 from 28 September 2026.*
[5] *Categorised as Article 8 from 28 September 2026.*

General Investment Powers and Restrictions

Each fund, and the SICAV itself, must comply with all applicable EU and Luxembourg laws and regulations, as well as certain circulars, guidelines and other requirements. Each fund must also comply with further restrictions as may be required by the regulatory authorities in the countries in which they are marketed. This section presents, in tabular form, the fund management requirements of the 2010 law (the main law governing the operation of a UCITS) as well as the requirements set by the European Securities and Markets Authority (ESMA) for risk monitoring and management. In case of any discrepancy, the law itself, in the original French, would prevail over the articles, and the articles over the prospectus.

The investment manager must immediately remedy any violation of the 2010 law by a fund that was created by an investment action. Any incidental violation must, once detected, be brought into compliance with the relevant policies as a priority in securities trades and investment management decisions, while also taking due account of the interests of shareholders.

Except where noted, all percentages and restrictions apply to each fund individually, and all asset percentages are measured as a percentage of total net assets (including cash).

Permitted assets, techniques and transactions

The table below describes what is allowable to any UCITS. The funds may set limits that are more restrictive in one way or another, based on their investment objectives and policies. A fund's usage of any asset, technique or transaction must be consistent with its investment policies and restrictions.

No fund can acquire assets that come with unlimited liability attached, underwrite securities of other issuers (other than if it may be considered to do so in the course of disposing of fund securities), or issue warrants or other rights to buy their shares.

The SICAV may not grant credit facilities nor act as guarantor on behalf of third parties, provided that, for the purpose of this restriction, the acquisition (in fully or partly paid form) of transferable securities, money market instruments or other financial investments referred to in this table and the permitted lending of portfolio securities will not be deemed as making of a loan.

Security/Transaction	Requirements		Usage by funds
1. Transferable securities and money market instruments	Must be listed or traded on an official stock exchange in an eligible state, or on a regulated market in an eligible state (a market that operates regularly, is recognised, and is open to the public).	Recently issued securities must include in their terms of issue a commitment to apply for official listing on a regulated market and such admission must be received within 12 months of issue. In the interest of its shareholders, a fund may exercise the subscription rights attached to equity securities that form part of its assets.	Widely used. Material usage is described in "Fund Descriptions".
2. Money market instruments (under Article 1 of the law) that do not meet the requirements in row 1[1]	Must be subject (at the securities or issuer level) to regulation aimed at protecting investors and savings and must meet one of the following: • be issued or guaranteed by a central, regional or local authority, or a central bank of an EU member state, the European Central Bank, the European Investment Bank, the EU, a public international body to which at least one EU member state belongs, a sovereign nation or a member state of a federation • be issued by an undertaking of any securities that qualify under row 1 (with exception of recently issued securities) • be issued or guaranteed by an institution that is subject to, and complies with, EU prudential supervision rules or other rules the CSSF considers to be at least as stringent	Can also qualify if the issuer belongs to a category approved by the CSSF, is subject to investor protections that are equivalent to those described directly at left, and meets one of the following criteria: • is issued by a company with at least EUR 10 million in capital and reserves that publishes annual accounts consistent with Directive 78/660/EEC • is issued by an entity dedicated to financing a group of companies at least one of which is publicly listed • is issued by an entity dedicated to financing securitisation vehicles that benefit from a banking liquidity line	Widely used and may be used extensively for treasury or temporary defensive purposes. Material usage under ordinary market conditions is described in "Fund Descriptions".
3. Transferable securities and money market instruments that do not meet the requirements in rows 1 and 2	• Limited to 10% of a fund's net assets.		Any usage likely to create material risk is described in "Fund Descriptions".
4. Shares of UCITS or other UCIs[2] (including ETFs) that are not linked to the SICAV[1,3]	Must be limited by constitutional documents to investing no more than 10% of a fund's net assets in other UCITS or other UCIs, unless indicated otherwise in the investment policy and/or the fund's denomination includes the term "fund of funds". If the target investment is an "other UCI", it must: • invest in UCITS-allowable investments • be authorised by an EU member state or by a state the CSSF considers to have equivalent	laws on supervision, with adequate cooperation between authorities sufficiently ensured • issue annual and semi-annual reports that enable an assessment of assets, liabilities, income and operations over the reporting period • offer investor protections that are equivalent to those of a UCITS, in particular as to the rules on asset segregation, borrowing, lending and uncovered sales	Any usage that is over 10% of a fund's net assets, or likely to create material risk, is disclosed in "Fund Descriptions". Money market funds may be used extensively for treasury or temporary defensive purposes.[1]
5. Shares of UCITS or other UCIs[2] (including ETFs) that are linked to the SICAV[1,3]	Must meet all requirements in row 4. The SICAV's annual report must state the total annual management and advisory fees charged both to the fund and to the UCITS/other UCIs in which the fund has invested during the relevant period.	The UCITS/other UCI cannot charge a fund any fees for buying or selling shares.	Same as row 4. Note that cumulated annual management fees charged to the fund will not exceed its annual management fee.
6. Shares of other funds of the SICAV[3]	Must meet all requirements in rows 4 and 5. The target fund cannot invest, in turn, in the acquiring fund (reciprocal ownership).	The acquiring fund surrenders all voting rights in shares of the target fund it acquires. The shares do not count as assets of the acquiring fund for purposes of minimum asset thresholds imposed by the 2010 law.	Same as rows 4 and 5. Note that no fund is charged annual management or advisory fees by any other fund.
7. Real estate and commodities, including precious metals	Direct ownership of commodities, or certificates representing them, is prohibited. Investment exposure is allowed only indirectly, through assets, techniques and transactions, such as commodity-linked notes, commodity ETFs and derivatives referencing one or more commodity indices, allowed under the 2010 Law.	Direct ownership of real estate or other tangible property is prohibited except for what is directly necessary to conducting the SICAV's business.	Any usage likely to create material risk is disclosed in "Fund Descriptions".

Security/Transaction	Requirements		Usage by funds
8. Deposits with credit institutions[1]	Deposits (with the exclusion of deposits at sight) that must be repayable or withdrawable on demand and that have a maturity date (if any) of maximum 12 months.	The credit institutions either must have a registered office in an EU member state or, if not, be subject to prudential supervision rules the CSSF considers to be at least as stringent as EU rules.	Commonly used by all funds, and may be used extensively for treasury or temporary defensive purposes.
9. Ancillary liquid assets[1]	Deposits at sight that are accessible at any time. Limited to 20% of a fund's net assets.	In exceptionally unfavourable market conditions and for a period of time strictly necessary, this limit can be raised to 100% if strictly necessary and if consistent with the interests of investors.	Commonly used by all funds, and may be used extensively for treasury or temporary defensive purposes.
10. Derivatives and equivalent cash-settled instruments *See also "How the Funds Use Instruments and Techniques" on page 123*	Underlying assets must be those described in rows 1, 2, 4, 5, 6 and 8 or must be financial indices, (compliant with article 9 of the Grand-Ducal Regulation of 8 February 2008) interest rates, foreign exchange rates or currencies consistent with fund investment objectives and policies. All usage must be adequately captured by the risk management process described in "Management and monitoring of global risk exposure and uses of derivatives" below.	Over-the-counter (OTC) derivatives must meet all of the following criteria: • be subject to reliable and verifiable independent daily valuations • be able to be sold, liquidated or closed by an offsetting transaction at their fair value at any time at the SICAV's initiative • be with counterparties that are institutions subject to prudential supervision and that belong to categories approved by the CSSF	Material usage is described in "Fund Descriptions".
11. Securities lending, repurchase agreements and reverse repurchase agreements *See also "How the Funds Use Instruments and Techniques" on page 123*	Must be used for efficient fund management only. The volume of transactions must not interfere with a fund's pursuit of its investment policy or its ability to meet redemptions. With loans of securities and with repurchase transactions, the fund must ensure that it has sufficient assets to settle the transaction. All counterparties must be subject to EU prudential supervision rules or to rules the CSSF considers to be at least as stringent.	A fund may lend securities: • directly to a counterparty • through a lending system organised by a financial institution that specialises in this type of transaction • through a standardised lending system organised by a recognised clearing institution For each transaction, the fund must receive and hold collateral that is at least equivalent, at all times during the lifetime of the transactions, to the full current value of the securities lent. The SICAV cannot grant or guarantee any other type of loan to a third party.	Material usage is described in "Fund Descriptions". No fund currently uses repurchase agreements and reverse repurchase agreements. For securities lending, the funds require higher collateral than regulations specify (105% instead of 100% of a fund's net assets).
12. Borrowing	The SICAV is not allowed to borrow in principle except if it is on a temporary basis and represents no more than 10% of a fund's net assets. The SICAV may however acquire for the account of a fund foreign currency by means of back-to-back loans.	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.	Any fund may net between currencies it holds as permitted.
13. Short sales	Direct short sales are prohibited.	Short positions may be acquired only indirectly, through derivatives.	Any usage likely to create material risk is described in "Fund Descriptions".
14. Shares of SPACs	Must be listed or traded on an official stock exchange in an eligible state, or on a regulated market in an eligible state (a market that operates regularly, is recognised, and is open to the public).	Limited to maximum 10% of a fund's net assets, unless provided otherwise in a fund's investment policy.	Any usage likely to create material risk is described in "Fund Descriptions".

[1] *Except when indicated otherwise in "Fund Descriptions", or their SFDR-related disclosures, all funds may hold cash equivalents up to 100% of their net assets in order to (i) achieve their investment goals, and/or for (ii) treasury purposes, and/or (iii) in case of unfavourable market conditions. Money market instruments include without limitation commercial papers, certificates of deposit and short term government bonds. All funds may also invest in 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 19 May 2010 (CESR/10-049) (Short-Term Money Market Funds and Money Market Funds). This may include investment in any funds of the Morgan Stanley Liquidity Funds or any other Short-Term Money Market Funds and Money Market Funds managed by the investment managers or any of the sub-investment managers.*

[2] *Within the meaning of Article 1(2), first and second indents of the UCITS Directive.*

[3] *A UCITS or other UCI is considered to be linked to the SICAV if both are managed or controlled by the same management company or another affiliated management company.*

Limits on concentration of ownership

These limits are intended to prevent the SICAV or a fund from the risks that could arise (for itself or an issuer) if it were to own a significant percentage of a given security or issuer. A fund does not need to comply with the investment limits described below when exercising subscription (purchase) rights attaching to transferable securities or money market instruments that form part of its assets, so long as any resulting violations of the investment restrictions are corrected as described in the introduction to "General Investment Powers and Restrictions".

Category of securities	Maximum ownership, as a % of the total value of the securities issued		
Securities carrying voting rights	Less than would enable the SICAV to exercise significant influence over the management of an issuer		These rules do not apply to: • securities described in row A of the table below • shares of a non-EU company that invests mainly in its home country and represents the only way to invest in that country in accordance with the 2010 Law • purchases or repurchases of shares of subsidiaries that provide management, advice or marketing in their country, when done as a way of effecting transactions for SICAV shareholders in accordance with the 2010 Law
Non-voting securities of any one issuer	10%	These limits can be disregarded at purchase if at that time the gross amount of bonds or money market instruments, or the net amount of the instruments in issue, cannot be calculated.	
Debt securities of any one issuer	10%		
Money market securities of any one issuer	10%		
Shares of one and the same UCITS or UCI	25%		

Diversification requirements

To ensure diversification, a fund cannot invest more than a certain amount of its assets in one issuer, as defined below. These diversification rules do not apply during the first six months of a fund's operation, but the fund must observe the principle of risk spreading.

For purposes of this table, companies that share consolidated accounts (whether in accordance with Directive 83/349/EEC or with recognised international rules) are considered to be a single issuer. The percentage limits indicated by the vertical brackets in the centre of the table indicate the maximum aggregate investment in any single issuer for all bracketed rows.

	Maximum investment/exposure, as a % of a fund's net assets		
Category of securities	**In any one issuer**	**Other**	**Exceptions**
A. Transferable securities and money market instruments issued or guaranteed by a sovereign nation, any EU public local authority, or any public international body to which one or more EU member states belongs.	35%		**A fund may invest up to 100% of its assets in a single issuer if it is investing in accordance with the principle of risk spreading and meets all of the following criteria:** • **it invests in at least six different issues** • **it invests no more than 30% in any one issue** • **the securities are issued by an EU member state, its local authorities or agencies, a member state of the OECD or of the G20, Hong Kong, Singapore or by a public international body to which one or more EU member state belongs** **The exception described for Row C applies to this row as well.**
B. Bonds issued by a credit institution whose registered office is in an EU member state and which is subject by law to special public supervision designed to protect bondholders[1,2].	25%	80% in any issuer in whose bonds a fund has invested more than 5% of its net assets.	
C. Any transferable securities and money market instruments other than those described in rows A and B above.	10%	20% in transferable securities and money market instruments within the same group. 40% in aggregate in all issuers in which a fund has invested more than 5% of its net assets (does not include deposits and OTC derivative contracts with financial institutions subject to prudential supervision and securities indicated in rows A and B).	For index-tracking funds, the 10% increases to 20% in the case of a published, sufficiently diversified index that is adequate as a benchmark for its market and is recognised by the CSSF. This 20% increases to 35% (but for one issuer only) in exceptional market conditions, such as when the security is highly dominant in the regulated market in which it trades.
D. Deposits with credit institutions.	20%		
E. OTC derivatives with a counterparty that is a credit institution as defined in row 8 above (first table in section).	10% max risk exposure (OTC derivatives and efficient portfolio management techniques combined)		
F. OTC derivatives with any other counterparty.	5% max risk exposure		
G. Shares of UCITS or UCIs as defined in rows 4 and 5 above (first table in section).	With no specific statement in the fund's objective and policies, 10% in one or more UCITS or other UCIs. With a specific statement: • 20% in anyone UCITS or UCI • 30% in aggregate in all UCIs other than UCITS • 100% in aggregate in all UCITS	Target funds of an umbrella structure whose assets and liabilities are segregated are considered as a separate UCITS or other UCI. Assets held by the UCITS or other UCIs do not count for purposes of complying with rows A - F of this table.	

[1] *These bonds also must invest all sums deriving from their issuance in assets that, for the life of the bonds, are capable of covering all claims attaching to the bonds and in case of issuer bankruptcy would be used, on a priority basis, to reimburse principal and accrued interest.*

[2] *These bonds may fall under the definition of covered bonds in point (1) of Article 3 of Directive (EU) 2019/2162 of the European Parliament and of the Council.*

Additional requirements from specific jurisdictions

Certain funds have voluntarily agreed to manage their portfolios to comply with certain requirements where doing so will allow them to distribute the funds in the countries indicated below, and in some cases to offer tax benefits to investors in those countries. This table lists only requirements that concern portfolio investment and that exceed those otherwise applicable to a fund as stated in Fund Descriptions.

Jurisdiction	Fund(s)	Requirements
Japan	US Dollar Short Duration High Yield Bond Fund	The fund may utilise derivatives only for the purposes listed below: • to realise profit/loss as if the fund held the investment assets • to reduce risks arising from fluctuations in price and interest rates on the assets or liabilities of the fund • to reduce risks arising from fluctuations in currency exchange rates on the assets or liabilities of the fund with respect to forward foreign currency exchange transactions The aggregate amount of both securities held and the amount of open interest for derivatives must not exceed 100% of total net assets. The aggregate amount of open interest for derivatives used for hedging purpose must not exceed the market value of assets being hedged. The aggregate amount of open interest for derivatives related to currencies and the amount of long position of forward foreign currency exchange transactions should not exceed the actual amount needed such as purchase price of securities, etc. The aggregate amount of open interest for derivatives related to currencies and the amount of short position of forward foreign currency exchange transactions should not exceed the market value of the assets denominated in the foreign currency being hedged. The asset class of derivative's underlying reference, the presentation currency of derivative's underlying reference, or the presentation currency of forward foreign currency exchange transactions must be the same as those of the asset being hedged. Investment in exchange traded products (ETPs) must not exceed 100% of total net assets, is limited to "Passive ETPs (1x long) and must not include active ETPs, bull/ bear ETPs, or ETPs that incorporate leverage or net short elements in any way.

Master and feeder funds

The SICAV can create one or more funds that qualify as a master fund or a feeder fund, or can designate any existing fund a master fund or a feeder fund. The rules below apply to any fund that is a feeder fund.

Security	Investment Requirements	Other terms and requirements
Units of the master fund	At least 85% of a fund's net assets.	The master fund cannot charge any fees for subscribing or redeeming shares/units. The master fund is neither a feeder fund nor hold units/shares of a feeder fund within the meaning of the 2010 Law.
Derivatives and cash equivalents*	Up to 15% of a fund's net assets.	Derivatives must only be used for hedging. In measuring derivatives exposure, the feeder fund must combine its own direct exposure with, in proportion to its investment, either the actual exposure created by the master fund or its maximum permitted exposure. The timing of NAV calculation and publication for the master fund and for the feeder fund must be coordinated in a way designed to prevent market timing and arbitrage between the two funds. 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, will be disclosed in the prospectus and the annual report.

** Also includes movable and immovable property, which is allowed only if it is directly necessary to the SICAV's business.*

Management and monitoring of global risk exposure and uses of derivatives

The management company uses a risk management process, approved and supervised by its board, to monitor and measure at any time the overall risk profile of each fund from direct investment, derivatives, techniques (such as securities lending), collateral and all other sources. Global exposure assessments are calculated every dealing day (whether or not the fund calculates a NAV for that day), and encompass numerous factors, including coverage for contingent liabilities created by derivative positions, counterparty risk, foreseeable market movements and the time available to liquidate positions.

Any derivatives embedded in transferable securities or money market instruments count as derivatives held by the fund, and any exposure to transferable securities or money market instruments gained through derivatives (except certain index-based derivatives) counts as investment in those securities or instruments.

Risk monitoring approaches There are three main risk measurement approaches: the commitment approach and the two forms of value at risk (VaR), absolute VaR and relative VaR. These approaches are described below, and the approach each fund uses is identified in "Fund Descriptions". The management company chooses the approach a fund will use based on its investment policy and strategy.

Approach	Description
Absolute Value-at-Risk (Absolute VaR)	The VaR approach is a measure of the potential loss due to market risk. More particularly, the VaR approach measures the maximum potential loss at a given confidence level (probability) over a specific time period under normal market conditions. Absolute VaR is defined as the VaR of the UCITS capped as a percentage of NAV.
Relative Value-at-Risk (Relative VaR)	Relative VaR is defined as the VaR of the UCITS divided by the VaR of a benchmark or reference portfolio (i.e. a similar portfolio with no derivatives). This can be an actual benchmark portfolio (such as an index) or a fictitious benchmark portfolio. The VaR on the UCITS portfolio does not exceed twice the VaR on a comparable benchmark portfolio.
Commitment	The commitment conversion methodology for standard derivatives is the market value of the equivalent position in the underlying asset. This may be replaced by the notional value or the price of the futures contracts where this is more conservative. For non-standard derivatives, where it is not possible to convert the derivative into the market value or notional value of the equivalent underlying asset, an alternative approach may be used provided that the total amount of the derivatives represent a negligible portion of the UCITS portfolio.

Gross leverage Any fund that uses a VaR approach must also calculate its expected level of gross leverage, which is stated in "Fund Descriptions". A fund's expected gross leverage is a general indication, not a regulatory limit; the actual gross leverage may exceed the expected level from time to time. However, a fund's use of derivatives will remain consistent with its investment objective, investment policy and risk profile, and will comply with its VaR limit.

Gross leverage is a measure of the leverage created by total derivative usage and by any instruments or techniques used for efficient portfolio management. It is calculated as the "sum of the notionals" (the exposure of all derivatives, without treating opposing positions as cancelling each other out). Since this calculation considers neither sensitivity to market movements nor whether a derivative is increasing or decreasing a fund's overall risk, it may not be representative of a fund's actual level of investment risk.

Financial indices

The funds may, in accordance with their investment policy and the investment restrictions, invest in derivatives based on financial indices that are eligible in accordance with article 9 of the Grand-Ducal Regulation of 8 February 2008.

To the extent consistent with the prevailing investment policy, the funds may obtain exposure, in the discretion of the investment manager, to indices that may not be named specifically in the investment policy, subject 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.

How the Funds Use Instruments and Techniques

Legal and regulatory framework

A fund may use the following instruments and techniques consistent with the uses described below, with its objective and investment policy as described in "Fund Descriptions", and with all applicable laws and regulatory requirements. Examples of such laws and requirements include the 2010 Law, the UCITS Directive, the Grand Ducal regulation of 8 February 2008, CSSF Circulars 08/356 and 14/592, ESMA guidelines 14/937, and the Securities Financing Transactions (SFT) Regulation (EU) 2015/2365. Each fund's usage must not increase its risk profile beyond what it otherwise would have been.

The risks associated with instruments and techniques are described in "Risk Descriptions". The main risks are derivatives risk (with respect to derivatives only), counterparty and collateral risk, leverage risk, liquidity risk, operational risk and the bullet on conflicts of interest found in the description of investment fund risk. Counterparty and collateral risk may be disregarded, both in risk management measurements and for purposes of investor assessments of risk, to the extent that a fund holds collateral that, even after applying haircut amounts consistent with those described below, the value of collateral equals or exceeds that of the exposure it is intended to offset.

Derivatives

Derivatives the funds can use

A derivative is a financial contract whose value depends on the performance of one of more reference assets (such as a security or basket of securities, an index, or an interest rate). The following are the most common derivatives (though not necessarily all derivatives) used by the funds:

Core Derivatives – may be used by any fund, consistent with its investment policy

- financial futures, such as futures on interest rates, indices or currencies
- conventional options, such as options on equities, interest rates, indices (including commodity indices), bonds or currencies
- options on futures
- rights and warrants
- forwards, such as foreign exchange contracts
- swaps (contracts where two parties exchange the returns from two different reference assets, such as foreign exchange or interest rate swaps, swaps on baskets of equities, coupon swaps, agency swaps or term swaps) but NOT including total return, credit default, commodity index, volatility or variance swaps

Additional Derivatives – any intent to use will be disclosed in "Fund Descriptions"

- credit derivatives, such as credit default swaps, or CDSs (contracts where one party receives a fee from the counterparty in exchange for agreeing that, in the event of a bankruptcy, default or other "credit event", it will make payments to the counterparty designed to cover the latter's losses)
- structured products that incorporate derivatives, such as credit- or equity-related securities and securities linked to rates, commodities or volatility
- complex options
- total return swaps, or TRSs (transactions in which one counterparty makes payments based on a fixed or variable rate to the other counterparty, who transfers the total economic performance, including income from interest and fees, gains and losses from price movements, and credit losses, of a reference obligation, such as an equity, bond or index); this category includes contracts for difference (CFDs)
- mortgage dollar rolls (transactions whereby a fund sells MBS for delivery in the current month and simultaneously contracts to repurchase substantially similar — same type, coupon and maturity — MBS on a specified future date, which in addition to the MBS risk entails a leverage risk)

Derivatives are either exchange-traded or OTC (over the counter, meaning they are in effect private contracts between a fund and a counterparty). Options can be either (although the funds typically prefer exchange-traded), futures are generally exchange traded, all other derivatives are generally OTC. Note that the SICAV will only enter into OTC derivatives if it is allowed to liquidate such transactions at any time at fair value.

TRSs can be funded or unfunded (with or without a required up-front payment) and may be used to gain exposure to equities, fixed income securities and financial indices and their components, according to the investment policy of the fund.

The underlying exposures of derivatives must be taken into account for the compliance to fund investment restrictions.

For any index-linked derivatives, the index provider determines the rebalancing frequency and there is no cost to the relevant fund when the index itself rebalances. The funds do 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.

What the funds can use derivatives for

A fund may use derivatives for any of the following purposes:

Hedging risks Hedging is taking a market position that is in the opposite direction from – and is not materially greater than – the position created by other fund investments, for the purpose of reducing or cancelling out exposure to price fluctuations or certain factors that contribute to them.

- **Credit hedging** Typically done using credit-linked notes and credit default swaps. The goal is to hedge against credit risk. This includes purchasing or selling protection against the risks of specific assets or issuers as well as proxy hedging (taking an opposite position in a different investment that is likely to behave similarly to the position being hedged).
- **Currency hedging** Typically done using currency forwards, swaps and futures. The goal is to hedge against currency risk. This can be done at the fund level and, with shares that include the code "H" in their name, at the share class level. All currency hedging must involve currencies that are within the applicable fund's benchmark or are consistent with its objectives and policies. When a fund holds assets denominated in multiple currencies, it might not hedge against currencies that represent small portions of assets or for which a hedge is uneconomical or unavailable.
- **Duration hedging** Typically done using interest rate swaps, swaptions and futures. The goal is to seek to reduce the exposure to interest rate movements for longer-maturity bonds. Duration hedging can be done only at the fund level.
- **Price hedging** Typically done using options on indices (specifically, by selling a call or buying a put). Usage is generally limited to situations where there is sufficient correlation between the composition or performance of the index and that of the fund. The goal is to hedge against fluctuations in the market value of a position.
- **Interest rate hedging** Typically done using interest rate futures, interest rate swaps, writing call options on interest rates, or buying put options on interest rates. The goal is to manage interest rate risk.

Reducing costs A fund can use any allowable derivative to gain exposure to permissible assets, in particular when direct investment is economically inefficient or impracticable, in which case the underlying assets must be taken into account when complying with any investment limit.

Seeking additional capital or income with the possibility of using leverage (investment purposes) In order to seek to enhance its return, a fund can use any allowable derivative to increase its total investment exposure beyond what would be possible through direct investment. Leverage typically increases fund volatility.

Note that the combination of risk reduction, cost reduction and return generation through leverage are referred to as efficient portfolio management (EPM) under ESMA guidelines.

Securities technique(s)

A fund can use the following technique(s) with respect to any and all securities it holds, but only for efficient portfolio management (as described above), while ensuring these are realised in a cost-effective way and are adequately monitored by risk management. The use of these techniques is generally not expected to have a material adverse impact on a fund's performance, subject to any specific risks described "Risk Descriptions".

Securities lending Under these transactions, a fund lends assets (such as bonds and shares) to qualified borrowers, either for a set period or returnable on demand. In exchange, the borrower pays a loan fee plus any income from the securities, and furnishes collateral that meets the standards described this prospectus. These transactions are made on an opportunistic and temporary basis.

Counterparties and collateral

Counterparties for derivatives or techniques

The management company must approve counterparties before they can serve as such for the SICAV. In addition to the requirements stated in Rows 10 and 11 in "General Investment Powers and Restrictions" table, any counterparty will be assessed on the following criteria:

- regulatory status
- protection provided by local legislation
- operational processes
- creditworthiness analysis including review of available credit spreads or external credit ratings
- degree of experience and specialisation in the particular type of derivative or technique concerned

Legal structure is not directly considered as a selection criterion.

The funds may enter into TRSs only through a regulated first class financial institution of any legal form that has its registered office in an OECD country, has a minimum credit rating of investment grade and specialises in this type of transaction.

Unless otherwise stated in this prospectus, no counterparty to a derivative can serve as an investment manager of a fund that holds the derivative, or otherwise have any control or approval over the composition or management of a fund's investments or transactions or over the assets underlying a derivative. Affiliated counterparties are allowed provided that the transactions are conducted at arm's length.

None of the counterparties will have discretion over the composition or management of the fund portfolios or the underlying assets of the financial derivative instruments.

The lending agent continuously assesses the ability and willingness of each securities borrower to meet its obligations, and the SICAV retains the right to rule out any borrower or to terminate any loan at any time. The generally low levels of counterparty risk and market risk associated with securities lending are further mitigated by counterparty default protection from the lending agent and the receipt of collateral.

Collateral policies

The funds receive assets from counterparties that functions as collateral for transactions in securities lending and OTC derivatives.

Acceptable collateral All securities accepted as collateral must be high quality. The main specific types are shown in the table at the end of this section.

Cash collateral may include cash, short term bank certificates and money market instruments as defined in the 2010 law. 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 cash assets.

Non-cash collateral must be traded on a regulated market or multilateral trading facility with transparent pricing and must be able to be sold quickly for close to its pre-sale valuation. To ensure that collateral is suitably independent from the counterparty as far as both credit risk and investment correlation risk, collateral issued by the counterparty or its group is not accepted. The collateral is not expected to display a high correlation with the performance of the counterparty. Counterparty credit exposure is monitored against credit limits. All collateral should be capable of being fully enforced by the SICAV at any time without reference to, or approval from, the counterparty.

Within each fund, collateral received from a counterparty in any transaction may be used to offset the overall exposure to that counterparty.

To avoid having to handle small collateral amounts, the SICAV may set a minimum collateral amount (amount below which it will not require collateral) or a threshold (incremental amount above which it will not require additional collateral).

For funds that receive collateral for at least 30% of their assets, the associated liquidity risk is assessed through regular stress tests that assume normal and exceptional liquidity conditions.

Diversification All collateral held by the SICAV must be diversified by country, market,and issuer, with exposure to any issuer no greater than 20% of a fund's net assets. If stated in the fund description, a fund could be fully collateralised by different transferable securities and money market instruments issued or guaranteed by a member state, one or more of its local authorities, a third country, or a public international body to which one or more member states belong. In this case, the fund should receive collateral from at least six different issues, with no issue exceeding 30% of the fund's total net assets.

Reuse and reinvestment of collateral Cash collateral will either be placed on deposit or invested in high quality government bonds or short-term money market funds (as defined in the Guidelines on a Common Definition of European Money Market Funds) that calculate a daily net asset value and are rated AAA or equivalent. All investments must meet diversification requirements disclosed above.

Non-cash collateral will not be sold, reinvested, or pledged.

Custody of collateral Collateral transferred by title to a fund will be held by the depositary or a sub-custodian in a separate collateral account. With other types of collateral arrangements, such as a pledge agreement, collateral can be held by a third-party custodian that is subject to prudential supervision and is unrelated to the collateral provider.

Valuation and haircuts All collateral is marked to market (valued daily using available market prices), taking into account any applicable haircut (a discount to the value of collateral intended to protect against any decline in collateral value or liquidity). A fund may demand additional collateral (variation margin) from the counterparty to ensure that the collateral value at least equals the corresponding counterparty exposure, and also may further narrow (or, in exceptional circumstances, broaden) the collateral it accepts beyond the criteria shown below. High-volatility assets will not be accepted as collateral unless suitably conservative haircuts are in place.

The haircut rates currently applied by the funds are shown below. The rates take account of the factors likely to affect volatility and risk of loss (such as credit quality, maturity and liquidity), as well as the results of any stress tests that may be performed from time to time. The management company may adjust these rates at any time, without advance notice, by incorporating any changes into an updated version of the prospectus.

Allowable as collateral	Haircut
• Cash, in USD, EUR, CHF, or a fund's base currency	0%
• Government bonds issued by OECD countries and with a credit quality of at least A+/A1 (or equivalent)	0.5%-10%
• Non-government bonds • Shares or units of UCITS investing in above bonds or in shares issued in the EU or the OECD providing these shares are included in a main index	5%-15%
• Listed shares	0.5%-25%

Counterparty risk exposure 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 efficient portfolio management techniques transactions with that counterparty, provided that:

- if there are legally enforceable netting arrangements in place, the risk exposure arising from OTC derivative and efficient portfolio management techniques transactions with the same counterparty may be netted
- if a collateral posted in favour of the fund complies at all times with the criteria set out in above table, the counterparty risk of a fund towards a counterparty is reduced by the amount of such collateral

Usage and fees

Information on current and future use

Current use The following are disclosed in "Fund Descriptions" for any fund that currently uses them:

- for total return swaps, contracts for difference and similar derivatives: the maximum and expected exposure, calculated using the commitment approach and expressed as a percentage of a fund's net asset value; under certain circumstances the maximum percentage indicated may be higher.
- for securities lending: the maximum and expected exposure; under certain circumstances the maximum percentage indicated may be higher

The following are disclosed in the SICAV's annual report:

- the usage of all instruments and techniques used for efficient fund management
- in connection with this usage, the revenues received, and the direct and indirect operational costs and fees incurred by each fund
- who received payment for the above costs and fees and any relationship a recipient might have with any affiliates of the management company
- information on the nature, use, reuse and safekeeping of collateral
- the counterparties the SICAV has used during the period covered by the report, including the major counterparties for collateral

Fees paid to the lending agent are not included in ongoing charges because they are deducted before the revenues are paid to the SICAV.

Future use For any derivative or technique for which expected and maximum usage is specifically provided in "Fund Descriptions", a fund may at any time increase its usage up to the stated maximum. This includes funds whose current expected usage is zero. The fund description will be updated in the subsequent version of the prospectus.

If no provision for use currently appears in "Fund Descriptions" or in "How the Funds Use Instruments and Techniques":

- for total return swaps, contracts for difference and similar derivatives, and for repurchase and reverse repurchase transactions: the fund description in the prospectus must be updated to comply with "Current use" above before the fund can start using these derivatives
- for securities lending: with no prior change to the prospectus, all funds can lend securities up to 100% of total net assets, depending on the type, quantity and liquidity of a fund's securities; for each fund, the prospectus must then be updated to comply with "Current use" above at the next opportunity
- for reuse and reinvestment of collateral: with no prior change to the prospectus, all funds can reuse and reinvest collateral without limitation; the prospectus must then be updated with a general statement to reflect the use of the practice at the next opportunity

Revenues paid to the funds

In general, any net revenues from a fund's usage of derivatives and techniques will be paid to the applicable fund, in particular:

- from total return swaps: all revenues (since the costs of collateral management are included in the annual operating and administration fee)
- from securities lending: all gross revenues, minus a reasonable fee paid entirely to the lending agent for its services and the guaranty it provides; funds lending securities retain at least 80% of the revenue for the first US$ 5 million of gross revenue and 85% for any additional gross revenue

Investing in the Funds

Share Classes

Within each fund, the SICAV can create and issue share classes. All share classes within a fund invest commonly in the same fund of securities but may have different fees, investor eligibility requirements and other characteristics, to accommodate the needs of different investors. Investors will be asked to document their eligibility to invest in a given share class, such as proof of institutional investor or non-US person status, before making an initial investment.

The different share classes are designed, in part, to offer different cost structures, with an eye to allowing shareholders to choose the structure they believe to be most beneficial given the amount of the purchase, the anticipated holding period and other individual circumstances and preferences. Investors, with the help of a financial advisor if appropriate, can determine whether it appears more advantageous to incur an initial entry fee and not be subject to distribution fees and a contingent deferred sales charge (CDSC) or to have their entire investment amount invested from the beginning and to pay an ongoing distribution fee and potentially pay a CDSC if they sell shares relatively soon after buying them.

Each share class is identified first by one of the base unit class labels (described in the table below) and then by any applicable supplemental labels (described following the table). Within any given share class of any fund, all shares have equal rights of ownership.

Any fund can issue any share class with any of the features described below, denominated in any freely convertible currency.

Base class characteristics

Base class	Available to	Minimum initial investment/holding per fund	CDSC	Notes
A	• Retail investors buying shares, with or without investment advice, via an intermediary permitted by contract and regulation to receive and keep commissions	—	—	—
B[1]	• Retail investors buying shares, with investment advice, via an intermediary who is permitted by contract and regulation to receive and keep commissions	—	0-1 year: 4.00% 1-2 years: 3.00% 2-3 years: 2.00% 3-4 years: 1.00%	These shares automatically convert to corresponding class A shares after 4 years free of charge. The management company may charge a contingent deferred sales charge (CDSC) to recoup the cost of any up-front fee it pays to an intermediary.
B2[2]	• Retail investors buying shares, with investment advice, via an intermediary who is permitted by contract and regulation to receive and keep commissions	—	0-1 year: 3.00% 1-2 years: 2.00% 2-3 years: 1.00%	These shares automatically convert to corresponding class A shares after 3 years free of charge. The management company may charge a contingent deferred sales charge (CDSC) to recoup the cost of any up-front fee it pays to an intermediary.
C[1]	• Retail investors buying shares, with investment advice, via an intermediary who is permitted by contract and regulation to receive and keep commissions	—	0-1 year: 1.00%	The management company may charge a contingent deferred sales charge (CDSC) to recoup the cost of any up-front fee it pays to an intermediary.
F	• Retail investors buying shares, with or without investment advice, via an intermediary not permitted to receive or keep commissions • Retail investors buying shares via certain platforms	—	—	Suitable for UK and EEA intermediaries in situations where they cannot receive and keep commissions.
I	• All investors buying shares directly or through an intermediary that is not permitted to receive or keep commissions	—	—	Suitable for UK and EEA intermediaries in situations where they cannot receive and keep commissions.
J	• Institutional investors[3] providing initial capital during a launch period	USD 10 million or equivalent in EUR, GBP or JPY	—	Requires pre-approval by the management company.
N	• The management company, in its role as main distributor, and its affiliates • With management company pre-approval, institutional investors[3] who are clients of either of the above	—	—	—
S	• Pension funds and other institutional investors[3] buying shares under an approved discretionary asset management agreement with the management company	USD 40 million or equivalent in EUR, GBP or JPY	—	—
Z	• Institutional investors[3]	—	—	—

[1] *The contingent deferred sales charge (CDSC) is deducted from sale proceeds. We calculate the fee in a manner that results in the lowest possible rate, basing it on the lower of original cost or liquidation value, taking the longest-owned shares first, and treating any shares acquired via switch as having been purchased at the time of the original investment. No CDSC is charged on shares acquired through reinvestment of dividends. Example: a shareholder purchased 100 class B shares at EUR 25 per share (investment of EUR 2,500) and, in the third year after issuance, the NAV per share is EUR 27. If the shareholder makes his first redemption of 50 shares in the third year (proceeds of EUR 1,350), the charge is applied only to the original cost of EUR25 per share and not to the increase in NAV of EUR 2 per share. Therefore, EUR 1,250 of the EUR 1,350 redemption proceeds is charged a CDSC at a rate of 2.00% (the applicable rate in the third year after issuance).*

[2] *The contingent deferred sales charge (CDSC) is deducted from sale proceeds when an investor partially or fully exits their investment within a period of 3 years from the purchase date. The CDSC is calculated in a manner that ensures the lowest possible rate for the investor. We calculate this fee based on the lower of the original cost value or the latest available NAV per share at the time of the redemption (typically the NAV per share from trade date – 1).*

[3] *Includes institutional investors as defined in Article 174 of the 2010 Law. Is likely to include investors who meet the MIFID definitions of Eligible Counterparties or per se Professional Clients, and may include certain entities who meet the MIFID definitions of Retail Clients or elective Professional Clients, such as local authority pension funds. For more information, see the application form or contact cslux@morganstanley.com.*

Class suffixes

Certain letters and numbers used in share class labels have particular meanings:

Hedged shares The following suffixes indicate the various types of hedged shares:

- ***H: NAV Hedged Shares*** Seek to reduce currency risk between the share class currency and the fund's base currency.
- ***H1: Portfolio Hedged Shares*** Seek to reduce currency risk between the share class currency and the currency(ies) in which the fund's main investments are denominated.
- ***H2: Index Hedged Shares*** Seek to reduce currency risk between the share class currency and the main currency(ies) in which components of a fund's benchmark are denominated.
- ***H3: Non-Deliverable Currency Hedged Shares*** Seek to reduce currency risk between a share class's non-deliverable currency and the fund's base currency. Note that since the shares cannot be purchased or sold in the non-deliverable currency, they must be converted to a deliverable currency, and that the currency risk between the non-deliverable currency and the deliverable currency used for transactions is not hedged.
- ***H4: Partially Hedged Shares*** It seeks to reduce the currency risk of the fund's exposure to securities denominated in hard currencies against the share class currency. For non-USD denominated share classes offered in the Parametric Global Defensive Equity Fund only, which targets 50% of the portfolio to be invested in cash equivalents and will be rebalanced if the weighting deviates more than 5%, it seeks to reduce the currency risk between the share class currency and the fund's exposure to the USD-denominated cash equivalent portion.

Hedging of any type is unlikely to eliminate 100% of the differences it seeks to hedge. For more on currency hedging, see "How the Funds Use Instruments and Techniques".

For unhedged shares denominated in a different currency than the fund's base currency, you will be exposed to any fluctuations in exchange rates between the share class currency, the fund's base currency, and the currencies to which the fund's portfolio is exposed.

Dividend-paying shares The following suffixes indicate that the shares are distributing shares, and which type they are:

- ***M*** These shares generally intend to pay out all net investment income as dividends.

  EXCEPTIONS
  – *Global Asset Backed Securities Fund* and *Global Asset Backed Securities Focused Fund* Dividends generally also include net gains and losses from prepaid principal on ABSs/MBSs.
  – *Global Balanced Income Fund* Dividends generally also include net premiums from options written to generate dividend income.

  ANTICIPATED DIVIDEND FREQUENCY
  – *All funds* Monthly, accruing the last business day of each month and declared in each case the following business day.
- ***X*** These shares generally intend to pay out all net investment income as dividends.

  EXCEPTIONS
  – *Global Asset Backed Securities Fund* and *Global Asset Backed Securities Focused Fund* Dividends generally also include net gains and losses from prepaid principal on ABSs/MBSs.
  – *Global Balanced Income Fund* Dividends generally also include net premiums from options written to generate dividend income.

  ANTICIPATED DIVIDEND FREQUENCY
  – *Equity Funds and Alternative Investment Funds (except Global Brands Equity Income Fund)* Semi-annually, accruing the last business day of each June and December and being declared in each case the following business day.
  – *Bond Funds, Asset Allocation Funds and the Global Brands Equity Income Fund* Quarterly, accruing the last business day of March, June, September and December and being declared in each case the following business day.
- ***R*** These shares intend to distribute dividends at the discretion of the board. These may be partially or totally from capital or may charge some or all fund fees and expenses to capital.

  ANTICIPATED DIVIDEND FREQUENCY
  – *Equity Funds and Alternative Investment Funds (except Global Brands Equity Income Fund)* Semi-annually, accruing the last business day of each June and December and being declared in each case the following business day.
  – *Bond Funds, Asset Allocation Funds and the Global Brands Equity Income Fund* Quarterly, accruing the last business day of March, June, September and December and being declared in each case the following business day.
- ***RM*** These shares intend to distribute dividends at the discretion of the board. These may be partially or totally from capital or may charge some or all fund fees and expenses to capital.

  ANTICIPATED DIVIDEND FREQUENCY
  – *All funds* Monthly, accruing the last business day of each month and declared in each case the following business day.
- ***Y*** These shares intend to distribute stable dividends as a percentage of the net asset value per share of each share class over the financial year. These dividends may be paid partially or fully from capital. Fund fees and expenses may be charged to capital. The dividend of each share class is determined by the board and may be adjusted by factors such as market conditions, actual and future fund performance, portfolio characteristics, fund liquidity needs, and expected and actual capital erosion. Dividends paid from capital reduce your potential for investment growth. If continued over time, capital erosion can reduce the value of your investment to zero. This risk is greater during periods of market decline.

  ANTICIPATED DIVIDEND FREQUENCY
  – *All funds* Quarterly, accruing the last business day of each quarter and declared in each case the following business day.
- ***YM*** These shares intend to distribute stable dividends as a percentage of the net asset value per share of each share class over the financial year. These dividends may be paid partially or fully from capital. Fund fees and expenses may be charged to capital. The dividend of each share class is determined by the board and may be adjusted by factors such as market conditions, actual and future fund performance, portfolio characteristics, fund liquidity needs, and expected and actual capital erosion. Dividends paid from capital reduce your potential for investment growth. If continued over time, capital erosion can reduce the value of your investment to zero. This risk is greater during periods of market decline.

  ANTICIPATED DIVIDEND FREQUENCY
  – *All funds* Monthly, accruing the last business day of each month and declared in each case the following business day.

Any shares without a dividend suffix are accumulation shares.

Also see "Dividend Policy" below.

Currency codes Each share class carries the standard three-letter code for the currency in which it is denominated (see examples of currency abbreviations on page 3). In such cases the NAV is stated in that currency only.

Dividend policy

Accumulation shares These shares retain all net capital gains and investment income in the share price and generally do not distribute any dividends, although the board retains the option of doing so at a general meeting if it deems to be appropriate. Class B shares are not offered as accumulation shares. The value of accumulation shares therefore reflects the capitalisation of both income and gains.

Any dividend distribution for accumulation shares must be ratified by a shareholder vote at a general meeting and may be paid out of net investment income and/or net realised or unrealised capital gains, thus reducing the value of your investment.

Distribution shares These shares intend (but do not guarantee) to make periodic distributions to shareholders. When a dividend is declared, the NAV of the relevant share class is reduced by the amount of the dividend.

All distributions paid on class B and B2 shares will be distributed. Reinvestment is not an option. For all other shares, the default condition is that all distributions under USD 100 (or the equivalent in EUR, GBP or USD) are reinvested in additional shares, and all distributions over that amount may be distributed if you indicate this preference in the application form (or by notice to us via any of the methods on page 120) or reinvested in additional shares. Distribution shares accumulate dividends from the date of

acquisition through the date of sale, inclusive. The board, following a shareholder's request, may decide to waive or vary the limit below which a dividend accrual is automatically reinvested.

All distributions not reinvested are paid in the currency of the share class (or, where appropriate for the share, in EUR, GBP or USD), with payment sent to the shareholder's address of record or to the associated bank account on file. Note that with any share classes that pay discretionary distributions there is a risk that a portion of the distribution will be a return of your investment, potentially taxable as income. A high distribution yield does not necessarily imply a high, or even positive, total return. Distributions of capital reduce your potential for investment growth and if continued over time can reduce the value of your investment to zero. A breakdown of the origin of each distribution appears in the financial reports.

Dividend reinvestments will occur on the business day following declaration and dividend payments within three business days of declaration. Dividends are paid to shareholders by cheque mailed to their address as shown on the register or by bank transfer. No interest is paid on dividend cheques not cashed within five years, and after 5 years these payments will be returned to the fund. No fund will make a dividend payment if the assets of the SICAV are below the minimum capital requirement, or if paying the dividend would cause that situation to occur.

Each fund applies equalisation for all dividend-paying classes to help ensure that income distributions per share are not affected by changes in the number of shares in issue. 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.

The dividend declaration will be made public at the registered office of the SICAV and made available at the offices of the transfer agent on a monthly basis for monthly distributing shares and, for funds, on a semi-annual or quarterly basis depending on their type:

Fund type	Dividend frequency
Equity funds and alternative investment funds	Semi-annual
Bond funds, asset allocation funds and Global Brands Equity Income Fund	Quarterly

Dividends are ordinarily paid within 3 business days after their declaration.

Swing pricing policy *Applies to all funds except Global Balanced Risk Control Fund of Funds*

As investors enter or exit a fund, the potential purchase and sale of securities may incur trading costs such as bid/ask spreads, brokerage fees, transaction charges and taxes. These costs are charged to the fund and are borne by all remaining shareholders of the fund, an effect known as dilution which can impact the remaining shareholders' returns on their investment in the fund.

In order to protect remaining shareholders from dilution, we may adjust the NAV of a fund to reflect these estimated trading costs, a mechanism known as swing pricing.

When net investor activity in a fund exceeds a certain threshold (swing threshold) on a given dealing day, the NAV is adjusted by a factor (swing factor), upwards in case of net subscriptions and downwards in case of net redemptions. In either case, the swung NAV applies to all transactions, regardless of direction, not the specific circumstances of each individual investor transaction. We may adapt the swing thresholds from time to time.

For each fund, in normal market conditions, the swing factor does not exceed 2% of the NAV on the relevant dealing day, however, we may decide to temporarily increase this limit in exceptional circumstances (for example, stressed or dislocated markets resulting in increased trading costs beyond the 2% cap), to protect shareholders' interests. This decision will be communicated to shareholders through the usual communication channels, as outlined in the "Notices and Publications" section on page 128.

Available share classes

The information in "Base classes" and "Class suffixes" above describes all currently existing configurations of share classes. In practice, not all configurations are available in all funds. Some share classes (and funds) that are available in certain jurisdictions may not be available in others. For the most current information on available share classes, go to *morganstanleyinvestmentfunds.com* or request a list free of charge from the management company.

Issuance and ownership

Forms in which shares are issued We issue shares only in registered form. No share certificates or bearer shares are available. With registered shares, the owner's name is recorded in the SICAV's register of shareholders and the owner receives a confirmation of purchase. Ownership can only be transferred by notifying the transfer agent of a change of ownership. Forms for this purpose are available from the SICAV and the transfer agent.

Upon issue, the shares are entitled to participate equally in the profits and dividends of the fund attributable to the relevant share class in which they have been issued as well as in the liquidation proceeds of such fund.

Investing through a nominee vs. directly with the SICAV You will only be able to directly exercise your rights as an investor, in particular the right to participate in shareholder general meetings, if you invest directly with the SICAV under your own name. If you invest through an intermediary (an entity that holds your shares for you under its own name), that entity is recorded as the owner in the SICAV's register of shareholders and, so far as the SICAV is concerned, is entitled to all rights of ownership, including voting rights, although an intermediary may choose to allow ultimate beneficial owners to provide general or specific proxy voting instructions. In addition, if you invest through an intermediary, it may not always be possible for you to be indemnified in case of NAV calculation errors and/or non-compliance with investment rules and/or other errors at the level of the SICAV. Unless otherwise provided by local law, any investor holding shares in an intermediary account with a distribution agent has the right to claim, at any time, direct title to shares purchased through the intermediary.

Fractional shares Shares are issued to one one-thousandth of a share (three decimal places). Fractional shares receive their *pro rata* portion of any dividends, reinvestments, and liquidation proceeds, but do not carry voting rights. Note that some electronic platforms may not be able to process holdings of fractional shares.

Shares carry no preferential or preemptive rights. No fund is required to give existing shareholders any special rights or terms for purchasing new shares. All shares must be fully paid up.

Buying, Exchanging, Converting and Selling Shares

Options for submitting initial or subsequent investment requests

- If you are investing through a financial advisor or other intermediary: contact the intermediary. Note that requests received by an intermediary close to the cut-off time may not be processed until the next dealing day.
- Fax to the transfer and registrar agent: +352 2460 9902.
- Mail/fax to any distributor indicated on the application form
- Via an electronic trading platform (requires pre-approval)
- Mail to the transfer agent and registrar:
  CACEIS Bank, Luxembourg branch
  5, Allée Scheffer
  L-2520 Luxembourg
  Grand Duchy of Luxembourg

Information that applies to all transactions except transfers

Placing requests You can submit requests to buy (subscribe), exchange, convert or sell (redeem) shares at any dealing day, via the options shown above.

When placing any request, you must include all necessary identifying information, including the account number and the name and address of the account holder(s) exactly as they appear on the account, and all required signatures (unless, in the case of joint holders, each such holder has sole signing authority). Your request must indicate the fund, share class, transaction currency and size and type of transaction (buying, exchanging, converting, selling). You must indicate either a currency amount or a share amount.

Once you have placed a request to buy, exchange or sell shares, you can withdraw it only if there is a suspension of the calculation of the relevant NAV or if there is a suspension of transactions of the shares concerned in your request (in that case, you have to send your request in writing to your intermediary or the management company).

You will be allocated a shareholder number on acceptance of your request. This shareholder number should be used for all future dealings with the management company or the transfer agent.

No request will be accepted or processed in any way that is inconsistent with this prospectus.

Cut-off times and processing schedule These are indicated for each fund in "Fund Descriptions". For a complete list of dates that are not considered as dealing days, go to morganstanleyinvestmentfunds.com, then click on "General Literature" and "MS INVF Holiday Calendar".

Except during suspensions in share transactions, requests that have been received and accepted by the administrator or any collection agent or other intermediary will be processed at the NAV calculated after the first cut-off time to occur after the time at which the transaction request is received and accepted. Note that an intermediary could be closed for business on some days that are dealing days for the fund(s) in question. No intermediary is permitted to withhold redemption orders received to benefit themselves by a price change.

A confirmation note will be sent by mail, fax or electronically to the registered shareholder or the shareholder's agent on the day the request is processed. We recommend that you review all confirmation notes as soon as you receive them and immediately report any possible errors.

Pricing Shares are priced at the NAV for the relevant share class in the relevant currency. All requests to buy, exchange, or sell shares are processed at that price, adjusted for any charges. Each NAV is calculated in the fund's base currency, then converted, at current market rates, into any currencies of share class denomination. See also "Swing pricing policy" above.

Except for initial offering periods, during which the price is the initial offer price, the share price for a transaction will be the NAV calculated for the day on which the transaction request is processed (which, as noted above and in "Fund Descriptions", may or may not be the same day as the request is received and accepted). Note that the NAV at which any request is processed cannot be known at the time a request is placed. You may also not get back the amount that you invest, particularly if shares are redeemed soon after they are issued and the shares have been subject to entry fee or transaction charge. Changes in exchange rates may also cause the value of shares in your home currency to go up or down.

The days on which asset valuations are taken for each fund is available upon written request.

Currencies In the absence of any special instructions and for hedged shares, all purchase payments should be made, and all sale proceeds will be paid, in the currency of the share class in question. For non-hedged shares, we also calculate a NAV, and accept and make payments in EUR and USD. For some share classes of certain funds, as indicated in "Fund Descriptions", this extends to GBP or JPY. Note that these four currencies are also the only options for hedged shares that are hedged to a non-deliverable currency.

For purchase payments and exchanges, and only for share classes whose NAVs are not published, we will convert any payments received in a different currency into the currency of the share class. To have sale proceeds converted into a different currency, provide instructions with your sell request. All conversions will be done at normal banking rates, prior to acceptance of the request, and at the sole cost of the investor. Note that currency conversions may delay the processing of a purchase or sell request (though they will not affect the NAV at which the request is processed).

Fees Any purchase, exchange, or sale may involve fees. For the maximum purchase fees (or entry fees) charged by each base share class, see the applicable fund description and the "Share class characteristics" table above. If you are investing through an intermediary, a portion of any entry fees paid may go to that intermediary, as may a portion of annual fees in any share class that pays a trailing commission. No sale fees (or redemption fees) are usually charged when selling shares. However, the management company may decide to apply a redemption fee of up to 2%, payable to the fund(s) in question, in any situation where it believes this is consistent with protecting the best interests of other funds' shareholders as a group including for liquidity management purposes (see also "Market timing and excessive trading" on page 127).

To find out the actual fees involved in a transaction, contact your intermediary or the transfer agent and registrar. Other parties involved in the transaction, such as a bank, intermediary, or paying agent may charge their own fees. Some transactions may create tax liabilities. You are responsible for all costs and taxes associated with each request you place.

Compliance with FATCA If you are investing through an intermediary, we advise that you consult with both your intermediary and a US tax advisor as to whether and how your intermediary plans to comply with the FATCA reporting and withholding tax requirements. For more information about FATCA, see page 123.

Late or missing payments to shareholders The payment of dividends or sale proceeds to any shareholder may be delayed for reasons of fund liquidity, and may be delayed, reduced, or withheld if required by foreign exchange rules, other rules imposed by the shareholder's home jurisdiction, or for other external reasons, including bank holidays. In such cases we cannot accept responsibility, nor do we pay interest on amounts withheld.

Changes to account information You must promptly inform us of any changes in personal or bank information, or in case of a loss of your shareholder number, and in particularly any information that might affect eligibility for existing or prospective ownership (including beneficial ownership) any share class. We will require adequate proof of authenticity for any request to change the bank account associated with your fund investment.

Buying shares *Also see "Information that Applies to All Transactions Except Transfers" above.*

To make an initial investment, submit a completed application form and all account opening documentation (such as all required tax and anti-money laundering information) using one of the options described on page 120. Be sure to provide all requested identification documents with your application form, and your bank account and wire instructions, to avoid delays in receiving proceeds when you wish to sell shares. Joint applicants must each sign the application form unless an acceptable power of attorney or other written authority is provided.

Once an account has been opened, you can place additional requests as shown in the box on previous page. Guard all account numbers well, as they are considered the primary proof of shareholder identity.

For optimal processing of investments, send money via bank transfer (net of any bank charges) to the SICAV's bank account, in the currency denomination of the shares you want to buy. Note that some intermediaries may have their own account opening and purchase payment requirements.

All purchase requests must be accompanied either by full payment or by a documented, irrevocable guarantee, acceptable to the distributor or the management company, that full payment will be received before the deadline, unless stated otherwise in "Fund Descriptions". We cannot accept cheques as payment. For class A, B, B2, C and F shares, unless prior arrangements are made, the transfer agent must receive cleared payment one business day before the request is processed. For class I, J, N, S and Z shares, the transfer agent must receive cleared payment by 1 PM CET within 3 business days after the day on which the transaction was processed.

If we receive a late payment, we may choose to treat it in either of the following ways:

- accept the payment but process it as if the purchase request had been received and accepted on the day the payment arrived, at the NAV applicable to such a transaction (which may result in the acquisition of a lower number of shares depending if the NAV is higher on the day the payment arrived)
- cancel the transaction without notice to you and return the payment, with any gains on the shares we had set aside for you credited to the respective fund(s) and any losses becoming your liability, in which case you may be required to compensate such loss; no interest is paid on money returned to you

We may take any steps not prohibited by law to compel payment of liabilities, including the costs of collection, incurred through a cancellation of purchase, a non-payment or a late payment, including the forced redemption of part of any issued shares.

Shares for which cleared funds have not yet been received cannot be exchanged, sold, or transferred, and are not entitled to voting rights. Any dividend payments due will be suspended until full payment is received.

Subscriptions through an intermediary No financial advisor or other intermediary is permitted to withhold subscription requests 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.

Where shares are subscribed through an intermediary, different payment arrangements to those set out above may apply.

Dividend accrual Distributing share classes (X and M classes) and discretionary distributing share classes (R, RM, Y and YM classes) begin accruing dividends on the business day on which subscription requests are processed.

Exchanging and converting shares *Also see "Information that Applies to All Transactions Except Transfers" above.*

General principles You can exchange (switch) shares of any fund into the same share class of shares in any other fund in the SICAV, or into another Morgan Stanley investment vehicle with which exchanges are permitted. You can also convert into a different share class, either within the same fund or as part of an exchange to a different fund; in this case, you must indicate your desired share class on your request.

Conversions between share classes are generally permitted only as follows:

CONVERT OUT OF \ INTO	A	B	B2	C	F	I	J	N	S	Z
A					•	•				•
B	•				•	•				
B2										
C					•	•				
F						•				
I	•				•				•	•
J										
N										
S										•
Z									•	

All exchanges and conversions are subject to the following conditions:

- exchanges between accumulation and distribution shares are allowed
- you must meet all eligibility and minimum initial investment requirements for the share class into which you are requesting to convert
- the exchange or conversion must not violate any restrictions stated in this prospectus (including in "Fund Descriptions")
- exchanges and conversions are always processed in the same currency; you must provide specific instructions for any exchanges or conversions involving different currencies
- any exchange or conversion involving shares for which a CDSC is owed will be treated as a sale and the CDSC will be deducted from the proceeds
- when such transactions are conducted through intermediaries, these intermediaries must be open for business and they may impose their own fees, limits and requirements
- requests for exchange and 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
- no entry fees on exchanges among classes A, C, I and Z
- exchanges and conversions are free of charge, except as otherwise decided by the management company under the conditions described in "Maximum conversion and exchange fees"

Share exchange and conversion exceptions Exchanges and conversions of shares are not permitted in instances as follows:

- exchanges involving class J
- conversions involving class B2 shares, except for automatic conversion into class A shares at the end of the 3-years period
- conversions in, and exchanges out of, these funds:
  - MENA Equity Fund and Saudi Equity Fund (exchanges are however allowed between these two funds)
  - Systematic Liquid Alpha Fund and Parametric Commodity Fund (exchanges are however allowed between these two funds)

Other considerations We process all exchanges and conversions of shares on a value-for-value basis, using the NAVs of the two investments (and, if applicable, any currency exchange rates) that are in effect as at the time we process the exchange or conversion. If there is a difference in cut-off times, the earlier one applies; if a difference in settlement dates, the later one. Because an exchange can only be processed on a day on which both funds are processing transactions in shares, an exchange request may be held until such a day occurs.

Exchange of B, B2 and C class shares from one fund to another 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 CDSC as detailed on page 134. Any conversion of C class 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 CDSC.

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 SICAV is not bound to comply with such application for conversion.

Because an exchange is considered two separate transactions (a simultaneous sale and purchase) it may create tax or other consequences. The purchase and sale components of an exchange are subject to all terms of each respective transaction. In contrast, a conversion is not considered a sale or purchase. However, in some cases, in particular a conversion from class B or B2 to class A shares, whether by request or automatic, can create tax consequences.

Formula for calculating the rate for an exchange or conversion:

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

Where:

A is the number of shares to be allocated in the receiving class.

B is the number of shares to be exchanged or converted.

C is the NAV per share of class to be converted.

D is the NAV per share of the receiving class.

E is the actual rate of exchange if the exchange or conversion involves classes with different currency (value is 1 if the currency is the same).

Requests for exchanges or conversions will be accepted upon verification by the management company that the relevant shareholders have received a KID of the class of share into which they intend to exchange or convert.

Any fractions of shares can be allotted and issued unless the shareholder holds shares through Euroclear.

Dividend accrual Distributing share classes (X and M classes) and discretionary distributing share classes (R, RM, Y and YM classes) begin accruing dividends on the business day on which exchange or conversion requests are processed.

Selling shares *Also see "Information that Applies to All Transactions Except Transfers" above.*

All sold (redeemed) shares are cancelled and sale proceeds are paid within the settlement period as described in "Fund Descriptions".

Sell requests that are part of a holding of shares with a value of less than USD 2,500 (or equivalent in the relevant currency) or that would leave an account with less than either the applicable minimum holding or USD 100 (or equivalent in the relevant currency) may be treated as orders to liquidate all shares and close the account. Alternatively, we may choose to convert the remaining holdings into a more appropriate share class. In either case, we may act upon providing shareholders with one-month advance notice.

Note that any sale proceeds will only be paid out once all investor documentation has been received, including any requested in the past that was not adequately provided.

We pay sale proceeds only to the shareholder(s) identified in the SICAV's register of shareholders, by wire to the bank account details we have on file for the account. If any required information is missing, your request will be held until it arrives and can be properly verified. All payments to you are made at your expense and risk.

Sale proceeds are paid in the share class currency. To have your proceeds converted to a different currency, contact your intermediary or the transfer agent before placing your request.

Dividend accrual Distributing share classes (X and M classes) and discretionary distributing share classes (R, RM, Y and YM classes) will accrue up to, and including, the business day on which redemption requests are processed.

Transferring shares

As an alternative to exchanging or selling, you may transfer ownership of your shares to another investor. Note, however, that all of the ownership eligibility requirements for your shares apply to the new owner (for example, institutional shares cannot be transferred to non-institutional investors). All transfers are subject to approval by the administrator. If you make a partial transfer that leaves you with less than the stated minimum holding amount for the share class (or equivalent in the relevant currency), we may liquidate your remaining shares and close the account.

We may charge a fee for each transfer that is payable to the management company to compensate it for the costs of processing such request, out of your investment. Such amount will not exceed €50 per transfer.

Tax Considerations

The following is summary information, not tax advice, and is provided for general reference only. Investors should consult their own tax advisors.

Taxes paid from fund assets

The SICAV is subject to the Luxembourg *taxe d'abonnement* (subscription tax) at the following rates:

- share classes A, B, B2, C, F and I: 0.05%.
- share classes J, N, S and Z: 0.01%.

This tax is calculated and payable quarterly, on the aggregate net asset value of the outstanding shares of the SICAV. Any assets coming from ETFs (as defined in Article 175 e of the 2010 Law) or from a Luxembourg UCI on which the *taxe d'abonnement* has already been paid are not subject to further *taxe d'abonnement*.

Under certain conditions, the portion of funds' assets that are invested in sustainable economic activities (under the Taxonomy Regulation) may be subject to a lower *taxe d'abonnement* ranging from 0.01% to 0.04%.

***Taxe d'abonnement* exemptions** Some types of UCIs or securities are exempted from the *taxe d'abonnement*:

- institutional classes of UCIs or individual funds whose sole object is the collective investment in money market instruments and the placing of deposits with credit institutions are exempted from the *taxe d'abonnement* assuming these funds meet the following criteria:
  - the weighted residual portfolio maturity does not exceed 90 days
  - they have obtained the highest possible rating from a recognised rating agency
- UCIs whose securities are reserved for institutions for occupational retirement pension or similar investment vehicles, set up on one or more employers' initiative for the benefit of their employees, and companies of one or more employers investing in funds they hold to provide retirement benefits to their employees
- UCIs or individual funds whose main objective is the investment in microfinance institutions
- the value of the assets represented by units held in other UCIs, provided such units have already been subject to the *taxe d'abonnement* provided for in Article 174 of the 2010 Law or in Article 68 of the amended law of 13 February 2007 on specialised investment funds, or by Article 46 of the amended law of 23 July 2016 on reserved alternative investment funds
- ETFs as defined by Article 175 e) of the 2010 Law

The SICAV is subject to VAT but is not currently subject to any Luxembourg stamp, withholding, municipal business, net wealth or estate tax, or taxes on income, profits, or capital gains.

To the extent that any country in which a fund invests imposes withholding taxes on income or gains earned in that country, these taxes will be deducted before the fund receives its income or proceeds. Some of these taxes may not be recoverable. The fund might also have to pay other taxes on its investments. The effects of taxes will be factored into fund performance calculations. See also "Tax change risk" in the "Risk descriptions" section.

While the SICAV is required to pay an annual tax of 0.0925% for retail investors (reduced to 0.01% for institutional investors) on funds beneficially held by Belgian residents, this amount is fully paid by the management company out of the administration fee.

While the above tax information is accurate to the best of the board's knowledge, it is possible that a tax authority may modify existing taxes or impose new ones (including retroactive taxes) or that the Luxembourg tax authorities may determine, for example, that any share class currently identified as being subject to the 0.01% *taxe d'abonnement* should be reclassified as being subject to the 0.05% rate. The latter case could happen for an institutional share class of

any fund for any period during which an investor not entitled to hold institutional shares was found to have held such shares.

Taxes you are responsible for paying

Taxes in your country of tax residence Luxembourg tax residents are generally subject to Luxembourg taxes, such as those mentioned above that do not apply to the SICAV. Shareholders in other jurisdictions are generally not subject to Luxembourg taxes (with some exceptions, such as the gift tax on Luxembourg-notarised gift deeds). However, an investment in a fund may have tax implication in these jurisdictions. Investing in the fund and exercising rights as a shareholder does not create Luxembourg tax residency.

International tax agreements Several international tax agreements require the SICAV to report certain information about fund shareholders to the Luxembourg tax authorities every year, and for those authorities to automatically forward that information to other countries, as follows:

- **EU Mandatory Disclosure Regime (MDR) and Common Reporting Standard (CRS)** Collected: financial account information, such as interest and dividend payments, capital gains, and account balances. Forwarded to: the home countries of any shareholder located in the EU (MDR) or in the more than 100 countries that have agreed to CRS standards.
- **US Foreign Account Tax Compliance Act (FATCA)** Collected: information on direct and indirect ownership of non-US accounts or entities by certain US Persons. Forwarded to: US Internal Revenue Service (IRS).

Further details about both FATCA and CRS obligations are provided below.

FATCA Being established in Luxembourg and subject to the supervision of the CSSF in accordance with the 2010 Law, the SICAV is treated as a Foreign Financial Institution (within the meaning of FATCA) for FATCA purposes.

On 28 March 2014, Luxembourg has entered into a Model 1 Intergovernmental Agreement with the U.S. ("Luxembourg IGA") that was transposed in national law by the Luxembourg law dated 24 June 2015 (the "FATCA Law"), as amended by the Law of 18 June 2020. This means that the SICAV must comply with the requirements of the Luxembourg IGA. This includes the obligation for the SICAV to regularly assess the status of its investors. To this end, the SICAV will need to obtain and verify information on all of its investors. Upon request of the SICAV, each investor shall agree to provide certain personal data, tax residence and other information required to comply with the above mentioned regulations (the "FATCA Information"), including, in case of a Non-Financial Foreign Entity (within the meaning of the FATCA Law), the direct or indirect owners above a certain threshold of ownership of such investors, along with the required supporting documentation. Similarly, each investor shall agree to actively provide to the SICAV within thirty days any information like for instance a new mailing address or a new residency address that would affect its status.

The SICAV will be required, in certain circumstances, to disclose the names, addresses, date and place of birth, jurisdiction(s) of tax residence and taxpayer identification number(s) (if issued by the jurisdictions) of the investors as well as information like account balances, income and gross proceeds (non-exhaustive list) to the Luxembourg tax authorities. The Luxembourg tax authorities will in turn share the information with the U.S. authorities. A failure for the SICAV to obtain such information from each investor and to transmit it to the Luxembourg tax authorities may trigger the 30% withholding tax to be imposed on payments of U.S. source income and on proceeds from the sale of property or other assets that could give rise to U.S. source interest and dividends.

Any investor that fails to comply with the SICAV's documentation requests may be charged with any taxes imposed on the SICAV attributable to such investor's failure to provide the information and the SICAV may, in its sole discretion, redeem the Shares of such investor.

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.

CRS Capitalised terms used in this section should have the meaning as set forth in the CRS Law, unless provided otherwise herein.

Under the terms of the CRS Law, the SICAV is likely to be treated as a Luxembourg Reporting Financial Institution.

As such, as from 30 June 2017 and without prejudice to other applicable data protection provisions as set out in the SICAV documentation, the SICAV is required to annually report to the Luxembourg tax authorities personal and financial information related, inter alia, to the identification of, holdings by and payments made to (i) certain investors as per the CRS Law (the "Reportable Persons") and (ii) Controlling Persons (within the meaning of CRS) of certain non-financial entities ("NFEs") which are themselves Reportable Persons. This information, as exhaustively set out in Annex I of the CRS Law (the "CRS Information"), will include personal data related to the Reportable Persons such as names, addresses, date and place of birth, jurisdiction(s) of tax residence and taxpayer identification number(s) if issued by the jurisdiction(s).

The SICAV's ability to satisfy its reporting obligations under the CRS Law will depend on each investor providing the SICAV with the CRS Information, along with the required supporting documentary evidence. In this context, the investors are hereby informed that, as data controller, the SICAV will process the CRS Information for the purposes as set out in the CRS Law.

The investors undertake to inform their Controlling Persons, if applicable, of the processing of their CRS Information by the SICAV.

Additionally, the SICAV is responsible for the processing of personal data and each investor and Controlling Person has a right to access the data communicated to the Luxembourg tax authorities and to correct such data (if necessary), in accordance with the CRS Law as amended by the Luxembourg law implementing Council Directive (EU) 2021/514 ("DAC 7"). Any data obtained by the SICAV are to be processed in accordance with the applicable Data Protection Laws.

The investors are further informed that the CRS Information related to Reportable Persons within the meaning of the CRS Law will be disclosed to the Luxembourg tax authorities annually for the purposes set out in the CRS Law. In particular, Reportable Persons are informed that certain operations performed by them will be reported to them through the issuance of statements, and that part of this information will serve as a basis for the annual disclosure to the Luxembourg tax authorities.

Similarly, the investors undertake to inform the SICAV within thirty (30) days of receipt of these statements should any included personal data be not accurate. The investors further undertake to immediately inform the SICAV of, and provide the SICAV with all supporting documentary evidence of any changes related to the Information after occurrence of such changes within thirty (30) days.

Any investor that fails to comply with the SICAV's CRS Information or documentation requests may be held liable for penalties imposed on the SICAV and attributable to such investor's failure to provide the CRS Information or subject to disclosure of the CRS Information by the SICAV to the Luxembourg tax authorities.

Personal Data

a) In accordance with the data protection law applicable to the Grand-Duchy of Luxembourg including the Law of 2 August 2002 on the protection of persons with regard to the processing of personal data (as may be amended from time to time), the General Data Protection Regulation (EU/2016/679) and all applicable laws (together, the "Data Protection Laws"), the SICAV, acting as "data controller" within the meaning of the Data Protection Laws, hereby informs prospective investors and holders of shares in the SICAV (together, "shareholders", and each a "shareholder") that personal data provided by each shareholder to the SICAV ("Personal Data", as defined in paragraph (b), below) may be collected, recorded, stored, adapted, transferred or otherwise processed, by electronic means or otherwise, for the following purposes (each a "Processing Purpose"):

1) to enable and process the subscription and redemption of shares in the SICAV by investors, including (without limitation) the facilitation and processing of payments by and to the SICAV (including the payment of subscription monies and redemption proceeds, the payment of fees by and to shareholders and the payment of distributions on shares), and generally to enable and give effect to the participation of investors in the SICAV;

2) to enable an account to be maintained of all payments referenced in sub-paragraph (1), above;

3) to enable the maintaining of a register of shareholders in accordance with applicable laws;

4) to carry out or to facilitate the carrying out with respect to shareholders of credit, money laundering, due diligence and conflict checks, for the purposes of fraud, money-laundering, financial crime prevention and tax identification laws (including FATCA and CRS and applicable anti-money laundering laws), and generally to enable the SICAV to comply with its legal obligations arising in connection therewith;

5) to enable the SICAV to perform controls in respect of late trading and market timing practices;

6) to facilitate the provision to the SICAV of services by the service providers referenced in this Prospectus, including (without limitation) the authorisation or confirmation of billing transactions and payments by and to the SICAV;

7) to facilitate the operational support and development necessary to the SICAV's investment objectives and strategies with respect to its funds, including (without limitation) the SICAV's risk management processes, and the evaluation of services provided to the SICAV by third-party service providers;

8) in relation to any litigation, disputes or contentious matter in which the SICAV is involved;

9) to comply with legal and regulatory obligations, (including any legal or regulatory guidance, codes or opinions), applicable to the SICAV anywhere in the world;

10) to comply with legal and regulatory requests made to the SICAV anywhere in the world;

11) to facilitate reporting, including (without limitation) transaction reporting to, and audits by, national and international regulatory, enforcement or exchange bodies, and tax authorities (including the Luxembourg Tax Authority) and the compliance by the SICAV with court orders associated therewith;

12) for the Monitoring Purposes defined and specified in Section (e) below; and

13) or direct marketing purposes specified in Section (g) below.

The SICAV may not collect Personal Data without a valid legal ground. Accordingly, the SICAV will only process and use Personal Data:

a. if necessary to enter into, to execute or to carry out a contract with each shareholder for the services or products they required by the shareholder (as described in Processing Purposes 1 to 3 inclusive, above);

b. if necessary for the SICAV's legitimate interests, provided in each case that such interests are not overridden by the privacy interests of impacted individuals. The SICAV's legitimate interests are described in the Processing Purposes 1 to 12 inclusive, above;

c. to exercise and defend the SICAV's legal rights anywhere in the world as described in Processing Purpose 8 above; and

d. if necessary to comply with legal obligations, (including any legal or regulatory guidance, codes or opinions), applicable to the SICAV anywhere in the world as described in Processing Purposes 4, 9 and 10 above.

b) "Personal Data" includes data that is personal to a shareholder (whether a shareholder is a natural or a legal person) and which the SICAV obtains directly from a shareholder and/or indirectly from a data processor such as personal details (including, at a minimum, a shareholder's name, legal organisation, country of residence, address and contact details) and financial account information. Some of this information will be publicly accessible, such as the information that we obtain from social media for communication functionality of sites, direct messaging (i.e. Bloomberg) and for our brand presence analysis.

Under certain conditions set out under the Data Protection Laws, a shareholder shall have the right to:

(i) access to his/her/its Personal Data;

(ii) to correct or amend his/her/its Personal Data when such Personal Data is inaccurate or incomplete;

(iii) to object to the processing of his/her/its Personal Data;

(iv) to refuse at his/her/its own discretion to provide his/her/its Personal Data to the SICAV; (v) to request the erasure of his/her/its Personal Data; and

(vi) to request the portability of his/her/its Personal Data in accordance with the Data Protection Laws.

Shareholders should note in particular that a refusal to provide Personal Data to the SICAV may result in the SICAV being required to reject his/her/its application for shares in the SICAV.

Shareholders may exercise these rights by contacting the SICAV at *dataprotectionoffice@morganstanley.com*. In addition to exercising these rights, shareholders have also a right to lodge a complaint in connection with matters concerning the processing and protection of Personal Data with the SICAV at *dataprotectionoffice@morganstanley.com*, without prejudice to their ability to submit a complaint to the National Commission for Data Protection in Luxembourg (the "CNPD").

c) For any Processing Purpose, the SICAV will delegate the processing of Personal Data, in accordance with the Data Protection Laws, to other parties, including the management company, the administrator and paying agent, the domiciliary agent, the registrar and transfer agent, and the depositary, as well as other parties such as settlement agents, foreign banks or exchange or clearing houses, credit reference, fraud prevention and other similar agencies, and other financial institutions, together with parties to which the SICAV and/or the management company may assign or novate Personal Data (each a "Data Processor", and together the "Data Processors").

A Data Processor may, subject to the approval of the SICAV, sub-delegate the processing of Personal Data (and, pursuant to such sub-delegation, the transfer thereof) to its parent company or organisation, affiliates, branch offices or third-party agents (together, the "Delegates").

Data Processors and Delegates may be located in countries outside of the country of origin (which may include Malaysia, India, United Kingdom, United States of America and Hong Kong), where data protection laws may not provide an adequate level of protection. In such cases the Data Processor, with the supervision of the SICAV, will ensure (i) that it has put in place appropriate data transfer mechanisms with the SICAV, and (ii) if applicable, that the Delegate has put in place appropriate data transfer mechanisms, in each case such as European Commission Standard Contractual Clauses. Shareholders can obtain a copy of the relevant data transfer mechanism that the SICAV has put in place by contacting the SICAV at *dataprotectionoffice@morganstanley.com*.

The SICAV will disclose Personal Data to the Luxembourg tax authority, which in turn, acting as data controller, may disclose that Personal Data to foreign tax authorities.

d) In compliance with the Data Protection Laws, the SICAV will retain Personal Data in an identifiable form in accordance with the SICAV's information management policy which establishes general standards and procedures regarding the retention, handling and disposal of Personal Data. Personal Data shall not be retained for longer than is necessary with regard to the Processing Purposes, subject to any limitation periods imposed by law. Upon request, the SICAV will provide a shareholder with more information on the exact retention periods applying to its Personal Data. The retention period may be extended in the sole discretion of the SICAV if the SICAV is required to preserve Personal Data in connection with litigation, regulatory investigations and legal proceedings.

e) To the extent permitted by the Data Protection Laws, the SICAV and the management company (acting as "data controller" within the meaning of the Data Protection Laws) will access, review, disclose, intercept, monitor and record (together, "Monitoring") (i) verbal and electronic messaging and communications (for example, and without limitation, telephone, sms, instant message, email, Bloomberg and any other electronic or recordable communications) with a shareholder or shareholders' agent (together, "Communications"), and (ii) a shareholder's use of technology owned, provided or made accessible by the SICAV and the management company, including

(without limitation) systems that facilitate Communications with shareholders, information processing, transmission, storage and access, including remote access (together, "Systems").

The SICAV and the management company will subject Communications and Systems to Monitoring only for the following purposes (together, "Monitoring Purposes"):

1) to establish the existence of facts (e.g., keeping records of transactions);

2) to ascertain compliance with regulatory or self-regulatory practices or procedures which are applicable to the SICAV and/or the management company;

3) to ascertain or demonstrate standards which are achieved or ought to be achieved by persons using Systems, including compliance with any terms of use associated use of Systems;

4) to prevent, detect or investigate crime, money laundering, fraud, financial crime and/or other breaches of applicable law;

5) to comply with applicable laws and regulations, any material contract and any applicable policies and procedures;

6) to safeguard against the loss, theft, unauthorised and unlawful collection, use, disclosure, destruction or other processing or misuse of confidential and proprietary information;

7) to prevent, detect or investigate unauthorised use of Systems and/or data (e.g., Monitoring to ensure compliance with the policies and procedures of the SICAV and/or the management company, including without limitation those relating to information security and cyber security);

8) to ensure the effective operation of Systems (including telephones, email and internet) systems;

9) for support and administration purposes;

10) to assist with investigations, complaints, regulatory requests, litigation, arbitration, mediation or requests from individuals; and

11) in particular, in the course of the operational support and development of the business of the SICAV and/or the management company, such as to evaluate the quality of customer service, efficiency, cost and risk management purposes.

Monitoring will be conducted by the SICAV and/or the management company using various methods, including: (i) the use of "intelligent" automated monitoring tools; (ii) IT filtering tools which randomly review Systems; (iii) random monitoring of Systems, e.g. by authorised supervisors randomly joining on-going telephone calls on sales and trading floors; (iv) specific monitoring of Systems, e.g. in relation to investigations, regulatory requests, subject access requests, litigation, arbitration or mediation; (v) data tracking, aggregation and analysis tools that collect data from various sources to extrapolate linkages and/or detect behavioural patterns, interactions or preferences for analysis (including predictive analysis); and/or (vi) using other similar Monitoring technology that may become available from time to time.

The SICAV and/or the management company also use cookies and similar technologies to collect information about shareholders as part of and/or in connection with services provided by them or in connection with any System owned or provided by them. By accessing or using services or a System, a shareholder signifies his/her/its understanding that the SICAV and/or the management company will use such cookies and similar technologies as detailed in the SICAV's privacy policy, and that if the shareholder chooses to reject such cookies, some or all parts of the services or the relevant System may not function properly or may not be accessible. To find out more about how the SICAV and/or the management company uses cookies and similar technologies, how the SICAV and/or the management company processes the information obtained through cookies and how a shareholder may reject cookies, see the SICAV's privacy policy at morganstanley.com/privacy_pledge.

f) Any documentation or records relating to the Monitoring of Systems shall be *prima facie* evidence of any orders or communications that have been subjected to Monitoring, and shareholders agree that such records shall be admissible as such in any legal proceedings. Furthermore, shareholders confirm that they will not use, file, or cite as a reason for objecting to the admission of such records as evidence in any legal proceedings either that the records are not originals, or are not in writing or are documents produced by a computer. The SICAV and/or the management company will retain such records in accordance with its operational procedures which may change from time to time in its absolute discretion, however, such records shall not be held by the SICAV for longer than is necessary with regard to the Monitoring Purposes, subject to any limitation periods imposed by law. Shareholders are hereby informed that this record keeping should not be deemed to be a substitute for their own keeping of adequate records in accordance with any applicable rules or regulations to which they are subject.

g) If there are any products or services that the SICAV and/or the management company believes may be of particular interest to a shareholder, whether provided or sponsored by the SICAV and/or the management company or their respective affiliates, or by third-party investment services providers (for example, a fund manager or insurance service provider not affiliated with the SICAV, the management company or their respective affiliates), the SICAV, the management company or their respective affiliates will contact that shareholder by means which may include mail, email, sms and telephone), including outside standard working hours. When required by the Data Protection Laws, a shareholder's prior consent will be requested before its Personal Data is used to make or facilitate direct marketing of this nature. If a shareholder does not wish the SICAV, the management company or their respective affiliates to use its Personal Data in this way, or does not wish to provide Personal Data for such direct marketing purposes, the shareholder may notify the SICAV, the management company or their respective affiliates at any time in accordance with section (b) above or as directed in any marketing materials that may be received by shareholders. In this respect, each shareholder has a right to object to the use of his/her/its Personal Data for marketing purposes. This objection must be made in writing by letter addressed to the SICAV, the management company or their respective affiliates at European Bank and Business Centre, 6B route de Trèves, L-2633 Senningerberg, Grand Duchy of Luxembourg, or at *cslux@morganstanley.com*.

h) Before providing the SICAV and/or the management company with access to, or permitting any access to, or permitting the processing of, Personal Data which contains any data regarding an individual in connection with this Prospectus, a shareholder should ensure that: (i) the individual understands that the shareholder will be providing their Personal Data to the SICAV, the management company or their respective affiliates; (ii) the individual has been provided with the information set out herein regarding the collection, use, processing, disclosure and overseas transfer of Personal Data, the use of Personal Data for direct marketing purposes, and the possibility of monitoring or recording of their or their agent's communications by the SICAV, the management company or their respective affiliates (in each case if permitted by the Data Protection Laws); (iii) if required, the individual has provided their consent to the processing by the SICAV, the management company or their respective affiliates of their Personal Data or that another legal basis to process Personal Data is satisfied; and (iv) the individual is aware of their data protection rights and how to exercise these.

Actions We May Take

Rights We Reserve

Within the limits of the law and the articles, the board and/or the management company reserve the right to take any of the actions described below at any time.

Reject or cancel any application to open an account or any request to buy, exchange or transfer shares, for any reason. We can reject the entire amount or part of it. If a request to buy shares is rejected, monies will be returned at the purchaser's risk within 7 business days, without interest and minus any incidental expenses.

Declare additional dividends or change (temporarily or permanently) the method used for calculating dividends.

Take appropriate measures to prevent or remedy improper ownership of shares. This includes ownership by any investor ineligible to own them or whose ownership might be detrimental to the SICAV or its shareholders, or result in a breach of any provisions in the articles, this prospectus or law or regulations of any jurisdiction. The following examples apply to both existing and prospective shareholders and to both direct and beneficial ownership of shares:

- requiring investors to provide any information we consider necessary for determining the identity and eligibility of a shareholder (or to substantiate any representation made by an investor in its application)
- forcibly exchanging or selling any shares we believe are being held in whole or in part by or for an investor who is, or appears likely to become, ineligible to own those shares (for example based on the share class characteristics), or who has failed to provide any requested information or declaration within one month of being requested to do so, or whose ownership the SICAV has determined might be detrimental to its interests or those of shareholders
- preventing investors from acquiring shares if we believe it is in the interests of existing shareholders to do so

We may unilaterally take any of these measures:

- to ensure the compliance of the SICAV, the management company and the investment manager with law and regulation
- to avoid the adverse regulatory, tax, administrative, or financial consequences for these entities (such as tax charges), provided that no provisions of this prospectus will prevent a Morgan Stanley entity or any of its affiliates or subsidiaries from owning shares of the SICAV
- to remedy the ownership of shares by a US person or any other investor whose ownership of shares is not permitted by the investor's jurisdiction; or for any other reason, including the avoidance of any local registration or filing requirements with which the management company or the SICAV would not otherwise be required to comply
- for any other reason, stated or unstated

The SICAV will not be liable for any gain or loss associated with the above actions.

Temporarily suspend the calculation of NAVs or transactions in a fund's shares. We may at any time suspend the calculation of NAV of any share class and/or fund, and with it the issuance and redemption (including exchanges and conversions) of shares of that fund, under any of the following circumstances:

- the principal stock exchanges or markets associated with a substantial portion of the fund's investments are closed during a time when they normally would be open, or their trading is restricted or suspended
- the board believes an emergency exists that makes it impracticable to value or liquidate assets
- a disruption of communication or computation systems or other emergency has made it impracticable to reliably value fund assets
- where a substantial proportion of the assets of the fund cannot be valued, because a stock exchange or market is closed on a day other than usual public holiday, or when trading on such stock exchange or market is restricted or suspended, or for any other reason
- the fund is unable to repatriate monies needed to pay out redemption proceeds, or is unable to exchange monies needed for operations or redemptions at what the board considers a normal currency exchange rate
- a notice is published for a general meeting to decide whether or not to wind up one or more funds or the SICAV
- where the net asset value of one or more investment funds in which the fund invests a substantial part of its assets is suspended
- where the fund is a feeder fund and its master fund has suspended NAV calculations or share transactions
- where the net asset value of any subsidiary of the SICAV may not be determined accurately

In case of a suspension of NAV calculation and/or transactions in a fund's shares, requests are processed the first business day following the end of the suspension period, subject to any special procedures applicable during times of peak requests as described below.

If a suspension continues for more than one calendar month, you may withdraw any unprocessed request by sending us written notice.

Implement special procedures during times of peak transaction requests. If on any dealing day a fund receives and accepts subscription, switch or redemption requests (in-kind payments excluded) whose net value exceeds 10% of the fund's NAV, we may take steps to limit the value of excess requests processed that day, in the direction of the excess, to 10% of the fund's total net assets. Any one order (or if an investor has placed multiple orders, the total of those orders) that represents less than 2% of the fund's total net assets will be placed in queue based on day and time of receipt and will be processed that day. Orders (including aggregated orders of a single investor) that are larger than 2% will be executed partially on a *pro rata* basis on the first day and partially on one or more subsequent days, subject to overall volumes. We may change these thresholds subject to an amendment to the prospectus. These processing procedures will last as long as the management company determines it is in the best interests of shareholders (as a group), but typically not more than one day. All requests affected by such a processing suspension will be held in queue ahead of any requests received and accepted on a later date.

Alternatively, we may ask a shareholder to accept a redemption in kind, as described below.

If the management company decides to defer all or part of such requests, it will inform the applicant prior to the deferral taking place.

Determine non-dealing days. The calendar indicates the scheduled non-dealing days as at the date it was issued. The board may designate additional dealing days as non-dealing days to the extent, in its judgment, any market(s) are closed or are under any restriction or suspension of trading that would affect the calculation of a fund's NAV.

Increase settlement time up to ten business days, when market conditions are unfavourable or where the board considers such action to be in the best interests of the remaining shareholders.

Close a fund or share class to further investment, temporarily or indefinitely, when the board believes it is in the best interests of shareholders (such as when a fund has reached the size where further growth appears likely to be detrimental to performance). A closure may apply only to new investors or to further investments from existing shareholders as well.

We may decide 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. We also reserve the right to adopt standards applicable to classes of investors or transactions that permit or require the purchase of a particular class of shares.

Close and liquidate any fund or share class if its total net assets fall below EUR 100 million, or the equivalent in the reference currency of the fund or class. In such case, all CDSC amounts ordinarily due will be waived.

Close and liquidate, or merge, funds or share classes, when there has been a notable change in the prevailing economic or political circumstances or when board believes it is in the best interest of shareholders. For more information, see "Liquidations and mergers" on page 130.

Accept securities as payment for shares, or fulfil sale payments with securities (in-kind payments). If you wish to request a purchase or redemption in kind, you must get advance approval from the management company. You must generally pay all

costs associated with the in-kind nature of the transaction (valuation of the securities, broker fees, any required auditors' report, etc.) as well as any entry fees.

Any securities accepted as a payment in kind for a purchase of shares must be consistent with the fund's investment policy, and acceptance of these securities must not affect the fund's compliance with the 2010 law.

If you receive approval for an in-kind redemption, we will seek to provide you with a selection of securities that closely or fully matches the overall composition of the fund's holdings at the time the transaction is processed.

We will deduct from proceeds any entry fee, CDSC, outstanding charges or other amounts owed. Investors who receive securities In-kind redemptions may incur brokerage and/or local tax charges on the sale of the securities. In addition, the net proceeds from the sale of the securities may not correspond to the NAV-based redemption amount due to market conditions and/or the difference between the prices used to calculate the NAV and bid prices received on the sale of the securities.

We may request that you accept securities instead of cash in fulfilment of part or all of a sell request. If you agree to this, the SICAV may provide an independent valuation report from its auditor and other documentation. Such valuation will be conducted in accordance with the professional recommendations of the Institut des Réviseurs d'Entreprises. The value determined, together with the NAV per share calculated for the relevant class of shares, will determine the number of shares to be issued to the incoming shareholder.

If you refuse payment in whole or in part by an in-kind distribution of securities instead of cash, such redemption will be paid in the fund base currency or, if applicable, in the currency of the hedged share class that you intend to redeem.

Reduce or waive any stated sales charge, or minimum investment amount, for any fund, investor, or request, especially for investors who are committing to invest a certain amount over time, so long as it is consistent with equal treatment of shareholders. We may also allow distributors to set different minimum investment requirements.

Calculate a new NAV and reprocess transactions at that NAV. If there has been a material change in the market prices affecting a substantial portion of a fund's investments, we may, in order to safeguard the interests of the shareholders and the SICAV, cancel the first valuation and calculate a second one, which will then be applied to all transactions in fund shares for that day. Any transactions that were already processed at the old NAV will be reprocessed at the later NAV.

Measures to Prevent Improper and Illegal Behaviour

Money laundering, terrorism and fraud

To comply with Luxembourg laws, regulations, circulars, etc. aimed at preventing crime and terrorism, including money laundering, all investors must provide documentation to prove identity (before opening an account and potentially again at any time afterward). This includes certain information on the identity of beneficial owners, which is provided to Luxembourg authorities and published in Luxembourg's central register of beneficial owners. We also are required to verify the legitimacy of transfers of money that come to us from financial institutions that are not subject to Luxembourg verification standards or the equivalent.

For investors investing directly with the SICAV, we typically request the following types of identification:

- natural persons: an identity card or passport copy duly certified by a public authority (such as a notary, police official or ambassador) in his or her country of residence
- corporations and other entities investing on their own behalf: a certified copy of the entity's incorporation documents or other official statutory document, plus, for the entity's owners or other economic beneficiaries, the identification described above for natural persons
- financial intermediaries: a certified copy of the entity's incorporation documents or other official statutory document, plus certification that the account owner has obtained necessary documentation for all end investors; in some cases we may require further evidence that this documentation is, in our judgment, satisfactory

If we are satisfied that a financial intermediary in a country that honours the conventions of the Financial Action Task Force has adequately documented their clients, we generally do not require the intermediary to collect additional information from their clients, though we reserve the right to do so.

For any investor, we may ask for additional documents at any time if we feel it is necessary, and we may delay or deny the opening of your account and any associated transaction requests (including exchanges and sales) until we receive, and judge to be satisfactory, all requested documents. We will not be liable for any costs, losses, or lost interest or investment opportunities that may result from our requests for such documentation.

Market timing and excessive trading

The funds are in general designed to be long-term investments and not vehicles for market timing (short-term trading that seeks to take advantage of deficiencies in NAV calculations or from timing differences between market openings and NAV calculations).

Market timing and excessive trading are not acceptable as they may disrupt fund management and drive up fund expenses, to the detriment of other shareholders. We do not knowingly allow any market timing transactions, and we may take various measures to protect shareholder interests, including monitoring for and rejecting, suspending, or cancelling any request we believe represents excessive trading or that we believe may be linked to an investor, group of investors, or trading pattern associated with market timing. We may also impose limits or a redemption fee of up to 2% on specific transactions, with the proceeds payable to the applicable fund(s), or may limit or block your account for future purchases or exchanges, until we receive assurance we consider acceptable that no marketing timing or excessive trading will occur going forward.

With accounts held by intermediaries, the management company considers the volumes and frequencies associated with each intermediary as well as market norms, historical patterns, and the intermediary's asset levels. However, the management company can take any measures it considers appropriate, including asking the intermediary to review its account transactions, set transaction blocks or limits, or terminate the relationship with the intermediary.

Late trading

We take measures to ensure that any request to buy, exchange, or sell shares that arrives after the cut-off time for a given NAV will not be processed at that NAV.

With a request whose arrival at the transfer agent is delayed due to technical issues or other circumstances beyond the control of the transfer agent or the transmitting party, we may choose to accept the request so long as adequate documentation of the delay is provided.

Notices and Publications

The following table shows which material (in its most recent version) is made available through which channels. Items in the first six rows are typically available through local agents and financial advisors.

Information/document	Sent	Media	Online	Office
Prospectus, financial reports, the articles			●	●
KIDs			●	●
Shareholder notices[1]	●[2]		●[3]	●
NAVs (share prices)		●	●	●
Statements and confirmation note	●			
Dividend announcements	●			●
List of funds with respective sub-investment manager(s)			●	●
Remuneration policy			●	●
Other policies (asset custody, conflicts of interest, best execution, proxy voting, complaints handling, safekeeping, etc.) as well as a current list of sub-custodians				●
Information on past voting of portfolio shares, inducements available to the management company, current distribution agents/nominees, depositary's conflicts of interest related to its duties				●
Information on incidents of swing pricing greater than 2%			●	●
Core agreements (management company, depositary, administrator, investment manager) and benchmark contingency plan				●

[1] *Shareholder notices are made available using one or more of described channels.*

[2] *Only sent if required under the Luxembourg law or by the CSSF or any overseas regulator, or otherwise determined by the board.*

[3] *This channel is not currently used but may become effective on a future date at the board's discretion, in which case shareholders will be sent a shareholder notice. When such channel becomes available, some shareholder notices might be available online only.*

KEY

Sent Sent automatically to all shareholders directly registered in the UCITS's shareholder list at the address of record (physically, electronically, or as an emailed link).

Media Published, as required by law or as determined by the board, in newspapers or other media (such as newspapers in Luxembourg and other countries where shares are available, or electronic platforms, such as Bloomberg, where daily NAVs are published), as well as the Recueil Electronique des Sociétés et Associations.

Online Posted on *morganstanleyinvestmentfunds.com*.

Office Available free of charge upon request from the registered office of the SICAV, and available for inspection at this office as well. Certain items are also available free of charge upon request from the management company, administrator, depositary, and local distributors. The articles are also available free upon request from, and for inspection at, the offices of the Luxembourg Commercial Register.

Shareholder notices include convening notice of shareholder meetings (the annual general meeting and any extraordinary meetings) as well as notices of changes to the prospectus or articles, the mergers or closings of funds or share classes (along with the rationale for the decision), the start and end of suspensions of the processing of shares, and all other items for which notice is required.

Statements and confirmations are sent when there are transactions in your account. Other items are sent when issued.

Audited annual reports are issued within four months of the end of the financial year. Unaudited semi-annual reports are issued within two months of the end of the period they cover. In compliance with any applicable laws, shareholders and third parties may, on request, receive additional information in relation to securities held by the funds

Neither the SICAV nor the management company is responsible for any error or delay in publication or for inaccurate or non-publication of prices.

Information on past performance, by fund and share class, appears in the applicable KID and on morganstanleyinvestmentfunds.com.

Governance and Management

The SICAV

Name and registered office

Morgan Stanley Investment Funds
European Bank and Business Centre
6B, route de Trèves
L-2633 Senningerberg, Luxembourg

Website *morganstanleyinvestmentfunds.com*

Legal structure Open-ended investment company organised as a *société anonyme* and qualifying as a *société d'investissement à capital variable* (SICAV)

Legal jurisdiction Grand Duchy of Luxembourg

Incorporated 21 November 1988

Duration Indefinite

Articles of incorporation Published in the *Mémorial, Recueil des Sociétés et Associations* on 11 January 1989; most recent amendments: 16 December 2015, published in the *Mémorial* 13 January 2016

Regulatory authority
Commission de Surveillance du Secteur Financier (CSSF)
283, route d'Arlon
L-2991 Luxembourg

Registration number (Luxembourg Trade and Companies Register) B 29192

Financial year 1 January to 31 December

Minimum capital (under Luxembourg law)
EUR 1.25 million or equivalent in any other currency

Par value of shares None

SICAV reporting currency USD

Qualification as a UCITS The SICAV qualifies as an Undertaking for Collective Investment in Transferable Securities (UCITS) under Part 1 of the 2010 Law and Directive 2009/65/EC, and is registered on the CSSF's official list of collective investment undertakings. The SICAV is also governed by the Law of 10 August 1915 on commercial companies.

Financial independence of the funds Each fund corresponds to a distinct portion of the assets and liabilities of the SICAV and is considered to be a separate entity in relation to the shareholders and third parties. This means that, while the SICAV is a single legal entity, within it the assets and liabilities of each fund are segregated from those of other funds; there is no cross-liability, and a creditor of one fund has no recourse to the other funds.

Co-management of assets For efficient management, the funds may commingle certain assets and manage them as a single pool. In such a case, the assets of each fund will remain segregated as far as accounting and ownership is concerned, and the allocation of performance and costs is assigned to each fund on a *pro rata* basis. Since such pools are created for internal management purposes only and do not constitute a separate legal entity, they cannot be directly accessed by investors.

Any such asset pool is formed by transferring 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. The board 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 its participation.

The share of a participating fund in an asset pool is measured by reference to notional units of equal value in the asset pool. On formation of an asset pool, the board may determine the initial value of notional units (which is expressed in such currency as the board considers appropriate) and allocates to each participating fund units having an aggregate value equal to the amount of cash (or to the value of other assets) contributed. The value of the notional unit is then determined by dividing the net asset value of the asset pool by the number of notional units subsisting.

Cash contributions are treated for the purpose of this calculation as reduced by an amount which the board considers 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 is 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 are immediately credited to the funds on a *pro rata* basis at the time of receipt. Upon the dissolution of the SICAV, the assets in an asset pool will be allocated to the participating funds on a *pro rata* basis.

Within any pooling arrangement, the depositary ensures that at all times it is able to identify the assets which are owned by each participating fund.

Complaints handling and dispute resolution Investors can file complaints free of charge with the distributor or the management company in an official language of their home country. The complaints handling procedure is available free of charge at *morganstanleyinvestmentfunds.com.*

The board

Carine Feipel
Independent non-executive Director and Chairwoman
Luxembourg

Diane Hosie
Non-executive Director
UK

Zoë Parish
Executive Director, Morgan Stanley Investment Management
UK

Susanne van Dootingh
Independent non-executive Director
Belgium

Arthur Lev
Non-executive Director
USA

The board is responsible for the overall investment policy, objectives, and management of the SICAV and funds and, as described more fully in the articles, has broad powers to act on behalf of the SICAV and the funds, including:

- appointing and supervising the management company
- setting investment policy and approving the appointment of any investment manager, sub-investment manager, non-discretionary investment adviser, or advisor committee
- making all determinations regarding the launch, modification, merger, split, termination, or discontinuation of funds and share classes, including such matters as timing, pricing, fees, class currency, dividend policy and payment of dividends, liquidation of the SICAV, and other conditions
- determining any restrictions on investment or on borrowing or on the pledging of the SICAV's assets
- determining the approach for risk monitoring, including selecting the appropriate methodology for calculating global exposure method
- selecting any distributor or intermediary for collecting subscription, redemption and conversion orders, and for acting as a nominee

- determining eligibility requirements and ownership restrictions for investors in any fund or share class, and what steps may be taken in the case of any violation
- determining the availability of any share class to any investor or distributor or in any jurisdiction
- determining when and how the SICAV will exercise its rights, including setting any thresholds for processing share redemptions or automatic reinvestment of dividends
- determining when and how the SICAV distribute or publicise shareholder communications
- ensuring that the appointments of the management company and the depositary bank are consistent with the 2010 Law and any applicable contracts of the SICAV
- determining whether to list any shares on the Luxembourg stock exchange

The board may delegate some of these responsibilities to the management company.

The board is responsible for the information in this prospectus and has taken all reasonable care to ensure that it is materially accurate and complete. The prospectus will be updated as required when funds are added or discontinued or when other material changes are made.

Directors serve until their term ends, they resign, or they are revoked, in accordance with the articles. Any additional directors will be appointed in accordance with the articles and Luxembourg law.

Only independent directors (directors who are neither executive directors nor employees of a Morgan Stanley Group entity) are entitled to remuneration (which is non-variable) from the SICAV for their service, as disclosed in the annual report. Each director may also serve as director on the board of one or more collective investment schemes or other management companies that is a Morgan Stanley Group entity or is managed by one.

Shareholder meetings and voting

The annual general meeting is generally held at the management company's offices in Luxembourg at 10:30 AM CET on the second Tuesday in May each year, or if that is not a business day, then the next bank business day. Other shareholder meetings may be held at other places and times, with appropriate approval and notification.

Written notice of annual general meetings will be provided to shareholders as required by Luxembourg law.

Resolutions concerning the interests of all shareholders generally will be taken in a general meeting. The shareholders of a fund may hold a meeting to decide on any matter that relates exclusively to that fund.

Each share gets one vote in all matters brought before an annual or extraordinary meeting of shareholders. Fractional shares do not have voting rights.

For information on admission and voting at any meeting, refer to the applicable meeting notice.

Liquidations and mergers

The board may at any time decide to liquidate any share class, any fund or the SICAV itself or merge any fund, particularly if the board believes any of the following is true:

- the value of the net assets of the fund or share class has fallen below a level that does not allow an efficient and rational management
- there has been a notable change in the prevailing economic or political circumstances
- to do so would be in the interests of shareholders

The board may also decide to amend the rights attached to any share class so as to include them in any other existing share class and re-designate the share class(es) concerned as another share class.

Any decision of the board to terminate, merge, split, or liquidate a share class, a fund, or the SICAV will be communicated to shareholders in accordance with Luxembourg law; see the "Notices and Publications" section on page 128.

If an event requiring the liquidation of the SICAV, a fund or share class arises, issue, redemption, exchange or conversion of shares is void.

Liquidation of a fund or share class Any share class or fund may be compulsorily liquidated based on either of the following:

- a resolution passed by the board,
- a resolution passed by the general meeting of shareholders of the fund in question, with the quorum and majority requirements being the same as those required to amend the articles

In addition, if none of the above is true, the board must ask shareholders to approve the liquidation. Even if one of the above is true, the board may opt to submit the matter to a shareholder meeting for a vote. In either case, the liquidation is approved if it receives the votes of a simple majority of the shares present or represented at a validly held meeting (no quorum required).

Shareholders whose investments are involved in any liquidation will receive at least one-month advance notice, during which they will generally be able to sell or exchange their shares free of any exit and exchanging charges. The prices at which these sales and exchanges are executed will reflect any costs relating to the liquidation. The board can suspend or refuse these sales and exchanges if it believes it is in the interests of shareholders or is necessary to ensure shareholder equality. At the end of the notice period, any shares still in existence will be liquidated and the proceeds sent to the shareholder at the address of record.

In case of a liquidation, division or merger of a master fund, any feeder fund will be liquidated according to the rules described above.

Liquidation of the SICAV The liquidation of the SICAV requires a shareholder vote. Such a vote can be taken at time at a general meeting of shareholders. If it is determined that the SICAV's capital has fallen below two-thirds of legally required minimum capital (under Luxembourg law), or below one-quarter of the minimum set by the articles, then shareholders must be given the opportunity to vote on dissolution at a general meeting held within 40 days of the determination.

Voluntary liquidations (meaning a decision to liquidate that is initiated by shareholders) require a quorum of at least one-half of the capital and approval by at least 2/3 of the votes cast. Otherwise, dissolution will occur if approved by a majority of the shares present and represented at the meeting, or, if the capital is below 1/4 of the minimum set by the articles, by 1/4 of the shares present and represented (no quorum required).

Should it be voted that the SICAV will liquidate, one or more liquidators appointed by the shareholder meeting and duly approved by the CSSF will liquidate the SICAV's assets in the best interest of shareholders and the depositary, upon instruction given by the liquidators, will distribute the net proceeds (after deduction of any costs relating to the liquidation) to shareholders in proportion to their holdings.

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.

Six months after the close of liquidation, amounts that remain uncollected or for which no ultimate beneficial owner can be located will be deposited with the Luxembourg *Caisse de Consignation*, where they will be held in escrow, subject to a fee of 1% per year of their estimated value. The amounts may be refunded upon duly justified request made to the *Caisse de Consignation*.

Mergers Within the limits of the 2010 Law, the board may decide to merge any fund with any other fund within the SICAV and to merge any fund, on a domestic or cross-border basis, with a different UCITS. The board is also authorised to approve mergers of other UCIs into the SICAV. The board may also implement other corporate actions in order to consolidate assets within the SICAV or with another UCITS.

In all cases, the board will be competent to decide on the merger. Insofar as a merger requires the approval of the shareholders pursuant to the provisions of 2010 Law, the meeting of shareholders deciding by simple majority of the votes cast by shareholders present or represented at the meeting (no quorum required) is competent to approve the effective date of such a merger. Shareholders themselves may also decide on a merger and its effective date.

Shareholders whose investments are involved in any merger will receive at least one-month advance notice, during which they will be able to sell or exchange their shares free of any exit and exchanging charges. At the end of the notice period, shareholders who still own

shares in a fund and share class that is being merged out of existence will receive shares of the receiving fund of the merger.

Amending share class rights The board may decide to amend rights to any share class if any of the first two bullets under "Liquidations and mergers" above is true. This decision allows the board to include such share class in any existing one and rename it. Shareholders whose investments are involved in any such operation will receive at least one-month advance notice, during which they will generally be able to sell, convert or exchange their shares free of any fee.

Amounts from any such operation that cannot be distributed to the shareholders will be deposited in escrow with the *Caisse de Consignation*.

The Management Company

Name and registered office
MSIM Fund Management (Ireland) Limited
24-26 City Quay, Dublin 2, D02NY19, Ireland

Legal form Company limited by shares

Incorporated 5 December 2017

Regulatory authority
Central Bank of Ireland
New Wapping Street
North Wall Quay
Dublin
Ireland

Companies registration office number 616661

Directors

Eimear Cowhey
Independent non-executive Director
Ireland

Michael Hodson
Independent non-executive Director
Ireland

Diane Hosie
Non-executive Director
United Kingdom

Elaine Keenan
Managing Director and EMEA COO of Morgan Stanley Investment Management, CEO of MSIM Fund Management (Ireland) Limited
Ireland

Liam Miley
Independent non-executive Director and Chairman
Ireland

Ruairi O'Healai
Managing Director and Global Co-COO of Morgan Stanley Investment Management, CEO of Morgan Stanley Investment Management Limited
UK

Responsibilities and delegation

The management company, a member of the Morgan Stanley Group, is responsible for investment management (including portfolio management and risk management) with respect to all funds.

In addition, the management company currently serves in the following roles for the SICAV:

- principal distributor (arranges for the marketing and distribution of the funds in all jurisdictions where distribution is not prohibited)
- domiciliary agent (handles the SICAV's domiciliation arrangements)

Subject to any relevant approvals, the management company can delegate certain of its functions to qualified third parties so long as it retains supervision, implements appropriate controls and procedures, and maintains the prospectus.

Subject to board's approval, the management company may, at its own expenses and without affecting its liability to the SICAV, select and rely upon entities that are, or are not, affiliated to Morgan Stanley group for the management of the funds' portfolios and associated research and expertise (the investment managers and sub-managers referenced in this prospectus). The management company may also select and rely upon entities that are not referenced in this prospectus, but these entities are not allowed to undertake discretionary portfolio management on behalf of any fund.

Operational Policies

Calculation of NAV

The SICAV 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.

In general, we calculate the NAV for each share class of each fund on each business day. On business days when markets in which a substantial portion of a fund's assets trade are not operating (whether the closure is scheduled or unscheduled), we may choose not to calculate a NAV.

Each NAV is calculated in the base currency of the fund and the currency of each relevant share class. Because of differences in, for example, fees, dividend policies, and currency exposures, different share classes of a given fund may have different share prices.

For shares denominated in a different currency from their fund's base currency, the NAV is first calculated in the base currency. This NAV is then translated into the share class currency, using the mid-market exchange rate in effect at the time the NAV is calculated. NAVs are rounded up or down to the smallest commonly used fractional currency amount.

To calculate NAV for each share class of each fund, we use this general formula:

$$\frac{\text{(assets – liabilities)}}{\text{number of outstanding shares}} = \text{NAV}$$

Appropriate provisions will be made to account for the costs, charges, and fees attributable to each fund and share class as well as accrued income on investments.

The NAV per share calculation is determined in accordance with article 11 of the articles. For more complete information on our NAV calculation methods, see the articles.

The net asset value of the SICAV is at any time equal to the total of the net asset value of the various funds, converted, where necessary, into USD at the last available rate of exchange prevailing in a recognised market at the relevant valuation point.

NAV calculation currencies Generally the NAV per share of each share class in each fund will be calculated in USD or EUR. For certain share classes, the NAV per share may also be calculated in other currencies such as JPY or GBP, where appropriate.

For currency-hedged classes, the NAV is calculated in the share class currency only.

For classes that have a currency indicators in their name, the NAV is calculated in that currency only.

Asset valuations

In general, we determine the value of each fund's assets as follows. Methods that require calculation are typically performed by independent valuation specialists. Note than for any type of security, we may use fair value methods instead of the method stated here (see description following the bullets).

- **Cash in hand or on deposit, bills and demand notes, accounts receivable, prepaid expenses, cash dividends, and interest declared or accrued but not yet received** Valued at full value, adjusted for any appropriate discount or premium we may apply based on our assessments of any circumstances that make the full payment unlikely.
- **Money market instruments, short-term debt, and liquid assets** Generally valued at market value.

- **Transferable securities that are traded on an official stock exchange or other regulated market** Valued at the last available price quoted on the market where they are principally traded. If the last available price does not reflect a security's fair market value, the security may be valued at a foreseeable sales price (determined prudently according to procedures established by the board).
- **Listed futures and options** Valued at the last available price from the relevant exchange; if a futures or options contract could not be liquidated on the day on which net assets are being determined, the basis for determining its liquidating value will be such value as the board may deem fair and reasonable.
- **Unlisted derivatives**:
  - *Futures and options* Valued using at market value, using internal models by the board applied consistently for each different variety of contracts
  - *Interest rate swaps* Valued at market value, with reference to the applicable rate curve.
  - *Index and financial instrument-related swaps* Valued at market value as determined by reference to the applicable index or instrument.
  - *Inflation rate swaps* Valued at market value, with reference to the applicable inflation rate.
  - *Total return swaps* Valued by reference to the mark to market value based on the market value of the underlying asset.
  - *Credit default swaps* Valued by applying a recognised and transparent valuation method on a regular basis and by reference to the applicable debt instrument.
  - *All other unlisted derivatives* Valued on the basis of the reasonably foreseeable sales price determined prudently and in good faith pursuant to procedures established by the board.
- **Shares/units of UCITS or UCIs** Valued at the most recent NAV reported by the UCITS/UCI, adjusted for any redemption fee or, if no current NAV is available, valued at the last available or estimated NAV.
- **Currencies** Valued at the last available exchange rate prevailing in a recognised market (applies to currencies held as assets, to hedging positions, and when translating values of securities denominated in other currencies into the base currency of the fund).
- **Unlisted securities and all other assets** Valued on the basis of the reasonably foreseeable sales price determined prudently and in good faith pursuant to procedures established by the board.

Fair value At its discretion, the management company or an investment manager, in consultation with the depositary, may value any asset at fair value (a prudent estimate of near-term liquidation value) when it believes any of the following is true:

- it is not possible to calculate with accuracy or confidence using the usual method
- unusual market conditions exist
- the latest available prices no longer reflect accurate values
- the values from usual sources and methods are not current or accurate, or are unavailable

All fair value calculations must be conducted using methodologies approved by the board. Any valuations the fund arrives at by legitimate methods may differ from quoted or published prices or may be materially different from what the fund is actually able to realise as a sale price.

Valuation methodologies All valuation methodologies (including fair value) are established periodically by the board and the management company in good faith, and use auditable valuation principles.

For securities that trade on a secondary market whose price reflects market conditions, the valuation may be based on this secondary market. For difficult to value securities, such as private equities, we may engage independent experts to help with valuation.

For assets with a known short-term maturity date, the valuation will be determined using an amortised cost method. 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 board 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 board. If the board believes that a deviation from the amortised cost per share may result in material dilution or other unfair results to shareholders, it will take corrective action to eliminate or reduce, to a reasonable extent, the dilution or unfair results. Any assets holding expressed in a different currency than 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.

For any asset, the management company can designate a different valuation method if it believes that method may result in a fairer valuation. For more information on our asset valuation methods, see the articles.

Conflicts of interest

The management company and the investment managers undertake business for other clients. The investment managers, their employees and their other clients face conflicts with the interests of the management company and its clients. The management company and the investment managers maintain conflicts of interest policies. It is not always possible for the risk of detriment to a client's interests to be entirely mitigated such that, on every transaction when acting for clients, a risk of detriment to their interests does not remain. The management company and the investment managers acknowledge that there may be some situations where the organisational or administrative arrangements in place for the management of conflicts are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the SICAV or its shareholders will be prevented. Should any such situations arise, the management company will disclose these to shareholders in the SICAV's annual report or other appropriate format.

Conflict scenarios Because the investment managers or their 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 manager 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 manager 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 manager'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 managers 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 managers 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.

Neither the management company, nor the investment managers or other affiliates, will be liable to account to the SICAV for any profit, commission or remuneration made or received from, or by reason of, transactions or any connected transactions and none of their fees will be adjusted (unless otherwise provided), provided that the management company and the investment managers (where applicable) will ensure that:

- such transactions are effected on terms which are not less favourable to the SICAV than if the potential conflict had not existed
- such transactions are on arm's length terms
- the management company uses due care in the selection of brokers or dealers and that they are suitably qualified in the circumstances
- the fee or commission paid to any such broker or dealer in respect of a transaction must not be greater than that which is payable at the prevailing market rate for a transaction of that size and nature;
- the management company monitors such transactions to ensure compliance with its obligations

- the nature of such transactions and the total commissions and other quantifiable benefits received by such broker or dealer are disclosed in the SICAV's annual report

The management company may pay third parties for distribution and related services. Such payments could incentivise third parties to promote the SICAV to investors against that client's best interests. The management company complies with all legal and regulatory requirements in the jurisdictions in which such payments are made. The investment managers also may utilise an affiliated broker/dealer to execute a portion, and on occasion to execute a substantial portion, of the purchases and sales of securities for the portfolio of a fund. Primary consideration will be given to such broker/dealer's ability to effect prompt and efficient executions at competitive rates. The investment managers will only utilise an affiliated broker/dealer where it believes it is able to obtain best execution at competitive commission rates. An affiliated broker/dealer may also furnish to the investment managers research and related services. The investment managers may purchase securities from underwriters, distributors or placement agents in which an affiliate is a member of a syndicate or selling group, as a result of which an affiliate might benefit from the purchase through receipt of a fee or otherwise. The investment managers will not purchase securities from an affiliate that is acting as a manager of a syndicate or selling group. Purchases by the investment managers from an affiliate acting as a distributor or placement agent must meet the requirements of applicable law. Otherwise, the investment managers will not engage in any purchase or sale with an affiliate on a principal basis except as set forth below.

Other potential conflicts of interest As part of the normal course of global custody business, the depositary may from time to time have entered into arrangements with other clients, funds or other third parties for the provision of safekeeping and related services. Within a multi-service banking group such as Morgan Stanley, from time to time conflicts may arise between the depositary and its safekeeping delegates, for example, where an appointed delegate is an affiliated group company and is providing a product or service to a fund and has a financial or business interest in such product or service or where an appointed delegate is an affiliated group company which receives remuneration for other related custodial products or services it provides to the funds, for instance foreign exchange, securities lending, pricing or valuation services. In the event of any potential conflict of interest which may arise during the normal course of business, the depositary will at all times have regard to its obligations under applicable laws including Article 25 of the UCITS Directive. Securities lending transactions may be entered into on normal commercial terms with entities which are affiliates of the investment manager. In particular, the funds have entered into securities lending arrangements with the depositary, to participate in the securities lending programme operated by the depositary, under normal commercial terms. From time to time, affiliates of the investment manager (including but not limited to Morgan Stanley & Co. International PLC) may be named as approved borrowers to which the depositary 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.

The management company conflict of interest policy is available at *morganstanleyinvestmentfunds.com*.

Remuneration

The management company has implemented a remuneration policy that is designed not to encourage risk-taking that is inconsistent with the objective and risk profile of the funds, or with the values and interests of the SICAV's shareholders, while at the same time not impairing the management company from fulfilling its duty to act in the best interest of the SICAV and its shareholders.

The remuneration policy:

- supports a performance culture that is based on merit — the assessment of performance is set in a multi-year framework that aligns with holding periods recommended to shareholders and the actual payment of performance-based components of remuneration is spread over the same period
- differentiates and rewards excellent performance, both in the short and long term
- balances fixed and variable compensation to appropriately reflect the value and responsibility of the role performed day to day, and to influence appropriate behaviours and actions
- requires that compensation decisions for employees in independent control functions be determined by a control division's senior management, so that these decisions will be wholly independent of the business areas
- is consistent with, and promotes, effective risk management practices, including with regard to sustainability risks
- is consistent with Morgan Stanley's conflict of interest policy and more broadly with Morgan Stanley's compliance and control culture

The directors of the management company are responsible for ensuring that the policy is applied to all management company staff and for reviewing the policy every year. The current remuneration policy is available at morganstanleyinvestmentfunds.com.

Best execution

The management company must act in the best interests of each fund when executing decisions to deal on behalf of the relevant fund. The management company's best execution policy sets out the basis upon which the management company, and the investment manager on its behalf, will effect transactions and place orders in relation to the funds to obtain the best possible result for the SICAV. The investment manager's best execution policy sets out the systems and controls that have been put in place and the oversight carried out by the investment manager to ensure that notwithstanding any delegation to the sub-investment managers, who may be non-EU entities, they undertake transactions to achieve the best result for the relevant funds. All transactions carried out by or on behalf of the fund must be executed at arm's length and in the best interests of the shareholders.

Payment for investment research

Any third-party research received in connection with investment management and investment advisory services that the management company or the investment manager provides to the funds (other than research that qualifies as a minor non-monetary benefit) will be paid for by the management company or the investment manager out of its own resources.

Where possible, the sub-investment managers will also pay for any third-party equity research received by them in connection with the sub-investment advisory services that they provide to the relevant fund(s) (other than research that qualifies as a minor non-monetary benefit) out of their own resources. However, to the extent the sub-investment managers receive third-party research other than equity research, or where research is received in a market that does not support the separation of execution commissions from research payments, they will implement systems and controls to ensure that the receipt of such research does not influence order routing and best execution decisions or give rise to conflicts of interest that risk detriment to the relevant fund(s) and their investors.

Benchmarks Regulation

Under the so-called Benchmarks Regulation (Regulation (EU) No 2016/1011 of the European Parliament and of the Council of 8 June 2016), any benchmarks the funds use (within the meaning of the regulation), including elements of composite benchmarks, must be appropriately registered with the European Securities and Markets Authority (ESMA). For index providers based in the EU, or in a non-EU country recognised as equivalent for registration purposes, the registration must be at the provider level.

The SICAV, in coordination with the management company, maintains written contingency plans for how it would address situations where a benchmark ceases to be offered or to be covered by registration, or where, either through changes in a benchmark or a fund, an existing benchmark ceases to be appropriate. In some cases, the response may involve a change to a fund's strategy or investment policy, or the merger or termination of the fund, particularly if the benchmark index is changed. Details are available free of charge upon request at the registered office of the SICAV. Details of the relevant benchmarks, the benchmark administrator and registration status of the benchmark administrator are set out below:

Fund	Benchmark	Benchmark Administrator	Benchmark or benchmark administrator status
Morgan Stanley Investment Funds Parametric Commodity Fund	Barclays Commodity Index Series	Barclays Bank PLC	Not listed in the ESMA register. Usage permitted during the transitional period under the art. 51 of the Benchmarks Regulation

Fund Fees and Costs

In general, fees that tend to vary from one fund to another are presented in "Fund Descriptions". Fees that remain consistent for a given share class are presented above in the "Base class characteristics" table. Minor fees and expenses that are deducted directly from fund assets, are presented here, along with further information about the fees and costs presented elsewhere. Unless otherwise noted, these fees are accrued daily and paid each month in arrears.

The fees paid to the management company are set in advance and for each respective fee the management company agrees to provide all contractually required services, absorbing any excess costs and retaining any excess revenues. The management company may instruct the SICAV to pay a proportion of any fees, costs or expenses directly out of the funds' assets to any service providers.

Fees and expenses that are charged to a share class result in a reduction of the assets of that share class. It also reduces the fund's assets and potential for capital growth.

In the case of any individual fund or class, the management company or any investment manager may choose to waive or rebate (to the investors) all of their fees and charges or any portion thereof at their absolute discretion for an indefinite period. The management company or any person acting on its behalf or on behalf of the SICAV may not obtain an incentive allocation or commission on any fees or charges levied by an underlying scheme or its management company, or any quantifiable monetary benefits in connection with investments in any underlying fund.

All SICAV's fees, costs and expenses are payable monthly in arrears and calculated on the average daily net assets (before the deduction of any fees, costs and expenses).

The allocation of costs and expenses to be borne by the SICAV across its funds and share classes are being made in accordance with article 11 of the articles.

Fees disclosed in "Fund Descriptions"

All fees below may be changed at any time. In case of increase, investors will be provided with one-month advance notice. To understand what the actual charges would be for any purchase or exchange, consult your financial advisor or contact us as shown on page 3.

Maximum entry fees These fees are described for each fund in "Fund Descriptions". Some types of shares have an entry fee. Entry fees are paid to the relevant distributor through which the initial purchase was made. For classes A and I shares, the management company may authorise distributors to sell shares with a lower initial entry fee than those listed in "Fund Descriptions" if a local law or practice requires or permits such practice.

Class N shares have no entry fee, but when investing through a Morgan Stanley Group entity, investors may pay that entity a performance and/or management fee.

There may be an entry charge related to an exchange.

Management fee This annual fee is paid to the management company. Out of this fee, the management company pays the investment manager and the distributors, and may pay other delegates or service providers as well. The investment manager uses the money it receives from the management company to pay the sub-investment managers.

The management fee may be charged at different rates for individual funds and share classes within a fund.

For Class N shares, eligible investors may pay to the management company or its affiliates a base management fee, a performance fee or a mixture of both fees.

The management company may negotiate or pay back a portion of the management fees in a private arrangement with a holder or prospective holder of shares.

Administration fee Out of this annual fee, the management company pays for the services provided by the administrator, depositary, registrar, transfer agent, and paying agent, as well as for legal services and its own services.

Specifically this fee covers numerous fees and expenses, such as:

- administration, domiciliary, and fund accounting services
- depositary and safekeeping fees
- auditors and legal advisers
- collateral management fees
- ongoing registration fees and other expenses due to supervisory authorities in various jurisdictions
- insurance interest
- formation expenses
- shareholder notifications, including the publication of NAVs
- costs associated with the required collection, reporting, and publication of data about the SICAV, its performance, investments and shareholders
- licensing fees
- fees related to listing fund shares on an exchange
- fees of independent directors and expenses for all board members, such as travel and out-of-pocket expenses
- fees of paying agents, transfer agents, and authorised country representatives
- documentation costs, such as preparing, printing, translating, and distributing the prospectus, Key Information Documents, and shareholder reports
- consulting fees

This fee does not exceed 0.25% per year of the fund's average net asset value.

The administration charge may generate a surplus or a loss for the management company who may retain surpluses but will not seek to recover losses.

In certain jurisdictions, where subscriptions, redemptions and conversions are made through a an intermediary, additional fees and charges may be imposed by that intermediary. These may be charged to the local investor or to the SICAV, and paid out of the administration fee.

Distribution fee For class B and B2 shares, this fee is paid to the management company in its capacity as main distributor. The management company may use this fee to pay any local distributors or other agents as contractual agreements may require. Distribution fees on class B and B2 shares are not used to subsidise the sale of any other share classes.

See also information on alternative sales charge arrangements below.

Contingent deferred sales charge (CDSC) The CDSC charge is designed to finance the distribution of class B, B2 and C shares through the management company and distributors without an intermediary mark-up or entry fees assessed at the time of purchase.

For class B and C shares, the calculation is determined in a manner that results in the lowest possible rate being charged. Therefore, it is assumed that, unless otherwise specified, any redemption is applied to class 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. A share exchange from one fund to another does not affect the initial purchase date nor the rate to be applied upon redemption for the purposes of calculating the CDSC.

For class B2 shares, calculation is determined in a manner that ensures the lowest possible rate for the investor. We calculate this fee based on the lesser of the original cost value or the latest available NAV per share at the time of the redemption (typically the NAV per share from trade date – 1). The distributor will select the shares to be redeemed, typically those held the longest by the shareholder. Each subscription is allocated a unique reference (sub-account), and the Distributor quotes this reference in the

redemption instruction. Separate redemption instructions must be placed for each sub-account to be redeemed.

The management company will waive any applicable CDSC which may be payable on the redemption of shares where a redemption is effected pursuant to the right of the management company to liquidate a shareholder's account or on the redemption of distributing class B, B2 and C shares which result from the automatic reinvestment of dividends.

The management company may also waive all or part of any applicable CDSC at its discretion.

In addition, the management company allows investors in class B, B2 and C to select the fee method that is the most beneficial to them depending on factors such as the invested amount and expected holding period. These investors then can choose either the CDSC, plus distribution fee, mechanism or an entry fee (alternative sales charge arrangements).

Emerging market custody fee This fee is paid to the depositary and applies only to funds with significant investments in emerging markets, which in general have higher custody costs and often require the services of a sub-custodian.

Hedging fee A maximum 0.03% is deducted from each hedged share class for the applicable hedging activities and is paid to the administrator for hedging services.

Other fees

Maximum conversion and exchange fees The management company may apply a fee up to 2% when it considers that the shareholder has engaged in trading practices which adversely affect the interests of the other fund' shareholders or where it is otherwise appropriate to protect the interest of the SICAV and its shareholders. The fee is retained for the benefit of continuing shareholders of the relevant fund.

Other expenses

The following expenses are not part of the fees described above and are deducted directly from SICAV assets. The amounts of most of these expenses cannot be known in advance:

- brokerage fees and commissions, interest or taxes payable, 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
- banking fees
- duties, taxes, and incidental transaction costs associated with buying and selling fund assets
- interest on borrowing and bank charges incurred in negotiating borrowing securities lending fees
- litigation expenses
- any extraordinary expenses or other unforeseen charges
- portfolio hedging and other efficient portfolio management costs
- fees and expenses from investments in other funds
- any fees payable to the proxy voting adviser and any other agencies, firms, or other institutions the management company engages solely for the purpose of complying with laws and regulations
- the Luxembourg *taxe d'abonnement* and any other taxes or levies on the SICAV's assets or income; see page 122

All expenses that are paid from shareholder assets are reflected in NAV calculations, and the actual amounts paid are documented in the SICAV's annual reports.

Recurring expenses will be charged first against current income, then against realised capital gains, and lastly against capital.

Each fund and share class pays all costs it incurs directly and also pays its *pro rata* share (based on net asset value) of costs not attributable to a specific fund or share class. For each share class whose currency is different from the base currency of the fund, all costs associated with maintaining the separate share class currency (such as currency hedging and foreign exchange costs) will be charged solely to that share class to the extent practicable.

Ongoing expenses are calculated each business day for each fund and share class.

Professional Firms Serving the SICAV

The management company and various professional firms are engaged through service agreements that extend for an indefinite period. A holder of any of these service agreements can resign or be replaced by the board (upon 90 days' notice in case of the management company and the depositary). Regardless of the circumstances of termination, any professional firm must cooperate fully with a transition of its duties, consistent with its service agreement, its duties under law, and the instructions of the board.

The management company can appoint one or more investment managers to handle the day-to-day management of fund assets. The management company, investment managers (subject to the management company approval) and sub-investment managers (subject to the management company or investment manager approval) may appoint Morgan Stanley group entities for investment information, recommendations and research concerning investments.

Subject to the approval of the management company and the CSSF, an investment manager may in turn appoint one or more sub-investment managers. The names and addresses of the entities that currently have appointments as sub-investment managers appears below.

The management company must require any delegated entity to comply with the prospectus, articles, and other applicable provisions when servicing the SICAV.

The management company can also appoint various delegates, including distributors, to market and distribute fund shares in any jurisdiction where the shares are approved for sale. The duties of the distributors may include passing the subscription, redemption and conversion orders to the SICAV'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 investment managers, investment sub-managers, and all service providers and delegates engaged by the management company have agreements to serve for an indefinite period and must provide periodic reports relating to their services. The management company may terminate any of these agreements and/or appoint new entities in accordance with the terms of the relevant agreement.

Depositary

JP Morgan SE, Luxembourg Branch
6, route de Trèves
L-2633 Senningerberg, Luxembourg

The depositary provides such services as:

- providing safekeeping of the assets of the SICAV (custody of assets that can be held in custody and ownership verification and recordkeeping of other assets)
- oversight duties designed to ensure that the activities defined in the depositary bank and principal paying agent agreement are carried out in accordance with the board's instructions and, above all, with the 2010 Law and the articles; these activities include the calculation of NAV, the issue, redemption and cancellation of fund shares, and the receipt and allocation of income and revenues to each fund and share class, among others
- carrying out, or where applicable, causing any sub-custodian or other custodial delegate to carry out the instructions of the SICAV or the management company (unless they conflict with the applicable law or the articles)
- ensuring the in-time execution of transactions involving the assets of the SICAV
- cash flow monitoring
- ensuring that buying and selling requests are carried out within the usual time limits and in accordance with the applicable law and articles

The depositary acts independently from the SICAV and the management company and solely in the interest of the SICAV and its shareholders. It must use reasonable care in exercising its functions and is liable to the SICAV and shareholders for any losses that result from failing to properly perform its duties, as defined in the depositary and principal paying agent agreements. After

exercising all due skill, care and diligence as required by law, it may entrust assets to third-party financial institutions (such as banks or clearing houses) that have an adequate standard of protection, but this will not affect its liability except as permitted by the 2010 Law and the depositary principal paying agent agreement. Up-to-date information on sub-custodians is available at am.jpmorgan.com/gb/en/asset-management/per/funds/administrative-information/list-of-subcustodians/.

Where the law of a third country requires that certain investments be held in custody by a local entity but no local entities satisfy the delegation requirement, the depositary may nevertheless delegate to a local entity so long as the SICAV has informed investors and has given the depositary appropriate instructions.

The depositary is not allowed to carry out activities with regard to the SICAV that may create conflicts of interest between the SICAV, the shareholders, and the depositary itself (including its service providers), unless it has properly identified any such potential conflicts of interest, has functionally and hierarchically separated the performance of its depositary tasks from its other potentially conflicting tasks, and the potential conflicts of interest are properly identified, managed, monitored, and disclosed to the SICAV and its shareholders.

Up-to-date information on the identity of the depositary, a description of its duties and of conflicts of interests that may arise, a description of any delegated functions and any thereto related conflicts of interest may be obtained by the investors at the registered office of the SICAV upon request.

Administrator and principal paying agent

J.P. Morgan SE, Luxembourg Branch
6, route de Trèves
L-2633 Senningerberg, Luxembourg

The administrator handles the administrative work required by law and the articles, such as calculating NAVs, maintaining the accounting records of the SICAV, valuation and pricing as well as performing accounting services.

The principal paying agent executes all incoming and outgoing payments for the SICAV in connection with transactions in fund shares. It also arranges for additional paying agents to execute the payment of dividends, and arranges for the compensation and expense reimbursement of these paying agents.

Registrar and transfer agent

CACEIS Bank, Luxembourg branch

5, Allée Scheffer
L-2520 Luxembourg

The registrar and transfer agent provides such services as:

- performing the registrar services, such as the maintenance of books and records of the SICAV, as well as processing all subscriptions, redemptions, conversions, transfers of shares and dividend payments, and registering these transactions in the SICAV's register of shareholders
- perform the client communication services, such as disseminating distribution notices, contract notes, statements, announcements and proxies to shareholders

Investment manager and sub-investment managers

For the list of the funds with their respective investment managers, sub-investment managers and non-discretionary investment advisers, go to morganstanley.com/im, morganstanleyinvestmentfunds.com or consult the last annual or semi-annual report.

Investment manager

The investment manager is responsible for performing or supervising the day-to-day investment activities of the funds.

The investment manager is authorised to select agents, brokers and dealers through whom to execute transactions and provides the management company with reports in relation to such activities.

The investment manager may delegate any of its responsibilities to third-party or affiliated sub-investment managers, subject to approval by the management company and the CSSF, but the investment manager remains responsible for the performance of sub-investment managers.

Morgan Stanley Investment Management Limited
25 Cabot Square, Canary Wharf
London E14 4QA, UK

Sub-investment managers

The sub-investment managers perform the day-to-day investment activities of the funds, and are authorised to purchase and sell securities as agent of the investment manager, and select agents, brokers and dealers through whom to execute transactions.

The sub-investment managers may delegate any of their responsibilities to delegates when expressly authorised by the relevant agreement, subject to the investment manager and CSSF's approval. In such case, the investment manager remains responsible for the performance of such parties.

Subject to the investment manager or the management company's approval, a sub-investment manager may, at its own expense and without affecting its liability, select and rely upon affiliated Morgan Stanley group entities and any of the sub-investment managers for non-discretionary investment advice, research and associated expertise (the non-discretionary investment adviser). The investment sub-manager will at all times remain solely in charge of making investment decisions.

Atlanta Capital Management Company, L.L.C.
1075 Peachtree Street NE, Suite 2100
Atlanta, GA 30309, USA

Calvert Research and Management
2050 M Street NW
Washington, DC 20036, USA

Eaton Vance Advisers International Ltd.
125 Old Broad Street
London, EC2N 1AR, UK

Eaton Vance Management
One Post Office Square
Boston, MA 02109, USA

Morgan Stanley Investment Management Inc
1585 Broadway
New York, NY 10036, USA

Although Morgan Stanley Investment Management Inc. is registered with the US Commodity Futures Trading Commission (CFTC) as a commodity trading adviser, it provides commodity-related trading advice to the funds as if it were exempt from registration, based on an exemption under CFTC Rule 4.14(a)(8). No other Morgan Stanley Group entity that provides services to the funds is so registered or relies on the same exemption.

Morgan Stanley Investment Management Company

2 Central Boulevard
#22-01 West Tower
IOI Central Boulevard Towers
018916, Singapore

Morgan Stanley Asia Limited
Level 46, International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

Morgan Stanley Saudi Arabia
Al Rashid Tower, Floor 10
Al Ma'ather Street, PO Box 66633
Riyadh, 11586, Saudi Arabia

Morgan Stanley Investment Management (Australia) Pty Limited
Level 61, Governor Phillip Tower
1 Farrer Place
NSW 2000 Sydney, Australia

Mitsubishi UFJ Asset Management (UK) Limited
24 Lombard Street
EC3V 9AJ London, UK

Mitsubishi UFJ Asset Management Co., Ltd.
1-9-1 Higashi-Shinbashi, Minato-ku
Tokyo, Japan

Parametric Portfolio Associates, LLC
800 Fifth Avenue, Suite 2800
Seattle, WA 98104, USA

Parametric SAS
61, rue de Monceau
Paris 75008, France

Domiciliary agent

Morgan Stanley Investment Management (Ireland) Limited, Luxembourg branch

6B, route de Trèves
L-2633 Senningerberg, Luxembourg

The domiciliary agent maintains the SICAV's status as a Luxembourg-domiciled SICAV.

Lending agent

JP Morgan SE, Luxembourg Branch
6, route de Trèves
L-2633 Senningerberg, Luxembourg

The SICAV has entered into securities lending arrangements with the lending agent to participate in the securities lending programme operated by the lending agent, under normal commercial terms.

Securities lending counterparty

JP Morgan Chase Bank N.A.
383 Madison Avenue
New York, NY 10179, USA

The securities lending counterparty is the exclusive principal borrower and counterparty for securities lending transactions, and acts as securities lending principal of the funds.

Legal advisor

Arendt & Medernach S.A.
41A, avenue J.F. Kennedy
L-2082 Luxembourg

Auditor

Ernst & Young S.A.
35E, avenue J.F. Kennedy
L-1855 Luxembourg

The auditor provides independent review of the financial statements of the SICAV and all funds once a year.

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Additional Information for Irish Investors

Facilities agent

The SICAV and JP Morgan SE, Luxembourg Branch (the Depositary) have appointed JP Morgan Administration Services (Ireland) Limited as facilities agent of the SICAV in Ireland for the tasks listed a) and b) below in article 92 of the UCITS Directive, as amended by Directive 2019/1160, and it has agreed to provide such facilities at its offices at International Financial Services Centre, Dublin 1, Ireland. They can be contacted by email to Dublin.TAOperations@jpmorgan.com.

According to article 92 of the UCITS Directive, as amended by Directive 2019/1160, the facilities tasks are as follows:

- process subscription, repurchase and redemption orders and make other payments to shareholders relating to the shares of the SICAV, in accordance with the conditions set out in the prospectus and the KIDs
- provide investors with information on how orders referred to in point a. can be made and how repurchase and redemption proceeds are paid
- facilitate the handling of information and access to procedures and arrangements referred to in article 15 the UCITS Directive relating to the investors' exercise of their rights arising from their investment in the SICAV in the member state where the SICAV is marketed
- make the information and documents required pursuant to chapter IX of the UCITS Directive available to investors under the conditions laid down in article 94 of the UCITS Directive, for the purposes of inspection and obtaining copies thereof
- provide investors with information relevant to the tasks that the facilities agent (see page 143) performs in a durable medium
- act as a contact point for communicating with the competent authorities. Morgan Stanley Investment Funds, will provide the tasks listed under points c) to e) above in article 92 of the UCITS Directive, as amended by Directive 2019/1160, at its offices 6B, Route de Trèves, L-2633 Senningerberg, email cslux@morganstanley.com. The information stated can be found on: morganstanleyinvestmentfunds-website.publifund.com/en_IE. Arendt Regulatory & Consulting S.A. 41A Avenue J.F Kennedy, L-2082 Luxembourg, will act as the contact point for communicating with the competent authorities, according to point f) above of article 92 of the UCITS Directive, as amended by Directive 2019/1160. They can be contacted by email at morganstanley_distri@arendt.com.

Applications for shares and redemptions as well as for conversions may also be made to the transfer agent in Luxembourg at the address below:

CACEIS Bank, Luxembourg branch

5, Allée Scheffer
L-2520 Luxembourg
Grand Duchy of Luxembourg
Tel (352) 25 47 01 9511, *Fax* (352) 2460 9902

Publications

The NAV of each class of shares in respect of each dealing day is available at the registered office of the SICAV and at the office of Morgan Stanley Investment Management Limited.

Shareholders may view the NAV on the SICAV's website (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 SICAV

It is the intention of the board to conduct the affairs of the SICAV so that it is neither resident in Ireland for tax purposes nor carrying on a trade in Ireland through a branch or agency. Accordingly, the SICAV will not be subject to Irish corporation tax.

Irish investors

Taxation generally Shares in the SICAV 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.

Reporting of acquisition An Irish resident or ordinarily resident person acquiring shares in the SICAV 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 SICAV it must report details of the acquisition to the Irish Revenue Commissioners.

Income and capital gains An Irish resident corporate shareholder will be liable to corporation tax at 25% on income distributions received from the SICAV and on gains on disposal of shares in the SICAV, except where the corporate shareholder holds shares as part of its trading activities in which case the rate of corporation tax applicable will be that applicable to trading income. It should be noted that no indexation allowance is available in respect of the gain.

Where an Irish resident or ordinarily resident person who is not a company holds shares in the SICAV and receives an income distribution from the SICAV, that shareholder will be liable to Irish tax at 41% on the amount of such distribution.

Where an Irish resident or ordinarily resident person who is not a company disposes of a share 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 and reacquisition at market value for the purposes of Irish tax of shares held by an Irish resident or ordinarily resident investor on a rolling 8 year basis where the shares are acquired on or after 1 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% for individuals or 25% for a corporate shareholder on the increase in value of their shares at 8 year intervals commencing on 8th anniversary of the date of acquisition of the shares.

To the extent that any tax arises on such a deemed disposal such tax will be taken into account to ensure that any tax payable on the subsequent encashment, redemption, cancellation or transfer of the relevant shares does not exceed the tax that would have arisen had the deemed disposal not occurred.

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% (80% where details of the payments/disposal are not correctly included in the shareholder's annual tax return) on amounts received from the fund, or on the rolling 8 year deemed disposal.

Specific exemptions apply where the ability to select the property invested in has been clearly identified in the offshore fund's marketing and promotional literature and the investment is widely marketed to the public.

Withholding obligation on facilities agents

If any dividend is paid through an encashment agent established in Ireland, such an agent would be obliged to deduct tax (currently at the rate of 25%) from such dividend 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 or shares in the SICAV will not be subject to Irish stamp duty.

Gift and inheritance tax

A gift or inheritance of shares in the SICAV 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 on the gain arising on a deemed disposal 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 board have been advised that in the Republic of Ireland the exchange of shares in one fund for shares in another fund of an umbrella scheme should not constitute a disposal of such shares and will not give rise to a charge to tax.

Additional Information for Chilean Investors

All of the information provided by the SICAV for the purpose of registering the shares on the *Registro de Valores Extranjeros* (Chilean Foreign Securities Registry (or the FSR), maintained by the *Comisión para el Mercado Financiero* of Chile (Financial Markets Commission or the CMF) is available to the public at the offices below:

Santander Investment S.A. Corredores de Bolsa
Bandera 140, Piso 14
Santiago
Chile
Tel (56-2) 23663400, *Fax* (56-2) 26962097

Larraín Vial S.A. Corredora de Bolsa
El Bosque Norte 0177 Piso 3
Las Condes
Santiago
Chile
Tel (56-2) 2339-8617, *Fax* (56-2) 2332-0131

Valores Security S.A. Corredores de Bolsa
Apoquindo 3150, 7th Floor
Las Condes
Santiago
Chile
Tel (56-2) 2584-4601, *Facsimile* (56-2) 2584-4015

BICE Inversiones Corredores de Bolsa SA
Teatinos 280, Piso 5
Santiago
Chile
Tel (56-2) 2692-1850

Cruz del Sur Corredora de Bolsa S.A.
Magdalena 121
Las Condes
Santiago
Chile
Tel (56-2) 24618810

Credicorp Capital S.A. Corredores de Bolsa
Av. Apoquindo 3721 Piso 9
Las Condes
Santiago
Chile
Tel (56-2) 2450-1600

Corredores de Bolsa Sura S.A.
Apoquindo 4820
Floor 16
Las Condes
Santiago
Chile
Tel (56-2) 2915-2021

Seguros de Vida SURA SA
Apoquindo 4820
Las Condes
Santiago
Chile
Tel (56-2) 2915-2018

Taxation

In accordance with article 11 of the Chilean Income Tax Law (Decree-Law 824 of 1974 (the Income Tax Law), as modified by Law 21.210, which regulates the taxation of offerings to the public of foreign securities in Chile), shares of the SICAV 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.

Private placement sales restriction

CERTAIN SECURITIES INCLUDED IN THIS DOCUMENT ARE NOT REGISTERED IN THE FOREIGN SECURITIES REGISTER HELD BY THE CMF. ANY OFFER REGARDING SUCH SECURITIES WILL BE CONDUCTED SUBJECT TO GENERAL RULE N°336 OF THE CMF, BEGINNING AT THE DATE OF THIS PROSPECTUS.

THESE SECURITIES ARE NOT SUBJECT TO THE SUPERVISION OF THE CMF.

BECAUSE THESE SECURITIES ARE NOT REGISTERED, THERE IS NO OBLIGATION TO THE ISSUER TO PROVIDE PUBLIC INFORMATION ON THEM, IN CHILE.

THESE SECURITIES CANNOT BE SUBJECT OF PUBLIC OFFERING AS LONG AS THEY ARE NOT REGISTERED IN THE FOREIGNS SECURITIES REGISTER.

Additional Information for Taiwanese Investors

Any fund registered for sale with the Taiwan Financial Supervisory Commission (the FSC) will be subject to the following restrictions:

- unless otherwise approved or announced for exemption by 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
- such fund may not invest in gold, direct commodities or direct real estate
- such fund is not permitted to invest in Mainland China securities other than securities listed on exchanges in Mainland China and bonds traded in the Chinese Interbank Bond Market and the percentage of the fund's holdings in such securities listed on exchanges in Mainland China and bonds traded in the Chinese Interbank Bond Market may not, at any time, exceed a certain percentage limit as stipulated by the FSC from time to time
- the total investment in such fund by domestic investors in Taiwan may not, at any time, exceed a certain percentage limit as stipulated by the FSC from time to time
- the investment amount of such fund in the securities market of Taiwan may not, at any time, exceed a certain percentage limit as stipulated by the FSC from time to time
- the securities market of Taiwan may not constitute a major investment region in the portfolio of any fund

Additional Information for Peruvian Investors

The shares have not been registered before the *Superintendencia del Mercado de Valores* (the SMV) and are being placed by means of a private offer subject to the laws of the Grand Duchy of Luxembourg. SMV has not reviewed the information provided to the investor. This prospectus is only for the exclusive use of institutional investors in Peru and is not for public distribution.

Taxation

In accordance with article 6 and 7 of the Peruvian Income Tax Law, Peruvian resident individuals are subject to income tax for their Peruvian and foreign source income. Consequently: (i) dividends and other payments derived from the shares, and (ii) capital gains upon sale, disposal or redemption of the shares by a Peruvian resident individual will qualify as foreign source income and, thus, subject to income tax. Foreign source income is added to labor income obtained in each fiscal year and subject to taxation at the ordinary progressive rate of 8%, 14%, 17%, 20% and 30%.

However, in the event of a sale of the shares through the Lima Stock Exchange (*Bolsa de Valores de Lima – BVL*), through the Chilean Stock Exchange (*Bolsa de Comercio de Santiago*), Colombian Stock Exchange (*Bolsa de Valores de Colombia*) or through the Mexican Stock Exchanges (*Bolsa Mexicana de Valores*), the resulting capital gain would be subject to a reduced tax rate of 6.25%.

For Peruvian tax purposes, the capital gain is calculated by deducting the corresponding cost basis from the transfer value.

Any deposit made in a Peruvian bank account is subject to a Financial Transactions Tax (FTT)[1] with a rate of 0.005%, applicable to the amount of such deposit. However, FTT may be deducted as an ordinary expense in order to calculate the labour and foreign source income tax.

The income tax on foreign source income is calculated on an annual basis and must be reported to the Peruvian Tax Authority by filing the Annual Income Tax Return, during the chronogram approved by SUNAT at the end of the fiscal year.

In accordance with article 51 of the Peruvian Income Tax Law, capital losses obtained by a Peruvian resident individual may be offset against other foreign source income, except the ones that are obtained in jurisdictions with low or no taxation or non-cooperative jurisdictions (tax havens) which are not deductible in order to determine the net foreign source income[2, 3, 4].

However, as from January 1, 2019, all jurisdictions which are members of the OECD, such as Luxembourg, are not being considered as Tax Havens for Peruvian tax purposes. Hence, foreign source losses cannot be offset against Peruvian source income or carried forward.

Peruvian resident individuals who hold shares indirectly, through a foreign controlled entity, should consult their counsels and pose their queries with respect to the applicable tax matters regarding the International Tax Transparency Regime regulated under the Peruvian Income Tax Law.

By the other hand, investors who are not domiciled in Peru will not be subject to tax in Peru.

Peruvian resident entities are subject to taxation at the general rate of 29.5% over the net income obtained in each taxable year. Such rate applies over foreign sourced dividends and capital gains. Certain investors are subject to permanent tax exemptions, such as Peruvian Pension Funds and Life Insurance Companies.

[1] *The FTT is generally imposed on debits and credits in Peruvian bank accounts*

[2] *The following countries or jurisdictions are included in Peru's black list: Andorra, Anguilla, Antigua and Barbuda, Aruba, Bahamas, Bahrain, Barbados, Belize, Bermuda, British Virgin Islands, Cayman Islands, Cook Islands, Curaçao, Cyprus, Dominica, Grenada, Gibraltar, Guam, Guernsey, Hong Kong, Isle of Man, Jersey, Labuan, Liberia, Liechtenstein, Maldives, Marshall Islands, Monaco, Montserrat, Nauru, Niue, Panama, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, Samoan Americans, Seychelles, Sint Maarten, Tonga, Trinidad and Tobago, Turks and Caicos Islands, Vanuatu and the Virgin Islands of the United States.*

[3] *A jurisdiction is a preferential tax regime if certain requirements are met.*

[4] *A country or jurisdiction may be excluded from the list if one of the following requirements is met:*
- the country is a member of the OECD
- there is a double tax treaty in force with Peru that includes a clause for the exchange of information
- the country effectively exchanges information with Peru without limitation based on domestic legislation or administrative practice

Information for Asian-Pacific and Middle Eastern Investors

This section provides you with important information about the SICAV and its funds in respect of those jurisdictions set out below. This section refers to and should, where appropriate (taking into account the important information below), be read in conjunction with the contents of the most up-to-date prospectus and/or, as applicable, any jurisdiction specific supplement and/or prospectus. This section by itself does not constitute a solicitation, recommendation or offer to buy or sell any shares in any funds and any description of the SICAV, the funds or shares are not intended to be complete and are qualified in their entirety by the prospectus, subscription documents and all and any other constituent documents of the SICAV and/or the applicable fund. If you are in any doubt about the contents of this section and/or anything referred to in this section then you should consult your financial adviser, bank, stockbroker or other relevant financial intermediary qualified to provide such information and advice.

Australia

The prospectus is not a prospectus or product disclosure statement under the Corporations Act 2001 (Cth) (Corporations Act) and does not constitute a recommendation to acquire, an invitation to apply for, an offer to apply for or buy, an offer to arrange the issue or sale of, or an offer for issue or sale of, any securities in Australia, except as set out below. The SICAV has not authorised nor taken any action to prepare or lodge with the Australian Securities & Investments Commission an Australian law compliant prospectus or product disclosure statement.

The prospectus may not be issued or distributed in Australia and the shares in the funds may not be offered, issued, sold or distributed in Australia by the fund manager, or any other person, under the prospectus, other than by way of or pursuant to an offer or invitation that does not need disclosure to investors under Part 6D.2 or Part 7 of the Corporations Act, whether by reason of the investor being a wholesale client (as defined in section 761G of the Corporations Act and applicable regulations) or otherwise.

The prospectus does not constitute or involve a recommendation to acquire, an offer or invitation for issue or sale, an offer or invitation to arrange the issue or sale, or an issue or sale, of shares to a retail client (as defined in Section 761G of the Corporations Act and applicable regulations) in Australia.

Brunei

The SICAV does not have a capital market service licence under the Securities Market Order 2013 to provide investment advice to clients, or to undertake any investment business, in Brunei. By requesting or accepting financial services or financial product information from the SICAV, you agree, represent and warrant that you are engaging our services or in receipt of information wholly outside the jurisdiction of Brunei and, as applicable, subject to the foreign laws of the contract governing the terms of our engagement.

The prospectus does not constitute an offer or an advertisement within the meaning of the Securities Market Order 2013 and shall not be distributed or circulated to any person in Brunei, except to a specific and selected class of investors only who are an accredited investor, an expert investor or an institutional investor as defined in the Securities Market Order, 2013 at their request so that they may consider an investment and subscription in the funds. This prospectus is not issued to the public or section of the public in Brunei.

The Autoriti Monetari Brunei Darussalam (the Authority) is not responsible for reviewing or verifying any prospectus or other documents in connection with this collective investment scheme. The Authority has not approved the prospectus or any other associated documents nor taken any steps to verify the information set out in the prospectus and has no responsibility for it.

People's Republic of China

Neither the prospectus nor this section constitute a public offer of the funds, whether by sale or subscription, in the People's Republic of China (excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan) (the PRC). Shares in the funds are not being offered or sold directly or indirectly in the PRC to or for the benefit of, legal or natural persons in the PRC.

Further, no legal or natural persons in the PRC may directly or indirectly purchase any shares in the funds or any beneficial interest therein without obtaining all prior PRC governmental approvals that are required, whether statutorily or otherwise. Potential investors who are PRC nationals are responsible for obtaining the required approvals from all relevant government authorities in the PRC before purchasing the shares.

Neither the prospectus nor this section constitute any securities or investment advice in the PRC, if provided to citizens of the PRC in the PRC, or nationals in the PRC with permanent residence in the PRC, or to any corporation, partnership, or other entity incorporated or established in the PRC.

Persons who come into possession of the prospectus are required by the issuer and its representatives to observe these restrictions.

Hong Kong

WARNING FOR HONG KONG INVESTORS

The contents of the attached fund offering document relating to the funds (as defined below) have not been reviewed by any regulatory authority in Hong Kong. The same applies to the websites referenced in the prospectus.

You are advised to exercise caution in relation to the offer of unauthorised funds. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

The contents of this document relating to unauthorised funds have not been delivered for registration to the Registrar of Companies in Hong Kong and have not been reviewed by any regulatory authority in Hong Kong. Accordingly: (i) the shares of the unauthorised funds may not be offered or sold in Hong Kong by means of any document other than to persons who are professional investors within the meaning of the Securities and Futures Ordinance (cap. 571) of Hong Kong and the Securities and Futures (Professional Investor) Rules made thereunder or in other circumstances which do not result in the document being a prospectus within the meaning of the Companies Ordinance (cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of the Companies Ordinance; and (ii) no person may issue any invitation, advertisement or other document relating to the shares of the unauthorised funds whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the shares of the unauthorised funds which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors within the meaning of the Securities and Futures Ordinance and the Securities and Futures (Professional Investor) Rules made thereunder.

India

The shares to which the prospectus relates are not being offered to the Indian public for sale or subscription. The shares are not registered and/or approved by the securities and exchange board of India, the reserve bank of India or any other governmental/ regulatory authority in India. The prospectus is not and should not be deemed to be a prospectus as defined under the provisions of the companies act, 2013 (18 of 2013) and the same shall not be filed with any regulatory authority in India.

Morgan Stanley does not guarantee or promise to return all or any portion of the money invested towards the shares by an investor and an investment in the shares is subject to applicable risks associated with an investment in the shares and shall not constitute a deposit within the meaning of the banning of unregulated deposits schemes act, 2019.

Pursuant to the foreign exchange management act, 1999 and the regulations issued there under, any investor resident in India may be required to obtain prior special permission of the reserve bank of India before making investments outside of India, including any investment in the funds.

Morgan Stanley has neither obtained any approval from the reserve bank of India, the securities and exchange board of India or any other regulatory authority in India nor does it intend to do so.

Indonesia

The offering contained in the prospectus does not constitute a public offering in Indonesia under Capital Markets Law No. 8 Year 1995. The prospectus may not be distributed to the general public in Indonesia and the securities may not be offered or sold, directly or indirectly, in Indonesia or to Indonesian citizens wherever they are domiciled, or to Indonesian residents, in a manner which constitutes a public offering under the laws and regulations of Indonesia.

Malaysia

No action has been, or will be, taken to comply with Malaysian laws for making available, offering for subscription or purchase, or issuing any invitation to subscribe for or purchase or sale of the shares of the funds in Malaysia or to persons in Malaysia as the shares are not intended by the issuer to be made available, or made the subject of any offer or invitation to subscribe or purchase, by persons in Malaysia. Neither the prospectus nor any document or other material in connection with the shares should be distributed, caused to be distributed or circulated to persons in Malaysia. No person should make available or make any invitation or offer or invitation to sell or purchase the shares to persons in Malaysia.

New Zealand

The prospectus is not a product disclosure statement for the purposes of the Financial Markets Conduct Act 2013 (the FMCA) and does not contain all the information typically included in such offering documentation.

An offer of shares in the funds does not constitute a regulated offer for the purposes of the FMCA and, accordingly, there is neither a product disclosure statement nor a register entry available in respect of the offer. Shares in the funds may only be offered in New Zealand in accordance with the FMCA and the Financial Markets Conduct Regulations 2014.

Accordingly, the funds have not been, and may not be, offered, issued or sold to any person in New Zealand other than:

1. to persons who are wholesale investors within the meaning of clause 3(2)(a), (c) or (d) of schedule 1 of the FMCA, being persons who fall within one or more of the following categories of wholesale investor
   - a person that is an investment business within the meaning of clause 37 of schedule 1 of the FMCA
   - a person that is large within the meaning of clause 39 of schedule 1 of the FMCA
   - a person that is a government agency within the meaning of clause 40 of schedule 1 of the FMCA
2. in other circumstances where there is no contravention of the FMCA

Philippines

Under Republic Act No. 8799, known as the Securities Regulation Code of the Philippines (the Code), and its implementing rules, securities, such as the funds, are not permitted to be sold or offered for sale or distribution within the Philippines unless such securities are approved for registration by the Securities and Exchange Commission of the Philippines (SEC) or are otherwise exempt securities or sold pursuant to an exempt transaction.

To the extent that the Code and its implementing rules apply to the offer and sale of the funds (but without prejudice to the last paragraph of this section), the offer and sale are or will be made to qualified buyers as such term is defined Section 10.1(l) of the Code, its implementing rules and other applicable regulations of the SEC. Hence, such offer and sale of funds qualify as a transaction exempt from the securities registration requirement pursuant to Section 10.1(l) of the Code. A confirmation of exemption from the SEC that the offer and sale of the funds in the Philippines qualify as an exempt transaction under the Code will not be obtained.

THE SECURITIES BEING OFFERED OR SOLD HEREIN HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES REGULATION CODE OF THE PHILIPPINES. ANY OFFER OR SALE THEREOF IS SUBJECT TO REGISTRATION REQUIREMENTS UNDER THE CODE UNLESS SUCH OFFER OR SALE QUALIFIES AS AN EXEMPT TRANSACTION.

By purchase of the funds, the investor will be deemed to acknowledge that the issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase of such fund was made outside the Philippines.

Republic of Korea

Some of the funds are registered for sale to the public in the Republic of Korea. Prospective investors resident in the Republic of Korea should refer to the "Prospectus for Korean Investors" available through Korean licensed financial institutions.

Singapore

The funds are not authorised under section 286 of the Securities and Futures Act, chapter 289 of Singapore (the SFA) or recognised under section 287 of the SFA by the Monetary Authority of Singapore but some of the funds may be notified as restricted schemes under section 305 of the SFA and marketed to prospective investors in Singapore, subject to certain conditions. Prospective investors resident in Singapore should refer to the separate Information Memorandum for Investors in Singapore (the Information Memorandum) together with the prospectus, which are available through your financial intermediary. The Information Memorandum contains a current list of the funds that are notified as restricted schemes under section 305 of the SFA.

The remainder of the funds which are not listed in the Information Memorandum have not been notified as restricted schemes under section 305 of the SFA, are not registered for marketing purposes in Singapore and accordingly, the prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares of such funds may not be circulated or distributed, nor may such shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore.

Taiwan

Some of the funds are registered for sale to the public in Taiwan. Prospective investors resident in Taiwan should refer to the "Prospectus for Taiwanese Investors" available through Taiwanese licensed financial institutions.

There are other funds that have been approved by CSSF but which are not currently registered for sale to the public in Taiwan. In respect of these funds, taiwanese residents should refer to the disclaimer below:

The shares may be made available:

- to Taiwan resident investors outside Taiwan for purchase by such investors outside Taiwan
- to the offshore banking units (as defined in the Republic of China statute for offshore banking operations) of Taiwan banks, the offshore securities units (as defined in the Republic of China statute for offshore banking operations) of Taiwan securities firms or the offshore insurance units (as defined in the Republic of China statute for offshore banking operations) of Taiwan insurance companies purchasing the shares either for their proprietary account or for the accounts of their non-Taiwan clients
- to all Taiwan resident investors through licensed financial institutions after registration of the relevant fund pursuant to the Republic of China Rules Governing Offshore funds

Each subscriber or purchaser of the shares must seek professional advice as to whether he/she/it is qualified to subscribe to or purchase the shares. Purchasers/subscribers may be restricted or prohibited from re-selling the shares.

Thailand

The funds have not been granted permission by the Securities and Exchange Commission (SEC) of Thailand to be publicly offered in Thailand. No interests in the funds may be advertised or offered for sale to the public in Thailand or marketed through any means of communication to the general public in Thailand.

All the funds' materials have been prepared strictly for informational purposes only and the contents of these documents have not been reviewed by the SEC. The contents contained in these materials should not be construed as a public offer of the funds in Thailand.

The prospectus and this document are distributed on a confidential basis to the person to whom it is addressed. The prospectus may not be reproduced in any form or transmitted to any person other than the person to whom it is addressed. Transmission of this document to the general public in Thailand shall not constitute solicitation in Thailand by Morgan Stanley or any other Morgan Stanley entity or any of its or their representatives or agents to invest in the funds.

United Arab Emirates

For United Arab Emirates (excluding Dubai International Financial Centre and Abu Dhabi Global Market) residents only

The prospectus does not constitute, and is not intended to constitute, a public offer of securities in the United Arab Emirates (UAE) and accordingly should not be construed as such. Unless neither the provisions of the SCA Board of Directors' Chairman Decision No. 9/R.M of 2016 (concerning the regulations on mutual funds) nor the SCA Board of Directors' Chairman Decision No. 3/R.M of 2017 (concerning the marketing, distribution, advertisement, publication or provision of any data, information or advertising materials relating to a financial product in any way or by any means) do not apply, shares in the funds are only being offered to a limited number of exempt investors in the UAE who fall under one of the following categories of qualified investors:

1. an investor which is able to manage its investments on its own (unless such person does not wish to be classified as a qualified investor), namely:
   a. the federal government, local governments and governmental entities, institutions and authorities, or companies wholly-owned by any such entities
   b. foreign governments, their respective entities, institutions and authorities or companies wholly owned by any such entities
   c. international entities and organisations
   d. entities licensed by the Securities and Commodities Authority (the SCA) or a counterpart authority (i.e. a regulatory authority that is an ordinary or associate member of the International Organisation of Securities Commissions)
   e. any legal person that meets, as at the date of its most recent financial statements, at least two of the following conditions:
      – it has a total assets or balance sheet of AED 75 million
      – it has a net annual turnover of AED 150 million
      – it has total equity or paid-up capital of AED 7 million

2. any natural person licensed by the SCA or a counterpart authority to carry out any of the functions related to financial activities or services, (each a qualified investor)

Shares in the funds have not been approved by or licensed or registered with the UAE Central Bank, the SCA, the Dubai Financial Services Authority, the Financial Services Regulatory Authority or any other relevant licensing authorities or governmental agencies in the UAE (the Authorities). The Authorities assume no liability for any investment that the named addressee makes as a qualified investor. The prospectus is for the use of the named addressee only and should not be given or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof).

The prospectus does not constitute, and is not intended to constitute, a public offer of securities in the United Arab Emirates (UAE) and accordingly should not be construed as such. Unless neither the provisions of the SCA Board of Directors' Chairman Decision No. 9/R.M of 2016 (concerning the regulations on mutual funds) nor the SCA Board of Directors' Chairman Decision No. 3/R.M of 2017 (concerning the marketing, distribution, advertisement, publication or provision of any data, information or advertising materials relating to a financial product in any way or by any means) do not apply, shares in the funds are only being offered to a limited number of investors in the UAE who (a) are willing and able to conduct an independent investigation of the risks involved in an investment in such shares, and (b) upon their specific request. shares in the funds have not been approved by or licensed or registered with the UAE Central Bank, the Securities and Commodities Authority or any other relevant licensing authorities or governmental agencies in the UAE.

The prospectus is for the use of the named addressee only, who has specifically requested it without a promotion effected by Morgan Stanley, any other Morgan Stanley entity, their promoters or the distributors of their shares, and should not be given or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof). No transaction will be concluded in the UAE and any enquiries regarding the shares should be made to your financial intermediary.

Facilities Agents and Services

According to article 92 of the UCITS Directive, the facilities tasks are as follows:

a. process subscription, repurchase and redemption orders and make other payments to shareholders relating to the shares of the SICAV, in accordance with the conditions set out in the prospectus and the KIDs
b. provide investors with information on how orders referred to in point a. can be made and how repurchase and redemption proceeds are paid
c. facilitate the handling of information and access to procedures and arrangements referred to in article 15 of the UCITS Directive relating to the investors' exercise of their rights arising from their investment in the SICAV in the member state where the SICAV is marketed
d. make the information and documents required pursuant to chapter IX of the UCITS Directive available to investors under the conditions laid down in article 94 of the UCITS Directive, for the purposes of inspection and obtaining copies thereof
e. provide investors with information relevant to the tasks that the facilities agent performs in a durable medium
f. act as a contact point for communicating with the competent authorities

The SICAV has appointed the facilities agents for the tasks listed a) and b) above in article 92 of the UCITS Directive, and it has agreed to provide such facilities at its offices set out below:

BEST – Banco Electronico De Servico Total S.A.
Praça Marquês de Pombal, 3A, 3
1250-096 Lisbon
Portugal
Email bestdi.oferta@bancobest.pt

CACEIS Bank SA
89-91 rue Gabriel Peri
92120 Montrouge
France
Email BK-OPCVM-IVS@caceis.com

JP Morgan SE, Luxembourg Branch
European Bank and Business Centre, 6 route de Trèves
L-2633 Senningerberg
Grand Duchy of Luxembourg
Email luxpayingagency@jpmorgan.com

MFEX Mutual Funds Exchange AB
Box 5378, Grev Turegatan 19
SE-10249 Stockholm
Sweden
Email fundinformation@mfex.com

Allfunds Bank S.A.U. - (Italian branch)
Via Bocchetto, 6
20121 Milano
Italy
Email(s) fundgroupsitaly@allfunds.com and milan_ta_customer_services@allfunds.it

Allianz Bank Financial Advisors SpA
Piazza Tre Torri, 3
320145 Milano
Italy
Email correspondentbank@allianzbank.it

Banca Sella Holding SPA
Piazza Gaudenzio Sella 1
13900 Biella BI
Italy
Email fondiesteri@sella.it

CACEIS Bank, Italy Branch
Piazza Cavour, 2
20121 Milano
Italy
Email milan.lpa.customer@caceis.com

Monte Dei Paschi di Siena SpA
Piazza Salimbeni, 3
53100 Siena
Functions carried out in Via Verri, 14, 46100 Mantova
Italy
Email operation.bancacorrispondente@mps.it

Société Générale Securities Services S.p.A.
Via Benigno Crespi, 19/A - MAC 2
20159 Milano
Functions carried out in Via Nizza, 162 - Lingotto 10126 Torino
Italy
Email SGSS.TAOICESTERI@socgen.com

State Street Bank International GmbH (Italian Branch)
Via Ferrante Aporti 10
20125 Milano
Italy
Email LPA_SSBITALY_TA@statestreet.com

Spain CACEIS Bank, Luxembourg Branch
5, Allée Scheffer
L-2520 Luxembourg
Grand Duchy of Luxembourg
Email csmorganstanley@caceis.com

In coordination with every distributor registered in Spain that can act as a paying agent for the company (a list of them is available on cnmv.es).

The SICAV will provide the tasks listed under points c) to e) above in article 92 of the UCITS Directive, at its registered office 6B, Route de Trèves, L-2633 Senningerberg, email at cslux@morganstanley.com.

The countries that do not have a facilities agent appointed are listed below:

- Austria
- Belgium
- Czech Republic
- Denmark
- Estonia
- Finland
- Greece
- Iceland
- Ireland
- Latvia
- Liechtenstein
- Lithuania
- Norway
- Romania
- Slovakia
- The Netherlands

CACEIS Bank, Luxembourg branch, 5, allée Schaeffer L-2520 Luxembourg, Grand Duchy of Luxembourg, tel (352) 2605 9782, Fax (352) 2460 9902, email at csmorganstanley@rbc.com, will provide the tasks listed under point a) above.

For tasks listed under points b) to e) above, please contact **Morgan Stanley Client Services** at CSLux@morganstanley.com.

Arendt Regulatory & Consulting S.A. 41A Avenue J.F Kennedy, L-2082 Luxembourg, Grand Duchy of Luxembourg will act as the contact point for communicating with the competent authorities, according to point f) above of article 92 of the UCITS Directive. Email at morganstanley_distri@arendt.com.

This section is available in the official language of your local jurisdiction at morganstanleyinvestmentfunds.com. The Luxembourg webpage provides this section in additional languages of other EU regions.

Sustainability Annexes

Equity Funds

American Resilience Fund
Asia Equity Fund
Asia Opportunity Fund
Calvert Global Equity Fund
Calvert Sustainable Developed Europe Equity Select Fund[1]
Calvert Sustainable Developed Markets Equity Select Fund[2]
Calvert Sustainable Emerging Markets Equity Select Fund[3]
Calvert US Equity Fund
Developing Opportunity Fund
Emerging Leaders Equity Fund
Europe Opportunity Fund
Global Brands Equity Income Fund
Global Brands Fund
Global Brands Horizon 2029 Fund
Global Core Equity Fund[4]
Global Endurance Fund
Global Insight Fund
Global Opportunity Fund
Global Opportunity Horizon 2030 Fund
Global Permanence Fund
Global Quality Fund
Global Quality Select Fund
Global Stars Fund
Japanese Equity Fund
Japanese Small-Mid Cap Equity Fund
NextGen Emerging Markets Fund
QuantActive Global Infrastructure Fund
Sustainable Emerging Markets Equity Fund
Tailwinds Fund
US Advantage Fund
US Core Equity Fund[5]
US Growth Fund
US Insight Fund
US Permanence Fund
US Value Fund
Vitality Fund

Bond Funds

Calvert Global Green Bond Fund
Calvert Global High Yield Bond Fund
Emerging Markets Corporate Debt Fund
Emerging Markets Debt Fund
Emerging Markets Debt Opportunities Fund
Emerging Markets Local Income Fund
Euro Bond Fund
Euro Corporate Bond – Duration Hedged Fund
Euro Corporate Bond Fund
Euro Strategic Bond Fund
European Fixed Income Opportunities Fund
European High Yield Bond Fund
Floating Rate ABS Fund
Global Asset Backed Securities Focused Fund
Global Asset Backed Securities Fund
Global Bond Fund
Global Convertible Bond Fund
Global Credit Fund
Global Fixed Income Opportunities Fund
Global High Yield Bond Fund
Short Maturity Euro Bond Fund
Strategic Income Fund
US Dollar Corporate Bond Fund
US Dollar Short Duration Bond Fund
US Dollar Short Duration High Yield Bond Fund
US High Yield Bond Fund
US High Yield Middle Market Bond Fund

Asset Allocation Funds

Global Balanced Defensive Fund
Global Multi Asset Strategist Fund
Global Balanced Income Fund

1 *Renamed Calvert Developed Europe Equity Select Fund from 28 September 2026.*
2 *Renamed Calvert Developed Markets Equity Select Fund from 28 September 2026.*
3 *Renamed Calvert Emerging Markets Equity Select Fund from 28 September 2026.*
4 *Effective from 28 September 2026.*
5 *Effective from 28 September 2026.*

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name:	**Legal entity identifier:**
American Resilience Fund	5493007IAYGIHAZG5H09

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10 % of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

What environmental and/or social characteristics are promoted by this financial product?

The fund promotes the environmental characteristic of climate change mitigation by excluding investments in: (i) companies involved in certain fossil fuel related activities; and (ii) companies in certain energy intensive sectors. For the avoidance of any doubt, the fund does not seek to make investments that contribute to climate change mitigation within the meaning of the EU Taxonomy.

In addition, the fund considers social characteristics by excluding investment in companies that have any tie to controversial weapons.[1]

In addition, the fund commits to invest a proportion of its assets in companies classified as sustainable investments through an assessment comprising three tests (as per SFDR).

The fund has not designated a reference benchmark for the purpose of attaining its environmental or social characteristics.

Further details on the binding exclusions applied by the fund may be found under section "*What investment strategy does this financial product follow?*".

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

1. Environmental characteristics

Compliance with the environmental exclusionary screens is measured by the exclusionary criteria and the percentage of the fund's investments which breach the exclusionary screens.

2. Social characteristics

Compliance with the social exclusionary screen is measured by the exclusionary criteria and the percentage of the fund's investments which breach the exclusionary screen.

3. Sustainable investments

Compliance with the sustainable investment commitment is measured by the percentage of the fund's investments which are classified as sustainable investments and the attainment of the fund's minimum commitment.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

As noted above, the fund commits to invest a proportion of its assets in companies classified as sustainable investments through an assessment comprising three tests (as per SFDR).

The positive contribution to an environmental or social objective test applied by the investment manager seeks to ensure that companies classified as sustainable investments are classified based on their net positive alignment with the UN SDGs. This is primarily determined using net alignment scores obtained from third-party data providers.
The UN SDGs include environmental (e.g. SDG 13: Climate Action) and social (e.g. SDG 3: Good Health and Well-Being) objectives. The third-party data providers' net alignment scores indicate whether companies in the

[1] Until 27 September 2026, the fund will exclude companies whose core business activity involves weapons or civilian firearms.

providers' coverage universe have a net positive alignment with each of the UN SDGs through their products and services (e.g. a healthcare company's essential medical products may be positively aligned with SDG 3: Good Health and Well-Being) and/or their operational alignment (e.g. a company with a robust carbon reduction plan may be positively aligned with SDG 13: Climate Action). More information on the UN SDGs can be found at: https://www.undp.org/sustainable-development-goals. The investment manager recognises that the UN SDGs were written by Governments for Governments and therefore data that seeks to align corporate actions to the SDGs will not be perfectly representative.

In the first instance, the investment manager classifies a company as having a positive contribution to an environmental or social objective as simultaneously meeting three criteria using the third-party data: 1) having a net positive aggregate alignment score across all the SDGs; 2) having sufficient net positive alignment with at least one individual SDG; and 3) not having a material net mis-alignment with any of the SDGs.

In limited cases, and where it is satisfied that it is appropriate to do so based on its internal research, engagement with the company and/or other data sources, the investment manager may treat a company as failing or passing its positive contribution test, contrary to the position indicated by the third-party SDG net alignment scores. The investment manager may do this when, for example, it considers the third-party SDG net alignment data to be out of date or incorrect.

- ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

The do no significant harm ("DNSH") test applied by the investment manager seeks to ensure that companies classified as sustainable investments do not cause significant harm to any of the mandatory, SFDR-defined principal adverse impact ("PAI") indicators. This is primarily determined using data obtained from third-party providers.

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

In the first instance, the fund uses data from third-party providers to assess the mandatory PAI indicators. The fund may use reasonable proxies for those PAIs for which the investment manager considers that the data is not widely or reliably available (currently these are the 'Unadjusted gender pay gap', 'Activities negatively affecting biodiversity sensitive areas' and 'Emissions to water' PAI indicators). These proxies will be kept under review and will be replaced by data from third-party providers when the investment manager determines that sufficiently reliable data has become available.

To determine whether significant harm is caused, initial thresholds for each mandatory PAI indicator are generally set in one of the following ways:

- For binary indicators (e.g. 'Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises'), a binary pass/fail test is applied;

- For indicators based on quantifiable numerical data (e.g. 'GHG intensity of investee companies'), the initial threshold set by the investment manager is based on either:
    - A relative level where the worst performers within the broader investable universe (which is limited to issuers for which data is available, subject to the exceptions noted below), are deemed to fail the initial test; or
    - An absolute level where companies which perform above/below a defined level (as appropriate) are deemed to fail the initial test.

For each mandatory PAI indicator, where data is not available, a company is deemed to fail the initial test and cannot be classified as a sustainable investment. However, in cases where the third-party data provider

determines that a particular PAI indicator is not meaningful given the nature or the industry of the company, and therefore does not provide data on that PAI indicator, the company is deemed to pass the initial test on the basis that the company's activities are unlikely to be causing significant harm to the environmental or social theme covered by that PAI indicator. The investment manager will keep the third-party data providers' 'not meaningful' assessment under periodic review.

In limited cases, and where it is satisfied that it is appropriate to do so based on its internal research, engagement with the company and/or other data sources, the investment manager may treat a company as failing or passing its DNSH test, contrary to the position indicated by the third-party data. The investment manager may do this when, for example, it considers the third-party data to be out of date or incorrect, or where the investment manager considers that a company is taking appropriate and credible remedial actions to rectify its failings on a PAI, subject to the investment manager's ongoing review and tracking of the company's remedial actions.

As part of its long-term investment approach, the investment manager seeks to engage with companies to encourage them towards better ESG practices and to minimise or mitigate the principal adverse impacts of their activities on a materiality basis (i.e. if the investment manager considers a particular PAI indicator to be potentially financially material to the long-term sustainability of high returns on capital).

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

As part of the investment manager's DNSH test, companies will not be classified as sustainable investments if they fail to comply with the themes and values promoted by the OECD Guidelines for Multinational Enterprises or the UN Global Compact, or if they lack processes and compliance mechanisms to monitor compliance with the themes and values promoted by these global norms.

As noted above, the assessment is based on information obtained from third-party data providers or, where the investment manager considers it appropriate, internal research, engagement with the company and/or other data sources.

The investment manager uses the OECD Guidelines for Multinational Enterprises and the UN Global Compact as reasonable proxies.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The mandatory PAI indicators in the SFDR rules are considered by the investment manager (in the manner set out above) for the purposes of classifying some of the fund's investments as sustainable investments.

In addition, the environmental and social characteristics promoted by the fund incorporate consideration of the following PAIs through binding exclusions:

- PAI indicator 4: exposure to companies active in the fossil fuel sector;
- PAI indicator 14: exposure to controversial weapons;

As noted above, as part of its long-term investment approach, the investment manager seeks to engage with companies to encourage them towards better ESG practices and to minimise or mitigate the principal adverse impacts of their activities on a materiality basis (i.e. if the investment manager considers a particular PAI indicator to be potentially financially material to the long-term sustainability of high returns on capital).

The fund will make information available on how it has incorporated the PAIs in its periodic report to investors



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The fund will seek to achieve its investment objective by investing primarily (at least 70% of total net assets) in equity securities, including depositary receipts (including American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs)) of companies located in the US.

The fund may also invest, on an ancillary basis (up to 30% of total net assets), 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.

The investment manager seeks to invest in a concentrated portfolio of high quality companies that can generate sustainably high returns on operating capital by identifying companies with strong franchises typically underpinned by hard to replicate intangible assets (including brands, networks, licences and patents) and pricing power, resulting in high gross margins. The investment manager also seeks to identify capable management teams able to allocate capital effectively to grow the franchise, maintain the intangible assets and sustain or improve returns on operating capital.

As an integrated part of the investment process, the investment manager assesses relevant factors potentially material to long-term sustainably high returns on operating capital including ESG factors and seeks to engage with companies as part of this. Subject to the fund's investment objective and its binding Article 8 characteristics (as explained below), the investment manager retains discretion over which investments are selected. In exercising this discretion, ESG factors are not the sole determinant of whether an investment can be made or a holding can remain in the fund's portfolio, but instead the investment manager considers potentially material risks or opportunities in any of the ESG areas which could potentially threaten or enhance the high returns on operating capital of a company.

The investment manager monitors business practices on an ongoing basis, through data on ESG controversies and standards screening that the investment manager sources from third party providers, including UN Global Compact violations, as well as its own engagement with companies and research. The investment manager reviews securities of issuers where it believes a significant breach of the above standards and principles has occurred and typically excludes such issuers where, after conducting our research and/or engagement, the investment manager believes the breach is material to the sustainability of returns on operating capital, poses significant financial and reputational risk and the issuer has not committed to appropriate remedial action. Such exclusions are determined by the investment manager in its discretion rather than by reliance on third party analysis. The analysis may be supported by third party ESG controversies analysis and business involvement metrics.

1. Environmental characteristics

The fund promotes the environmental characteristic of climate change mitigation by excluding investments in any company that the investment manager determines:

Fossil fuel-related activities: has involvement in fossil fuel activities, based on classifications from the investment manager's third-party data provider, where the company:

- has any tie to thermal coal: production, distribution, reserves, or power generation;
- has any tie to oil and gas reserves;
- generates revenue above the thresholds set by the investment manager from the following oil and gas-related business activities:
  (a) extraction, production, refining, drilling, exploration, pipelines, transportation, petrochemicals, installed natural gas and liquid fuel capacity, or power generation from liquid fuels or natural gas (>0% revenue);
  (b) oil and gas services, distribution, or retail activities (>10% revenue).

Sector or industry classification: has been assigned the following sectors or industries under the MSCI Global Industry Classification Standards ("MSCI GICS"): energy, construction materials, utilities (excluding renewable electricity and water utilities), or metals and mining.

2. Social characteristics

The fund considers social characteristics by excluding investment in companies that have any tie to controversial weapons, as defined by the investment manager's third-party data provider.[2]

Investments that are held by the fund but become restricted because they breach the exclusionary criteria set out above after they are acquired for the fund will be sold. Such sales will take place over a time period to be determined by the investment manager, taking into account the best interests of the Shareholders of the fund.

Further to the above, the investment manager may, in its discretion, elect to apply additional ESG-related investment restrictions over time that it believes are consistent with its investment objectives. Such additional restrictions will be disclosed in the fund's SFDR Website Disclosure.

[2] Until 27 September 2026, the fund will exclude companies which derive:
- more than 10% of revenue from production, wholesale or retail of firearms and ammunition intended for civilian use;
- more than 10% of revenue from production of conventional, biological or chemical, nuclear weapons and related activities as defined by the third-party data provider; and
- any revenue from the production of depleted uranium weapons or through indirect ownership as defined by the third-party data provider.

3. Sustainable investments

As noted above, the fund commits to invest a proportion of its assets in companies classified as sustainable investments through an assessment comprising three tests (as per SFDR):

i. **good governance:** this test seeks to ensure that all companies are considered by the investment manager to follow good governance practices to be included in the fund's portfolio;

ii. **do no significant harm:** this test seeks to ensure that companies classified as sustainable investments do not cause significant harm to any of the mandatory, SFDR-defined principal adverse impact indicators; and

iii. **positive contribution to environmental or social objective:** this test seeks to ensure that companies classified as sustainable investments are classified based on their net positive alignment with the UN SDGs.

The fund is actively managed by the investment manager on an ongoing basis in accordance with its investment strategy. The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager and the management company. The investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with the portfolio management team of this fund to conduct regular portfolio/performance reviews and systemic checks to ensure compliance with portfolio investment objectives, investment and client guidelines, taking into account changing market conditions, information and strategy developments.

The environmental and social characteristics which the fund seeks to promote are incorporated within the investment guidelines and subject to ongoing monitoring by the investment manager. Morgan Stanley Investment Management's Portfolio Surveillance team also codes the investment guidelines into the firm's surveillance system. The Portfolio Surveillance team uses an automated process to monitor adherence to investment guidelines, including pre- and post-trade guideline monitoring and exception-based screening, and informs the portfolio management team of this fund of any possible guideline violations.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the investment strategy are:

- The exclusionary criteria, which are used to select the investments to achieve the environmental and social characteristics promoted by the fund; and
- The fund's commitment to invest at least 10% of its assets in companies classified as sustainable investments.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

- ***What is the policy to assess good governance practices of the investee companies?***

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The investment process is focused on identifying high quality companies that can sustain their high returns on operating capital over the long term. Effective governance is important and governance criteria are therefore

embedded within the investment process and considered as part of initial research and portfolio selection. On-going monitoring is facilitated through engagement with the company as well as by using, where appropriate, company data, third party data and governance-related controversy screens.

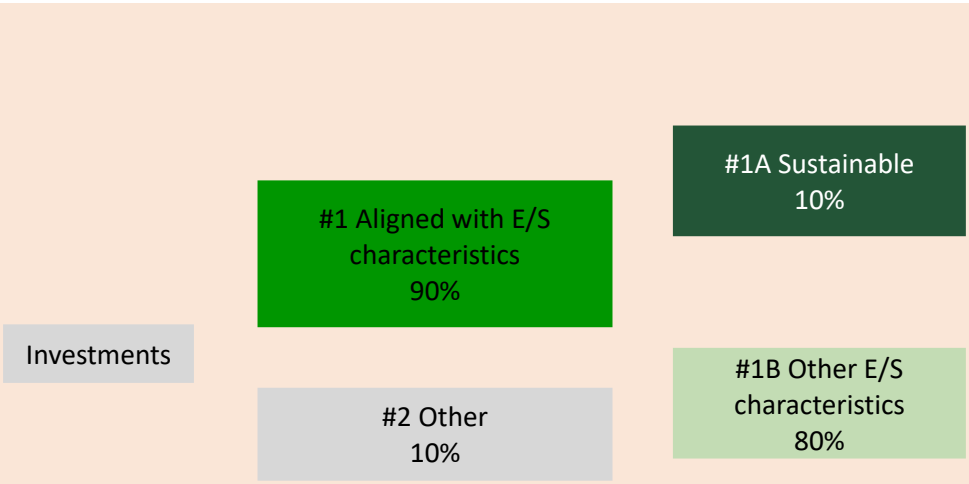
As part of its assessment, in order to meet the SFDR regulatory requirements, the investment manager also has regard to third-party proxy indicators as considerations relating to four specific aspects of governance: sound management structures, employee relations, remuneration of staff and tax compliance. All companies in the fund are assessed against these indicators. A company has to be considered by the investment manager to have good governance practices overall to be included within the portfolio. In reaching this determination, the investment manager may take into account any remedial actions being undertaken by a company on a particular governance issue.

The investment manager also engages with companies on issues potentially material to the sustainability of company returns on operating capital. Direct engagement with companies on potentially financially material ESG risks and opportunities, and other issues, plays a role in informing the investment manager on the soundness of company management and whether it can maintain high returns on operating capital while growing the business over the long term. Dialogue with companies on engagement topics can be prolonged and require multiple engagements.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned** with E/S characteristics covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The environmental and social exclusions are expected to apply to at least 90% of the portfolio. The investment manager anticipates that the remainder of the fund will be made up of investments held for ancillary liquidity, including cash and money market instruments, with this proportion not expected to comprise more than 10% of the fund's assets. No minimum environmental or social safeguards are applied to such investments.

Under exceptional circumstances, the percentage of the fund's assets that are made up of investments held for ancillary liquidity may temporarily fluctuate above the stated level for certain reasons including but not limited to market conditions or client inflows/outflows.

The fund also expects a minimum of 10% of its assets to be classified as sustainable investments.

All percentages are measured according to the value of the investments.

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to invest a minimum proportion of its assets in companies classified as sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?*[3]**

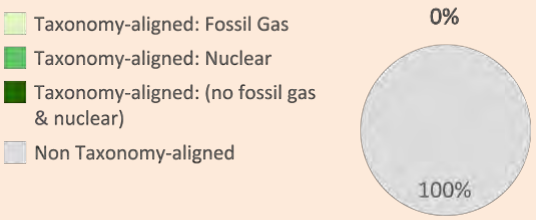
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

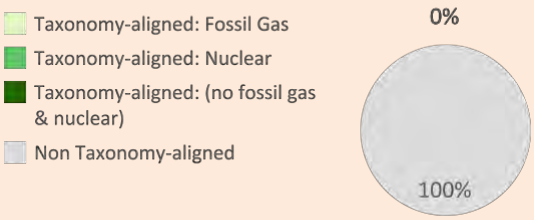
☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*

1. Taxonomy-alignment of investments including sovereign bonds*



2. Taxonomy-alignment of investments excluding sovereign bonds*



This graph represents 100% of the total investments.

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

[3] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

- ***What is the minimum share of investments in transitional and enabling activities?***

Although the fund commits to invest a minimum proportion of its assets in companies classified as sustainable investments, there is no commitment to a minimum share of investments in transitional and enabling activities.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?



A minimum of 10% of the fund's assets are expected to be invested in companies classified as sustainable investments. There is no commitment to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.



Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The EU Taxonomy does not comprehensively cover all industries and sectors, or even all environmental objectives. This financial product invests in companies classified as sustainable investments within sectors that may not be covered by the EU Taxonomy currently. Accordingly, the investment manager uses its own methodology to determine whether certain investments are environmentally sustainable in accordance with the SFDR sustainable investment test.



What is the minimum share of socially sustainable investments?

As noted above, a minimum of 10% of the fund's assets are expected to be invested in companies classified as sustainable investments. There is no commitment to a minimum share of socially sustainable investments.



What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

This fund may hold cash and money market instruments for ancillary liquidity. These are included in the "#2 Other" category. No minimum environmental or social safeguards are applied to such investments.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it



Not applicable

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_americanresilience_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
Asia Equity Fund	3YN85S5L733W17SQIB18

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of _% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

The fund promotes the following environmental and social characteristics:

- the fund promotes the environmental characteristic of limiting negative environmental externalities by avoiding investments in certain industries with the potential to cause harm to the environment, such as coal, arctic oil and arctic gas; and
- the fund promotes the social characteristic of limiting negative social externalities by avoiding investments in certain industries with the potential to cause harm to human health and wellbeing, such as alcohol, gambling, tobacco and weapons.

Further detail on the nature of these exclusions is set out below (in response to the question, "What investment strategy does this financial product follow?").

The fund does not use a reference benchmark for the purposes of attaining its environmental or social characteristics.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The sustainability indicator used to measure the attainment or the environment and social characteristics promoted is:

Objective	Sustainability indicators
ESG exclusions	The application of the exclusionary screens to the fund's investments is measured by the percentage of the fund's investments which breach the exclusionary screens. The relevant sustainability indicator is therefore that 0% of the fund's investments are in violation of the fund's exclusionary screens.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

Not Applicable.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

Not Applicable.

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

How have the indicators for adverse impacts on sustainability factors been taken into account?

Not Applicable.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Not Applicable.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund considers some of the principal adverse impacts ("PAI") on sustainability factors through the fund's exclusionary criteria as follows:

- The fund excludes issuers whose core business is in thermal coal mining and extraction. The fund therefore partly considers PAI indicator number 4: exposure to companies active in the fossil fuel sector.
- The fund excludes issuers which derive any revenue from controversial weapons manufacturing or retail. The fund therefore considers PAI indicator number 14: exposure to controversial weapons.

The fund will make information available on how it has incorporated the PAIs into the fund in its periodic reports to investors.



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The investment manager integrates environmental, social, or governance (ESG) risks into the investment process by using certain ESG criteria as a lens for additional fundamental research, which can contribute to investment decision-making. The investment manager seeks to understand how certain ESG criteria may affect a company's risk profile and may engage with company management on what it deems to be materially important.

ESG exclusions: The fund avoids investments in certain industries with the potential to cause harm to the fund's environmental and social characteristics by applying binding exclusions,

In particular, the fund excludes investments in the following:

(i) companies with more than 10% revenue from thermal coal mining extraction, adult entertainment, tobacco or alcohol;

(ii) companies with more than 5% revenue from Arctic oil and gas, oil sands, gambling and civilian firearms; and

(iii) companies with any exposure to controversial weapons.

.

The investment manager may apply additional ESG-related investment restrictions over time that it believes are consistent with the fund's investment objectives and its environmental and social characteristics. Such additional investment restrictions will be disclosed in the fund's SFDR Website Disclosure.

[The exclusions are determined using third party data except on rare occasions where the data is proven to be incorrect. The exclusions criteria are applied to all equity investments within the fund based on available data from third parties. Investments that are held by the fund but become restricted after they are acquired due to the application of the ESG criteria will be sold. Such sales will take place over a time period to be determined by the investment manager, taking into account the best interests of the shareholders of the fund.]

[The fund references third party ESG data during the security research process, but does not rely on third party ESG data for the purposes of constructing the portfolio. The investment manager relies on its own proprietary analysis for security selection and portfolio construction rather than third party analysis. However, in some cases data on specific issuers or the exclusions noted above may not be available and/or may be estimated by the investment manager using reasonable estimates or third party data.]

The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager and the management company. The investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with the investment teams to conduct regular portfolio/performance reviews and systemic checks to ensure compliance with portfolio investment objectives, investment and client guidelines, taking into account changing market conditions, information and strategy developments.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The binding element of the investment strategy used to select the investments to achieve the environmental and social characteristics promoted is the following:

- The exclusionary criteria applied by the fund

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

Not applicable.

What is the policy to assess good governance practices of the investee companies?

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

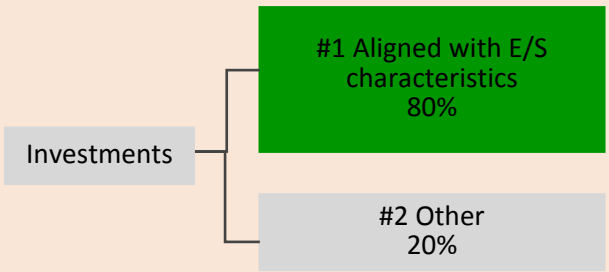
All investee companies within the fund are assessed on their governance which is embedded in the investment process and considered as part of initial research and stock selection. The team also engages with companies and boards directly on issues material to governance, among other issues. An investment has to be considered by the investment manager to have good governance to be included within the portfolio.

As an input to its governance assessment, the investment team has also chosen several third-party binary (pass/fail) proxy indicators to assess issuer management structures, employee relations, the remuneration of staff and tax compliance, to the extent they are covered by third party providers. In the event that an issuer fails under one of these proxy indicators, the default position is that the issuer will be excluded from the fund. The investment manager may include issuers that fail on one or more of these proxy indicators where (i) it considers that the third party data is inaccurate or out of date; or (ii) it considers that, upon review, the issuer is exhibiting good governance practices overall (such that the results of the proxy indicator tests do not in fact indicate a material impact on good governance). In reaching this determination, the investment manager may take into account any remedial actions being undertaken by the company.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

A minimum of 80% of the fund's investments will be aligned with environmental and social characteristics promoted by the fund ("#1 Aligned with E/S Characteristics").

The remaining 20% of the fund's investments will be invested in (i) hedging instruments and/or (ii) cash held for ancillary liquidity ("#2 Other"). These investments are not subject to minimum environmental or social safeguards. .

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

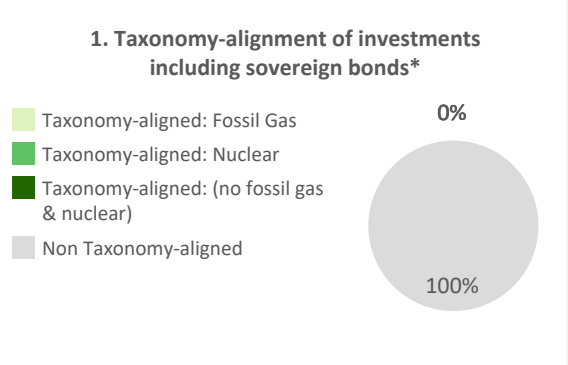
● ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?***[1]

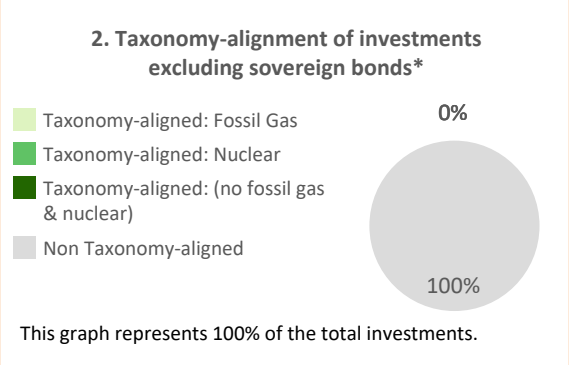
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





This graph represents 100% of the total investments.

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

● ***What is the minimum share of investments in transitional and enabling activities?***

As the fund does not commit to invest any sustainable investment within the meaning of the EU Taxonomy, the minimum share of investments in transitional and enabling activities within the meaning of the EU Taxonomy is therefore also set at 0%.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund promotes environmental and social characteristics but does not commit to making any sustainable investments. As a consequence, the fund does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

What is the minimum share of socially sustainable investments?

Not applicable.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The "#2 Other category is expected to be made up of (i) hedging instruments and/or (ii) cash held for ancillary liquidity . These investments are not subject to minimum environmental or social safeguards.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable

Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_asiaequity_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
Asia Opportunity Fund	549300A6F3VVR9QM8333

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

- The fund promotes the environmental characteristic of limiting environmental externalities by excluding investments in coal.
- The fund promotes the social characteristic of avoiding investments in certain activities which can cause harm to human health and wellbeing, including tobacco and certain weapons, comprising civilian firearms, cluster munitions and anti-personnel mines.

These exclusions are implemented in line with the fund's Restriction Screening Policy, which is set out below in response to the question "*What investment strategy does this financial product follow?*".

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the fund.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The sustainability indicator is the percentage of companies in the fund which breach the exclusionary screens. The sustainability indicator will therefore be that 0% of the fund's investments are in violation of the fund's Restriction Screening Policy.

Compliance with the exclusions is monitored on an ongoing basis through an automated process, comprising pre- and post-trade guideline monitoring and exception-based screening.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

Not applicable.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

Not applicable.

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Not applicable.

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Not applicable.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund considers principal adverse impacts ("**PAI**") on sustainability factors only in part, as follows:

- The fund excludes issuers which receive a certain percentage of their revenue from coal mining and extraction. The fund therefore partly considers the PAI indicator (4) exposure to companies active in the fossil fuel sector.
- The fund excludes issuers which are involved in manufacturing the core weapon system of cluster munitions and anti-personnel mines. The fund therefore partly considers the PAI indicator (14) exposure to controversial weapons.

Where the investment manager considers the following PAI indicators to be materially relevant to, or impacted by, the activities of the issuer, it will also consider the following PAIs on sustainability factors. This will be done by the investment manager (a) integrating ESG analysis within the research process and/or (b) engaging with management of investee companies. The PAIs considered are the following:

- PAI indicator (1): Greenhouse gas emissions (GHG);
- PAI indicator (2): Carbon footprint;
- PAI indicator (3): GHG intensity;
- PAI indicator (5): Non-Renewable energy consumption and production; and
- PAI indicator (6): Energy consumption intensity per high impact climate sector.

As a result, the fund contributes to mitigating the fund's adverse impacts on these sustainability factors.

The fund will make information available on how it has incorporated the PAIs in its periodic reports to investors.



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The investment process integrates analysis of sustainability with respect to disruptive change, financial strength, environmental and social externalities and governance (also referred to as ESG).

Binding restriction screens are applied to the fund in accordance with the fund's Restriction Screening Policy.

The fund's Restriction Screening Policy is to restrict investments in corporate issuers whose core business activity, determined in accordance with the methodology set out below, involves:

- Tobacco;
- Thermal coal; or
- Weapons, comprising civilian firearms, cluster munitions and anti-personnel mines.

The methodology used to determine core business activity for the purpose of the above-described screening is as follows:

1) Revenue (as defined by external third-party data):

- more than 5% of its recent-year revenue (or estimated revenue) from Tobacco;
- more than 10% of its recent-year revenue (or estimated revenue) from Thermal Coal;
- more than 10% of its recent-year revenue (or estimated revenue) from the Manufacture of Civilian Firearms and ammunition; or

2) Involvement as identified by an external third-party data provider through corporate ownership, in manufacturing the core weapon system, or components/services of the core weapon system that are considered tailor-made and essential for the lethal use of the weapon, or cluster munitions and anti-personnel mines.

Investments that are held by the fund but become restricted after they are acquired for the fund, due to their involvement in one of the previously mentioned restricted business activities, will be sold. Such sales will take place over a time period to be determined by the investment manager of the fund, taking into account the best interests of the shareholders of the fund.

The investment manager may decide to implement additional ESG-related restrictions to the fund over time that it believes are consistent with its investment objectives, and such new restrictions will be disclosed in the fund's SFDR website disclosure:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_globalopportunity_en.pdf.

This section solely refers to the fund's strategy as it relates to SFDR. Please see the "Fund Descriptions" section of the Prospectus for information on the fund's broader investment strategy.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The restriction screens are the binding elements of the investment strategy used to select the investments to achieve the environmental / social characteristics promoted.

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

Not applicable.

- ***What is the policy to assess good governance practices of the investee companies?***

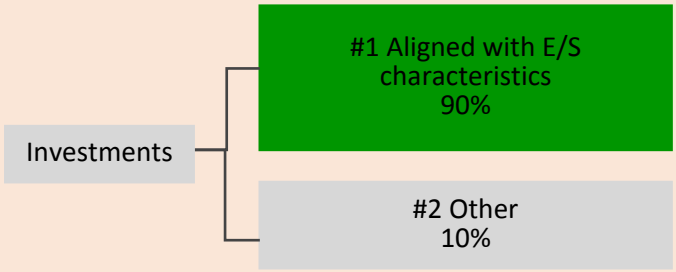
Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

As part of the fund's holistic approach to ESG, the investment manager of the fund assesses governance practices of investee companies, including but not limited to looking at the management structures, employee relations, remuneration of staff, and tax compliance of such companies. This is framed by a set of questions applied consistently across companies. Topics include, but are not limited to, management incentives aligned with the long-term interest of shareholders, capital allocation, independent and engaged boards, and transparency of accounting.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Category #1 investments (i.e. those aligned with E/S characteristics) comprise all investments that are screened against the fund's Restriction Screening Policy. Category #2 investments are those investments that are not screened against the fund's Restriction Screening Policy.

The entirety of the fund, apart from cash and derivatives held for efficient portfolio management purposes, are screened against the fund's Restriction Screening Policy. This comprises 90% of the fund. Accordingly, at least 90% of the fund are Category #1 investments and the remaining 10% of the fund (comprising cash and derivatives held for hedging purposes) are Category #2 investments.

These percentages are measured according to the value of the investments.

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

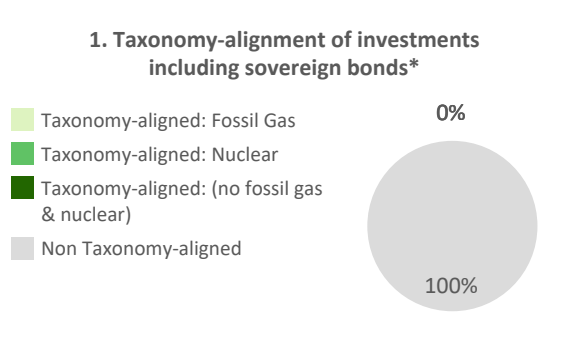
- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?***[1]

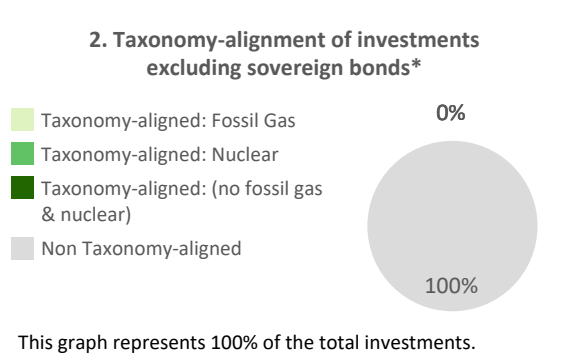
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





This graph represents 100% of the total investments.

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

- ***What is the minimum share of investments in transitional and enabling activities?***

As the fund does not commit to invest any sustainable investment within the meaning of the EU Taxonomy, the minimum share of investments in transitional and enabling activities within the meaning of the EU Taxonomy is therefore also set at 0%.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund promotes environmental and social characteristics but does not commit to making any sustainable investments. As a consequence, the fund does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

What is the minimum share of socially sustainable investments?

Not applicable.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Up to 10% of the fund, comprising cash and derivatives held for efficient portfolio management purposes, are Category "#2 Other" investments. These instruments are not subject to environmental and/or social screening or any minimum environmental or social safeguards.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.

Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_globalopportunity_aggregated_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
Calvert Developed Europe Equity Select Fund[1]	549300UT4CY7ZR786J23

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☐ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 50% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☒ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

[1] Effective from 28 September 2026, this Sustainability Annex will replace the below Sustainability Annex for the Calvert Sustainable Developed Europe Equity Select Fund.



What environmental and/or social characteristics are promoted by this financial product?

The fund promotes the following environmental and social characteristics:

- **Investments in environmental/social leaders, improvers, or solutions providers:** The fund promotes the environmental and social characteristics of environmental sustainability, diversity, equity and inclusion, respect for human rights and valuing human capital, through investing in companies that demonstrate leadership or meaningful advancement in the management of one or multiple environmental and/or social risks and opportunities, using a combination of ESG scores and qualitative analysis. In addition, the fund will invest in companies that provide solutions to certain environmental or societal challenges associated with sustainability themes that include, but are not limited to: energy solutions; water solutions; climate alignment & solutions; circular economy; diversity, equity & inclusion; and talent management.

- **Eligibility in line with Principles-based ESG materiality framework:** Through the application of the Calvert Principles for Responsible Investment (the "**Calvert Principles**"), the fund promotes environmental sustainability and resource efficiency, equitable societies and respect for human rights, in addition to accountable governance and transparent operations. The Calvert Principles provide a framework to assess investee company activities and behaviours across a number of financially material ESG themes to determine their eligibility for Calvert funds. Portfolio managers then construct a portfolio of eligible issuers that meet their investment objective.

- **Low carbon intensity:** The fund seeks to promote the environmental characteristic of climate change mitigation by maintaining carbon intensity lower than the benchmark used for sustainability indicator comparison purposes, as defined below.

- **Board gender diversity:** The fund seeks to promote the social characteristic of an equal and inclusive work culture by maintaining higher levels of board gender diversity at the portfolio level than this benchmark.

- **Exclusions:** The fund promotes environmental and social characteristics of limiting negative externalities by avoiding investments in thermal coal and other types of fossil fuel related activities, as well as investments in certain activities which can cause harm to human health and wellbeing.

- **Sustainable investments:** The fund aims to make a minimum of 50% sustainable investments in issuers which contribute to specific environmental or social objectives, based on Calvert's assessment.

Additional details on the environmental/social leaders, improvers, or solutions providers assessment, the Calvert Principles, carbon intensity and board gender diversity assessment, and exclusions are provided in response to the question: "*What investment strategy does this financial product follow?*".

Additional details on the fund's sustainable investments are provided in response to the question: "*What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?*"

The fund has not designated a reference benchmark for the purpose of attaining its environmental and social characteristics.

The fund's sustainability indicator comparison benchmark is the MSCI Europe Index.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The sustainability indicators used to measure the attainment of the fund's environmental and social characteristics are:

- The % of the fund's investments which demonstrate leadership or improvement or provide solutions associated with one or more environmental and/or social themes, as per the investment manager's proprietary methodology;

- The % of the fund's investments that are considered eligible for investment in accordance with the Calvert Principles;
- The % of the fund's investments which qualify as sustainable investments;
- The fund maintaining a portfolio carbon intensity of at least 50% less than the sustainability indicator comparison benchmark, measured by portfolio-level weighted average carbon intensity ("**WACI**"), defined as Scope 1 and 2 tonnes of CO2 equivalent per $1million revenue;
- The fund maintaining a higher level of board gender diversity than the sustainability indicator comparison benchmark, measured by portfolio-level weighted average number of women at the investee company board level; and
- The % of the fund's investments that breach any of the exclusionary criteria.

Additional details on the process used to assess investments' eligibility based on the Calvert Principles and on ESG leadership or improvement, and on the fund's exclusionary criteria, are provided in response to the question, "*What investment strategy does this financial product follow?*".

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

Calvert performs an assessment of each investment in the fund to determine whether it qualifies as a sustainable investment. This assessment aims to identify companies with evidence of making a positive contribution to a specific environmental or social objective, through either of the following two pathways:

1. Generating a significant proportion of their revenues from products or services that directly address environmental or social needs including, but not limited to, alternative energy, pollution prevention, nutrition, or connectivity, as an indicator of positive impact alignment; or
2. Benefiting the environment and/or society through operating responsibly and efficiently, based on metrics that represent a company's performance on the following areas of impact (provided as a non-exhaustive, illustrative list):
    i. Direct environmental impact (e.g., carbon emissions, waste emissions, water use);
    ii. Supply chain impact (e.g., indirect carbon emissions, raw materials sourcing, lifecycle carbon);
    iii. Workplace practices (e.g., diversity, inclusion, human capital management).

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

The investment manager seeks to ensure that the sustainable investments of the fund do not cause significant harm to relevant environmental or social sustainable investment objectives by:

- Testing whether the investment meets the thresholds set by the investment manager for each of the mandatory principal adverse impact ("PAI") indicators (see the response to the question, "*How have the indicators for adverse impacts on sustainability factors been taken into account?*" below for the details of this process); and
- Ensuring that the sustainable investments of the fund are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (see the response to the question, "*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*" below for the details of this process).

How have the indicators for adverse impacts on sustainability factors been taken into account?

The investment manager tests all of the fund's sustainable investments against the PAI indicators which are mandatory to consider under SFDR. The investment manager does this using a combination of quantitative and qualitative tests, using available third party and proprietary data for each PAI indicator.

The investment manager seeks data that is most closely aligned with each individual PAI to construct the PAI assessment methodology. In some cases third party data is limited and if issuers or specific issues are not covered by a vendor for a particular PAI, the investment manager may supplement with best available proxy indicators or qualitative analysis.

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

The investment manager applies the following types of thresholds for the PAIs in order to determine if the investment may be causing significant harm:

1. Absolute thresholds: i.e., company performance breaches a threshold that is set based on a quantitative metric or a qualitative score-based assessment, considering a universe of large, listed companies;
2. Peer group-relative thresholds: i.e., company performance breaches a quantitative threshold that is set based on considering the aggregate performance of the sub-set of companies within a sector that cause the most harm in a specific area, such as carbon emissions or waste emissions; and
3. Controversy-based thresholds: i.e., company controversy performance is qualitatively assessed to be on the worst part of a scale of potential harmful impact.

For certain environmental PAIs, an exemption is made for companies that derive a significant amount of revenues from activities designed to directly address those specific areas of environmental harm. Thresholds are reviewed annually based on a large investable universe.

In cases where the PAI methodology suggests an investment may be causing significant harm, the investment manager conducts additional desktop research to verify the accuracy of the data point and that there are no intervening factors that cast doubt over the validity of the significant harm analysis. If the investment manager concludes, through its internal assessment, that the issuer is not causing significant harm, it may proceed with the investment and the rationale for that decision will then be documented. Intervening factors that may lead to a conclusion that an issuer is not causing significant harm include:

i. The significant harm assessment is tied to inaccurate vendor data that, once corrected, would no longer breach a significant harm threshold;
ii. The significant harm assessment results from a company being classified in a peer group which the investment manager believes is not appropriate due to company-specific characteristics, or to unique or extenuating circumstances specific to the jurisdiction in which the company operates; or
iii. The issuer has demonstrated steps and actions to address the potential significant harm such as through the adoption of time-bound targets and goals or dedicated remediation activities and there are clear meaningful signs of improvement and positive change.

PAI assessments for all holdings will be reviewed at least quarterly.

The investment manager's use of proxy indicators will be kept under review and will be replaced by more specific PAI indicators from third-party data providers, when the investment manager determines that sufficiently reliable data has become available.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The investment manager monitors business practices on an ongoing basis, through data on ESG controversies and standards screening sourced from third party providers. The investment manager will make assessments on controversy cases, using information from relevant ESG data providers, that it views as significant, and on failures to comply with the UN Global Compact (UNGC) Principles, the UN Guiding Principles on Business and Human Rights, the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises or the International Labour Organization (ILO) Fundamental Principles.

The fund excludes companies with evidence of violations of any of the global norms listed above and without evidence of material remediation and improvement. The investment manager maintains its own determination of significant ESG controversies and violations of UNGC Principles, informed by data sourced from third party providers.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund takes the mandatory PAI indicators into account for all its sustainable investments using a combination of qualitative and quantitative criteria, as explained above in response to the question "*How have the indicators for adverse impacts on sustainability factors been taken into account?*"

The fund also considers certain PAI indicators through some of the fund's binding criteria, as follows:

- The fund aims to maintain a lower carbon intensity than the sustainability indicator comparison benchmark. The fund therefore considers the PAI indicator 3: GHG intensity of investee companies.
- The fund excludes issuers which derive certain proportions of revenue from fossil fuels, as described in response to the question, "*What investment strategy does this financial product follow?*". The fund therefore considers the PAI indicator 4: exposure to companies active in the fossil fuel sector.
- The fund aims to maintain a higher level of board gender diversity than the sustainability indicator comparison benchmark. The fund therefore considers the PAI indicator 13: board gender diversity.
- The fund excludes issuers which derive any revenue from controversial weapons manufacturing or retail. The fund therefore considers the PAI indicator 14: exposure to controversial weapons.
- The fund excludes issuers which have experienced significant controversies. This includes controversies relating to violations of the UNGC, the UN Guiding Principles on Business and Human Rights, the ILO fundamental Principles, or the OECD Guidelines for Multinational Enterprises. The fund therefore considers the PAI indicator 10: violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises.

In addition, through the application of the Calvert Principles to the totality of the portfolio, the fund seeks to invest in companies that, in the opinion of the investment manager, exhibit, through their operations and business practices, sound management of ESG characteristics. These characteristics include environmental sustainability, resource efficiency, support for equitable societies and respect for human rights, accountable governance, and transparent operations.

As a result, the fund considers the following PAIs through the investment manager's pass/fail assessment for those companies and sectors where Calvert deems such PAIs relevant:

- PAI 1 "GHG emissions";
- PAI 3 "GHG intensity of investee companies";
- PAI 4 "Exposure to companies active in the fossil fuel sector";
- PAI 13 "Board gender diversity"; and
- PAI 14 "Exposure to controversial weapons".

The fund will make information available on how it has incorporated the PAIs in its periodic reports to investors.



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

As part of its investment strategy, the fund conducts a proprietary assessment to determine companies that are leaders or improvers or solution providers in one or more environmental or social themes. The fund also applies the Calvert Principles to the investment universe to define eligible investments, and some exclusionary screening. The fund will maintain a lower carbon intensity and higher board gender diversity than the sustainability indicator comparison benchmark and make sustainable investments in companies that provide solutions to global environmental or societal challenges, or in issuers that are leaders in managing environmental or social risks and opportunities.

Calvert Principles assessment

All investments in the fund will be evaluated according to the Calvert Principles. The Calvert Principles provide a framework to assess investee company activities and behaviours across a number of financially material ESG themes to determine their eligibility for Calvert funds. Portfolio managers then construct a portfolio of eligible issuers that meet their investment objective.

To conduct this analysis, the investment manager uses the proprietary Calvert Research System ("CRS") that leverages indicators sourced from third party data vendors, external research partners, and the investment manager's own custom indicators to support measurement and ranking of company performance on a number of financially material ESG themes, as determined by expert ESG sector analysts based on proprietary peer groups across the investable universe. A specific set of underlying relevant indicators tied to each theme are then assigned to each sector peer group and weighted to produce a quantitative assessment for each company, with discounts applied based on circumstantial information (current and ongoing issues) from data vendors and news sources. Analysts then consider the information from CRS to determine if the company meets the Calvert Principles. Such determinations are presented to and approved by Calvert's Responsible Research Review Committee. The following themes are considered in CRS, as applicable, depending on a company's peer group and the financial materiality of each theme to that peer group:

- Environmental themes:
  - Biodiversity & Land
  - Climate & Energy
  - Overall Management of Environmental Risks
  - Packaging and Electronic Waste
  - Pollution and Waste
  - Environmental Impacts of the Supply Chain
  - Water
- Social themes:
  - Employee Health and Safety
  - Valuing Human Capital & Labour Management
  - Privacy & Data Security
  - Product Integrity
  - Stakeholder Relations
  - Social Impacts of the Supply Chain

In instances where ESG data is very limited and cannot be assessed through CRS, companies may undergo a qualitative assessment to determine if the company meets the Calvert Principles. Qualitative assessments, like quantitative assessments, are presented to and approved by Calvert's Responsible Research Review Committee.

Environmental/Social leadership, improvement, or solutions provider assessment

In addition to applying the Calvert Principles, the investment manager uses two complementary approaches to select portfolio holdings. Investments in the fund are selected through either of these approaches:

- **Environmental or Social Leaders/Improvers:** Companies are identified as demonstrating leadership or meaningful advancement in managing environmental or social risks and opportunities. The investment manager assesses the material environmental and social issues applicable to the company and evaluates the company's performance compared with peers. This assessment is based on the investment manager's proprietary research methodology, which integrates ESG scoring and metrics with qualitative evaluations to determine corporate leadership and improvement. The determination of leadership or improvement is based on the analysis of quantitative and qualitative indicators, which may include, but are not limited to: Environmental, Social, and Governance scores derived from a combination of third-party and customized data, progress metrics such as GHG emissions reduction or workforce representation improvement, and the assessment of controversies. The acceptable degree of leadership/improvement may differ depending on industry, sector, region, or country.

- **Thematic Solutions Providers:** The investment manager identifies companies that address environmental or social challenges through a demonstrable connection to their business products, services, processes or operations, utilizing the investment manager's proprietary thematic investing frameworks. The evaluation encompasses a variety of sustainability themes, which may include, but is not limited to: energy solutions; water solutions; climate alignment & solutions; circular economy; diversity, equity & inclusion; and talent management. The determination of thematic alignment relies on comprehensive information and analysis, combining quantitative and qualitative data which may consist of but is not limited to ESG scores, revenue allocation, investment levels (as indicated by financial metrics such as capital expenditure and operating expenditure), human capital metrics, environmental data, impact programs, relevant policy documentation, innovation in products or services, and publicly stated targets or commitments. The acceptable degree of thematic alignment may differ depending on industry, sector, region, or country.

Some of these investments may also qualify as sustainable investments, based on further analysis conducted by the investment manager.

Low Carbon Intensity

The fund will maintain a substantially lower carbon intensity (at least 50% less) than that of the sustainability indicator comparison benchmark. Carbon intensity is measured using the WACI metric at the aggregate portfolio level. This means that individual holdings may have a higher carbon intensity than the portfolio level WACI.

Board Gender Diversity

The fund will also be managed on an ongoing basis to ensure that it maintains, at the portfolio level, a higher board gender diversity profile than the sustainability indicator comparison benchmark.

This board diversity criterion is applied at a portfolio level (and not at the level of individual holdings, meaning that individual holdings may have a lower number of women at the board level than the portfolio level average).

The investment manager obtains board gender diversity data from third party vendors, which provide data on the number of women on boards at the issuer level. The investment manager collects this data for all names in its investment universe for which data is available and calculates the weighted average for the fund and the sustainability indicator comparison benchmark.

Exclusions

The fund shall not knowingly invest in companies which are deemed to be involved in the following:

- any activities (i.e. production, manufacturing, distribution or corporate ownership) related to **controversial weapons** (including anti-personnel landmines, cluster munitions, biological or chemical weapons, and nuclear weapons);
- manufacturing or production of **civilian firearms**, where a company derives 5% or more revenue from such business activity;
- manufacturing, production or distribution of **military or conventional weapons, or weapons systems,** where a company derives 10% or more revenue from such business activity;
- manufacturing or production of **tobacco**, or where a company derives 10% or more revenue exposure from tobacco distribution or retail;
- **gambling**, where the company derives 10% or more revenue from such business activity;
- exploration, mining, extraction, distribution or refining of **thermal and metallurgical coal**, where a company derives 1% or more revenue from such business activity;
- **electricity generation from thermal coal** only, where a company derives 30% or more revenue from such business activity;
- **significant ESG controversies** or **violations of the UNGC Principles, the OECD Guidelines for Multinational Enterprises, the ILO Fundamental Principles or the UN Guiding Principles on Business and Human Rights**, without evidence of material remediation and improvement.*

*The investment manager maintains its own determination of significant ESG controversies or violations of UNGC Principles, informed by data sourced from third party providers.

Further information on the investment manager's approach to such exclusions, and/or any additional restrictions applied to the fund will be disclosed in the fund's SFDR Website Disclosure, where necessary.

The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager and the management company. The investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with the investment team to conduct regular portfolio/performance reviews and systemic checks to ensure compliance with portfolio investment objectives and environmental and social characteristics, taking into account changing market conditions, information and strategy developments.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The binding elements of the investment strategy are the following:

- All issuers being eligible for investment according to the Calvert Principles;
- All issuers being eligible for investment according to the investment manager's environmental/social leadership, improvement, or solutions provider assessment;
- At least 50% of the fund's investments qualifying as sustainable investments;
- The fund maintaining a substantially lower carbon intensity (at least 50% less) than the sustainability indicator comparison benchmark;
- The fund maintaining a higher board gender diversity than the sustainability indicator comparison benchmark.
- The exclusionary criteria applied by the fund.

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

While the fund does not commit to reduce the scope of investments, it is expected that the application of the ESG criteria will result in a reduction of the investment universe by at least 20%.

What is the policy to assess good governance practices of the investee companies?

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The investment manager applies the Calvert Principles to determine an eligible investment universe that limits exposure to companies that demonstrate poor management of financially material environmental or social risks.

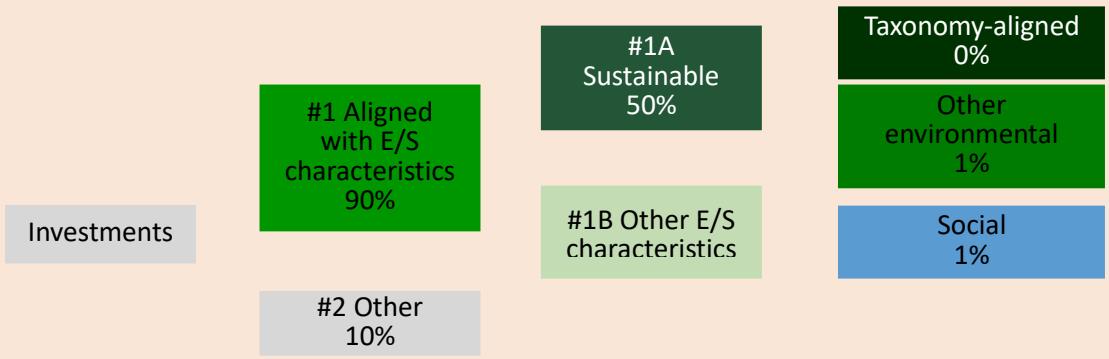
As part of its research process, Calvert also assesses whether companies exhibit accountable governance and oversight, effective and diverse board representation, and transparency in addressing any events or controversies.

Calvert then uses additional third-party governance indicators and controversy data in order to screen investee companies on sound management structures, their employee relations, fair remuneration of staff, and tax compliance, to ensure overall alignment with good governance practices.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned** with E/S characteristics covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Calvert Principles, the selection process of E/S leaders, improvers, or solutions providers, the low carbon intensity and board diversity criteria will be applied to all companies held in the portfolio, which will comprise at least 90% of the portfolio, of which the fund will also allocate a minimum of 50% to sustainable investments.

Among these sustainable investments, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time.

The remaining 10% of the portfolio will consist of cash held as ancillary liquidity and hedging instruments.

These percentages are measured according to the value of the investments.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?[2]

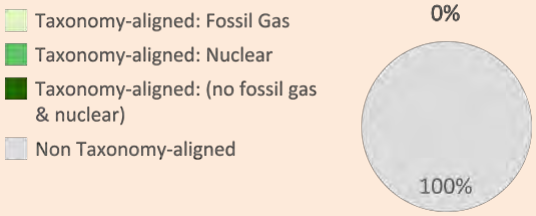
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

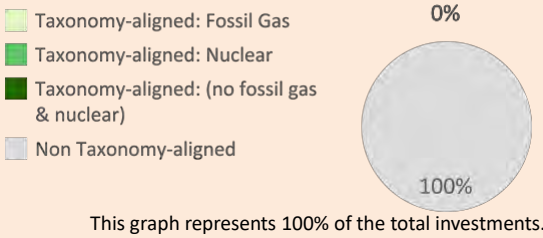
☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*

1. Taxonomy-alignment of investments including sovereign bonds*



2. Taxonomy-alignment of investments excluding sovereign bonds*



This graph represents 100% of the total investments.

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

[2] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

What is the minimum share of investments in transitional and enabling activities?

Although the fund commits to invest at least 50% of the portfolio in sustainable investments within the meaning of SFDR, there is no commitment to a minimum share of investments in transitional and enabling activities.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund intends to make a minimum of 50% sustainable investments, of which a minimum of 1% contribute to environmental objectives, as defined under the SFDR.

Although some of these sustainable investments may be EU Taxonomy aligned, due to lack of available data regarding the EU Taxonomy alignment of the underlying securities, the investment manager has not been able to confirm whether these investments are in fact EU Taxonomy aligned and accordingly will not consider them as such in calculations until this data is reported on or otherwise becomes more reliable.

What is the minimum share of socially sustainable investments?

The fund commits to at least 1% of sustainable investments with a social objective.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The "#2 Other" investments held in the fund comprise of cash held as ancillary liquidity and hedging instruments, which are not subject to any minimum environmental and social safeguards.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.

Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_calvertequityselect_aggregated_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
Calvert Developed Markets Equity Select Fund[1]	54930037M4G3K40KMR44

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

- [x] **Yes**
- [ ] **No**

- [ ] It will make a minimum of **sustainable investments with an environmental objective: __%**
- [x] It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 50% of sustainable investments

  - [ ] in economic activities that qualify as environmentally sustainable under the EU Taxonomy
  - [ ] with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
  - [ ] in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
  - [x] with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
  - [x] with a social objective

- [ ] It will make a minimum of **sustainable investments with a social objective: __%**
- [ ] It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

[1] Effective from 28 September 2026, this Sustainability Annex will replace the below Sustainability Annex for the Calvert Sustainable Developed Markets Equity Select Fund.

What environmental and/or social characteristics are promoted by this financial product?

The fund promotes the following environmental and social characteristics:

- **Investments in environmental/social leaders, improvers, or solutions providers:** The fund promotes the environmental and social characteristics of environmental sustainability, diversity, equity and inclusion, respect for human rights and valuing human capital, through investing in companies that demonstrate leadership or meaningful advancement in the management of one or multiple environmental and/or social risks and opportunities, using a combination of ESG scores and qualitative analysis. In addition, the fund will invest in companies that provide solutions to certain environmental or societal challenges associated with sustainability themes that include, but are not limited to: energy solutions; water solutions; climate alignment & solutions; circular economy; diversity, equity & inclusion; and talent management.

- **Eligibility in line with Principles-based ESG materiality framework:** Through the application of the Calvert Principles for Responsible Investment (the "**Calvert Principles**"), the fund promotes environmental sustainability and resource efficiency, equitable societies and respect for human rights, in addition to accountable governance and transparent operations. The Calvert Principles provide a framework to assess investee company activities and behaviours across a number of financially material ESG themes to determine their eligibility for Calvert funds. Portfolio managers then construct a portfolio of eligible issuers that meet their investment objective.

- **Low carbon intensity:** The fund seeks to promote the environmental characteristic of climate change mitigation by maintaining carbon intensity lower than the benchmark used for sustainability indicator comparison purposes, as defined below.

- **Board gender diversity:** The fund seeks to promote the social characteristic of an equal and inclusive work culture by maintaining higher levels of board gender diversity at the portfolio level than this benchmark.

- **Exclusions:** The fund promotes environmental and social characteristics of limiting negative externalities by avoiding investments in thermal coal and other types of fossil fuel related activities, as well as investments in certain activities which can cause harm to human health and wellbeing.

- **Sustainable investments:** The fund aims to make a minimum of 50% sustainable investments in issuers which contribute to specific environmental or social objectives, based on Calvert's assessment.

Additional details on the environmental/social leaders, improvers, or solutions providers assessment, the Calvert Principles, carbon intensity and board gender diversity assessment, and exclusions are provided in response to the question: "*What investment strategy does this financial product follow?*".

Additional details on the fund's sustainable investments are provided in response to the question: "*What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?*"

The fund has not designated a reference benchmark for the purpose of attaining its environmental and social characteristics.

The fund's sustainability indicator comparison benchmark is the MSCI World Index.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The sustainability indicators used to measure the attainment of the fund's environmental and social characteristics are:

- The % of the fund's investments which demonstrate leadership or improvement or provide solutions associated with one or more environmental and/or social themes, as per the investment manager's proprietary methodology;
- The % of the fund's investments that are considered eligible for investment in accordance with the Calvert Principles;
- The % of the fund's investments which qualify as sustainable investments;
- The fund maintaining a portfolio carbon intensity of at least 50% less than the sustainability indicator comparison benchmark, measured by portfolio-level weighted average carbon intensity ("**WACI**"), defined as Scope 1 and 2 tonnes of CO2 equivalent per $1million revenue;
- The fund maintaining a higher level of board gender diversity than the sustainability indicator comparison benchmark, measured by portfolio-level weighted average number of women at the investee company board level; and
- The % of the fund's investments that breach any of the exclusionary criteria.

Additional details on the process used to assess investments' eligibility based on the Calvert Principles and on ESG leadership or improvement, and on the fund's exclusionary criteria, are provided in response to the question, "*What investment strategy does this financial product follow?*".

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

Calvert performs an assessment of each investment in the fund to determine whether it qualifies as a sustainable investment. This assessment aims to identify companies with evidence of making a positive contribution to a specific environmental or social objective, through either of the following two pathways:

1. Generating a significant proportion of their revenues from products or services that directly address environmental or social needs including, but not limited to, alternative energy, pollution prevention, nutrition, or connectivity, as an indicator of positive impact alignment; or
2. Benefiting the environment and/or society through operating responsibly and efficiently, based on metrics that represent a company's performance on the following areas of impact (provided as a non-exhaustive, illustrative list):
    i. Direct environmental impact (e.g., carbon emissions, waste emissions, water use);
    ii. Supply chain impact (e.g., indirect carbon emissions, raw materials sourcing, lifecycle carbon);
    iii. Workplace practices (e.g., diversity, inclusion, human capital management).

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

The investment manager seeks to ensure that the sustainable investments of the fund do not cause significant harm to relevant environmental or social sustainable investment objectives by:

- Testing whether the investment meets the thresholds set by the investment manager for each of the mandatory principal adverse impact ("PAI") indicators (see the response to the question, "*How have the indicators for adverse impacts on sustainability factors been taken into account?*" below for the details of this process); and
- Ensuring that the sustainable investments of the fund are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (see the response to the question, "*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*" below for the details of this process).

How have the indicators for adverse impacts on sustainability factors been taken into account?

The investment manager tests all of the fund's sustainable investments against the PAI indicators which are mandatory to consider under SFDR. The investment manager does this using a combination of quantitative and qualitative tests, using available third party and proprietary data for each PAI indicator.

The investment manager seeks data that is most closely aligned with each individual PAI to construct the PAI assessment methodology. In some cases third party data is limited and if issuers or specific issues are not covered by a vendor for a particular PAI, the investment manager may supplement with best available proxy indicators or qualitative analysis.

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

The investment manager applies the following types of thresholds for the PAIs in order to determine if the investment may be causing significant harm:

1. Absolute thresholds: i.e., company performance breaches a threshold that is set based on a quantitative metric or a qualitative score-based assessment, considering a universe of large, listed companies;
2. Peer group-relative thresholds: i.e., company performance breaches a quantitative threshold that is set based on considering the aggregate performance of the sub-set of companies within a sector that cause the most harm in a specific area, such as carbon emissions or waste emissions; and
3. Controversy-based thresholds: i.e., company controversy performance is qualitatively assessed to be on the worst part of a scale of potential harmful impact.

For certain environmental PAIs, an exemption is made for companies that derive a significant amount of revenues from activities designed to directly address those specific areas of environmental harm. Thresholds are reviewed annually based on a large investable universe.

In cases where the PAI methodology suggests an investment may be causing significant harm, the investment manager conducts additional desktop research to verify the accuracy of the data point and that there are no intervening factors that cast doubt over the validity of the significant harm analysis. If the investment manager concludes, through its internal assessment, that the issuer is not causing significant harm, it may proceed with the investment and the rationale for that decision will then be documented. Intervening factors that may lead to a conclusion that an issuer is not causing significant harm include:

i. The significant harm assessment is tied to inaccurate vendor data that, once corrected, would no longer breach a significant harm threshold;
ii. The significant harm assessment results from a company being classified in a peer group which the investment manager believes is not appropriate due to company-specific characteristics, or to unique or extenuating circumstances specific to the jurisdiction in which the company operates; or
iii. The issuer has demonstrated steps and actions to address the potential significant harm such as through the adoption of time-bound targets and goals or dedicated remediation activities and there are clear meaningful signs of improvement and positive change.

PAI assessments for all holdings will be reviewed at least quarterly.

The investment manager's use of proxy indicators will be kept under review and will be replaced by more specific PAI indicators from third-party data providers, when the investment manager determines that sufficiently reliable data has become available.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The investment manager monitors business practices on an ongoing basis, through data on ESG controversies and standards screening sourced from third party providers. The investment manager will make assessments on controversy cases, using information from relevant ESG data providers, that it views as significant, and on failures to comply with the UN Global Compact (UNGC) Principles, the UN Guiding Principles on Business and Human Rights, the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises or the International Labour Organization (ILO) Fundamental Principles.

The fund excludes companies with evidence of violations of any of the global norms listed above and without evidence of material remediation and improvement. The investment manager maintains its own determination of significant ESG controversies and violations of UNGC Principles, informed by data sourced from third party providers.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund takes the mandatory PAI indicators into account for all its sustainable investments using a combination of qualitative and quantitative criteria, as explained above in response to the question "*How have the indicators for adverse impacts on sustainability factors been taken into account?*"

The fund also considers certain PAI indicators through some of the fund's binding criteria, as follows:

- The fund aims to maintain a lower carbon intensity than the sustainability indicator comparison benchmark. The fund therefore considers the PAI indicator 3: GHG intensity of investee companies.
- The fund excludes issuers which derive certain proportions of revenue from fossil fuels, as described in response to the question, "*What investment strategy does this financial product follow?*". The fund therefore considers the PAI indicator 4: exposure to companies active in the fossil fuel sector.
- The fund aims to maintain a higher level of board gender diversity than the sustainability indicator comparison benchmark. The fund therefore considers the PAI indicator 13: board gender diversity.
- The fund excludes issuers which derive any revenue from controversial weapons manufacturing or retail. The fund therefore considers the PAI indicator 14: exposure to controversial weapons.
- The fund excludes issuers which have experienced significant controversies. This includes controversies relating to violations of the UNGC, the UN Guiding Principles on Business and Human Rights, the ILO fundamental Principles, or the OECD Guidelines for Multinational Enterprises. The fund therefore considers the PAI indicator 10: violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises.

In addition, through the application of the Calvert Principles to the totality of the portfolio, the fund seeks to invest in companies that, in the opinion of the investment manager, exhibit, through their operations and business practices, sound management of ESG characteristics. These characteristics include environmental sustainability, resource efficiency, support for equitable societies and respect for human rights, accountable governance, and transparent operations.

As a result, the fund considers the following PAIs through the investment manager's pass/fail assessment for those companies and sectors where Calvert deems such PAIs relevant:

- PAI 1 "GHG emissions";
- PAI 3 "GHG intensity of investee companies";
- PAI 4 "Exposure to companies active in the fossil fuel sector";
- PAI 13 "Board gender diversity"; and
- PAI 14 "Exposure to controversial weapons".

The fund will make information available on how it has incorporated the PAIs in its periodic reports to investors.



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

As part of its investment strategy, the fund conducts a proprietary assessment to determine companies that are leaders or improvers or solution providers in one or more environmental or social themes. The fund also applies the Calvert Principles to the investment universe to define eligible investments, and some exclusionary screening. The fund will maintain a lower carbon intensity and higher board gender diversity than the sustainability indicator comparison benchmark and make sustainable investments in companies that provide solutions to global environmental or societal challenges, or in issuers that are leaders in managing environmental or social risks and opportunities.

Calvert Principles assessment

All investments in the fund will be evaluated according to the Calvert Principles. The Calvert Principles provide a framework to assess investee company activities and behaviours across a number of financially material ESG themes to determine their eligibility for Calvert funds. Portfolio managers then construct a portfolio of eligible issuers that meet their investment objective.

To conduct this analysis, the investment manager uses the proprietary Calvert Research System ("CRS") that leverages indicators sourced from third party data vendors, external research partners, and the investment manager's own custom indicators to support measurement and ranking of company performance on a number of financially material ESG themes, as determined by expert ESG sector analysts based on proprietary peer groups across the investable universe. A specific set of underlying relevant indicators tied to each theme are then assigned to each sector peer group and weighted to produce a quantitative assessment for each company, with discounts applied based on circumstantial information (current and ongoing issues) from data vendors and news sources. Analysts then consider the information from CRS to determine if the company meets the Calvert Principles. Such determinations are presented to and approved by Calvert's Responsible Research Review Committee. The following themes are considered in CRS, as applicable, depending on a company's peer group and the financial materiality of each theme to that peer group:

- Environmental themes:
    - Biodiversity & Land
    - Climate & Energy
    - Overall Management of Environmental Risks
    - Packaging and Electronic Waste
    - Pollution and Waste
    - Environmental Impacts of the Supply Chain
    - Water
- Social themes:
    - Employee Health and Safety
    - Valuing Human Capital & Labour Management
    - Privacy & Data Security
    - Product Integrity
    - Stakeholder Relations
    - Social Impacts of the Supply Chain

In instances where ESG data is very limited and cannot be assessed through CRS, companies may undergo a qualitative assessment to determine if the company meets the Calvert Principles. Qualitative assessments, like quantitative assessments, are presented to and approved by Calvert's Responsible Research Review Committee.

Environmental/Social leadership, improvement, or solutions provider assessment

In addition to applying the Calvert Principles, the investment manager uses two complementary approaches to select portfolio holdings. Investments in the fund are selected through either of these approaches:

- **Environmental or Social Leaders/Improvers:** Companies are identified as demonstrating leadership or meaningful advancement in managing environmental or social risks and opportunities. The investment manager assesses the material environmental and social issues applicable to the company

and evaluates the company's performance compared with peers. This assessment is based on the investment manager's proprietary research methodology, which integrates ESG scoring and metrics with qualitative evaluations to determine corporate leadership and improvement. The determination of leadership or improvement is based on the analysis of quantitative and qualitative indicators, which may include, but are not limited to: Environmental, Social, and Governance scores derived from a combination of third-party and customized data, progress metrics such as GHG emissions reduction or workforce representation improvement, and the assessment of controversies. The acceptable degree of leadership/improvement may differ depending on industry, sector, region, or country.

- **Thematic Solutions Providers:** The investment manager identifies companies that address environmental or social challenges through a demonstrable connection to their business products, services, processes or operations, utilizing the investment manager's proprietary thematic investing frameworks. The evaluation encompasses a variety of sustainability themes, which may include, but is not limited to: energy solutions; water solutions; climate alignment & solutions; circular economy; diversity, equity & inclusion; and talent management. The determination of thematic alignment relies on comprehensive information and analysis, combining quantitative and qualitative data which may consist of but is not limited to ESG scores, revenue allocation, investment levels (as indicated by financial metrics such as capital expenditure and operating expenditure), human capital metrics, environmental data, impact programs, relevant policy documentation, innovation in products or services, and publicly stated targets or commitments. The acceptable degree of thematic alignment may differ depending on industry, sector, region, or country.

Some of these investments may also qualify as sustainable investments, based on further analysis conducted by the investment manager.

Low Carbon Intensity

The fund will maintain a substantially lower carbon intensity (at least 50% less) than that of the sustainability indicator comparison benchmark. Carbon intensity is measured using the WACI metric at the aggregate portfolio level. This means that individual holdings may have a higher carbon intensity than the portfolio level WACI.

Board Gender Diversity

The fund will also be managed on an ongoing basis to ensure that it maintains, at the portfolio level, a higher board gender diversity profile than the sustainability indicator comparison benchmark.

This board diversity criterion is applied at a portfolio level (and not at the level of individual holdings, meaning that individual holdings may have a lower number of women at the board level than the portfolio level average).

The investment manager obtains board gender diversity data from third party vendors, which provide data on the number of women on boards at the issuer level. The investment manager collects this data for all names in its investment universe for which data is available and calculates the weighted average for the fund and the sustainability indicator comparison benchmark.

Exclusions

The fund shall not knowingly invest in companies which are deemed to be involved in the following:

- any activities (i.e. production, manufacturing, distribution or corporate ownership) related to **controversial weapons** (including anti-personnel landmines, cluster munitions, biological or chemical weapons, and nuclear weapons);
- manufacturing or production of **civilian firearms**, where a company derives 5% or more revenue from such business activity;
- manufacturing, production or distribution of **military or conventional weapons, or weapons systems,** where a company derives 10% or more revenue from such business activity;
- manufacturing or production of **tobacco**, or where a company derives 10% or more revenue exposure from tobacco distribution or retail;
- **gambling**, where the company derives 10% or more revenue from such business activity;
- exploration, mining, extraction, distribution or refining of **thermal and metallurgical coal**, where a company derives 1% or more revenue from such business activity;
- **electricity generation from thermal coal** only, where a company derives 30% or more revenue from such business activity;

- **significant ESG controversies** or **violations of the UNGC Principles, the OECD Guidelines for Multinational Enterprises, the ILO Fundamental Principles or the UN Guiding Principles on Business and Human Rights**, without evidence of material remediation and improvement.*

*The investment manager maintains its own determination of significant ESG controversies or violations of UNGC Principles, informed by data sourced from third party providers.

Further information on the investment manager's approach to such exclusions, and/or any additional restrictions applied to the fund will be disclosed in the fund's SFDR Website Disclosure, where necessary.

The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager and the management company. The investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with the investment team to conduct regular portfolio/performance reviews and systemic checks to ensure compliance with portfolio investment objectives and environmental and social characteristics, taking into account changing market conditions, information and strategy developments.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The binding elements of the investment strategy are the following:

- All issuers being eligible for investment according to the Calvert Principles;
- All issuers being eligible for investment according to the investment manager's environmental/social leadership, improvement, or solutions provider assessment;
- At least 50% of the fund's investments qualifying as sustainable investments;
- The fund maintaining a substantially lower carbon intensity (at least 50% less) than the sustainability indicator comparison benchmark;
- The fund maintaining a higher board gender diversity than the sustainability indicator comparison benchmark.
- The exclusionary criteria applied by the fund.

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

While the fund does not commit to reduce the scope of investments, it is expected that the application of the ESG criteria will result in a reduction of the investment universe by at least 20%.

What is the policy to assess good governance practices of the investee companies?

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The investment manager applies the Calvert Principles to determine an eligible investment universe that limits exposure to companies that demonstrate poor management of financially material environmental or social risks.

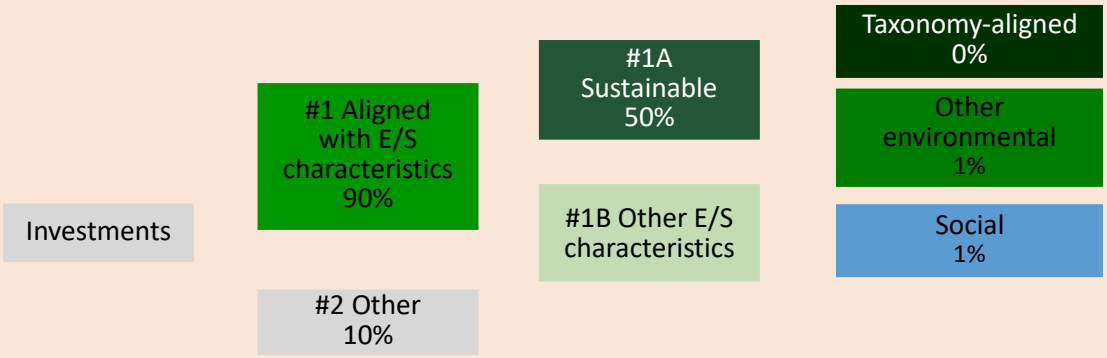
As part of its research process, Calvert also assesses whether companies exhibit accountable governance and oversight, effective and diverse board representation, and transparency in addressing any events or controversies.

Calvert then uses additional third-party governance indicators and controversy data in order to screen investee companies on sound management structures, their employee relations, fair remuneration of staff, and tax compliance, to ensure overall alignment with good governance practices.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned** with E/S characteristics covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Calvert Principles, the selection process of E/S leaders, improvers, or solutions providers, the low carbon intensity and board diversity criteria will be applied to all companies held in the portfolio, which will comprise at least 90% of the portfolio, of which the fund will also allocate a minimum of 50% to sustainable investments.

Among these sustainable investments, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time.

The remaining 10% of the portfolio will consist of cash held as ancillary liquidity and hedging instruments.

These percentages are measured according to the value of the investments.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?***[2]

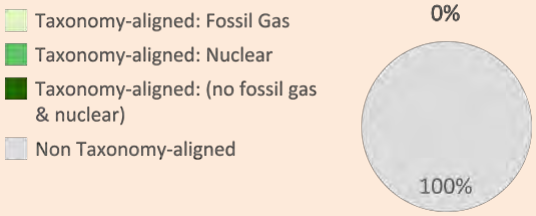
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

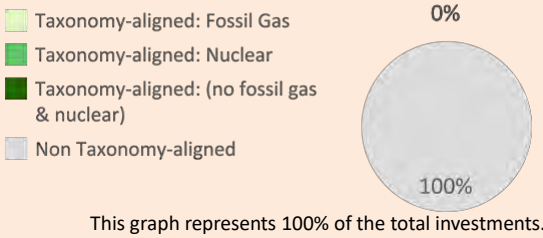
☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*

1. Taxonomy-alignment of investments including sovereign bonds*



2. Taxonomy-alignment of investments excluding sovereign bonds*



This graph represents 100% of the total investments.

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

- ***What is the minimum share of investments in transitional and enabling activities?***

Although the fund commits to invest at least 50% of the portfolio in sustainable investments within the meaning of SFDR, there is no commitment to a minimum share of investments in transitional and enabling activities.

[2] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The fund intends to make a minimum of 50% sustainable investments, of which a minimum of 1% contribute to environmental objectives, as defined under the SFDR.

Although some of these sustainable investments may be EU Taxonomy aligned, due to lack of available data regarding the EU Taxonomy alignment of the underlying securities, the investment manager has not been able to confirm whether these investments are in fact EU Taxonomy aligned and accordingly will not consider them as such in calculations until this data is reported on or otherwise becomes more reliable.

Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

What is the minimum share of socially sustainable investments?

The fund commits to at least 1% of sustainable investments with a social objective.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The "#2 Other" investments held in the fund comprise of cash held as ancillary liquidity and hedging instruments, which are not subject to any minimum environmental and social safeguards.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Not applicable.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Where can I find more product specific information online?

More product-specific information can be found on the website:
https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_calvertequityselect_aggregated_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
Calvert Emerging Markets Equity Select Fund[1]	549300VQZN51VK03CV16

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☐ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 50% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☒ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

[1] Effective from 28 September 2026, this Sustainability Annex will replace the below Sustainability Annex for the Calvert Sustainable Emerging Markets Equity Select Fund.

What environmental and/or social characteristics are promoted by this financial product?

The fund promotes the following environmental and social characteristics:

- **Investments in environmental/social leaders, improvers, or solutions providers:** The fund promotes the environmental and social characteristics of environmental sustainability, diversity, equity and inclusion, respect for human rights and valuing human capital, through investing in companies that demonstrate leadership or meaningful advancement in the management of one or multiple environmental and/or social risks and opportunities, using a combination of ESG scores and qualitative analysis. In addition, the fund will invest in companies that provide solutions to certain environmental or societal challenges associated with sustainability themes that include, but are not limited to: energy solutions; water solutions; climate alignment & solutions; circular economy; diversity, equity & inclusion; and talent management.

- **Eligibility in line with Principles-based ESG materiality framework:** Through the application of the Calvert Principles for Responsible Investment (the "**Calvert Principles**"), the fund promotes environmental sustainability and resource efficiency, equitable societies and respect for human rights, in addition to accountable governance and transparent operations. The Calvert Principles provide a framework to assess investee company activities and behaviours across a number of financially material ESG themes to determine their eligibility for Calvert funds. Portfolio managers then construct a portfolio of eligible issuers that meet their investment objective.

- **Low carbon intensity:** The fund seeks to promote the environmental characteristic of climate change mitigation by maintaining carbon intensity lower than the benchmark used for sustainability indicator comparison purposes, as defined below.

- **Board gender diversity:** The fund seeks to promote the social characteristic of an equal and inclusive work culture by maintaining higher levels of board gender diversity at the portfolio level than this benchmark.

- **Exclusions:** The fund promotes environmental and social characteristics of limiting negative externalities by avoiding investments in thermal coal and other types of fossil fuel related activities, as well as investments in certain activities which can cause harm to human health and wellbeing.

- **Sustainable investments:** The fund aims to make a minimum of 50% sustainable investments in issuers which contribute to specific environmental or social objectives, based on Calvert's assessment.

Additional details on the environmental/social leaders, improvers, or solutions providers assessment, the Calvert Principles, carbon intensity and board gender diversity assessment, and exclusions are provided in response to the question: "*What investment strategy does this financial product follow?*".

Additional details on the fund's sustainable investments are provided in response to the question: "*What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?*"

The fund has not designated a reference benchmark for the purpose of attaining its environmental and social characteristics.

The fund's sustainability indicator comparison benchmark is the MSCI Emerging Markets Index.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The sustainability indicators used to measure the attainment of the fund's environmental and social characteristics are:

- The % of the fund's investments which demonstrate leadership or improvement or provide solutions associated with one or more environmental and/or social themes, as per the investment manager's proprietary methodology;
- The % of the fund's investments that are considered eligible for investment in accordance with the Calvert Principles;
- The % of the fund's investments which qualify as sustainable investments;
- The fund maintaining a portfolio carbon intensity of at least 50% less than the sustainability indicator comparison benchmark, measured by portfolio-level weighted average carbon intensity ("**WACI**"), defined as Scope 1 and 2 tonnes of CO2 equivalent per $1million revenue;
- The fund maintaining a higher level of board gender diversity than the sustainability indicator comparison benchmark, measured by portfolio-level weighted average number of women at the investee company board level; and
- The % of the fund's investments that breach any of the exclusionary criteria.

Additional details on the process used to assess investments' eligibility based on the Calvert Principles and on ESG leadership or improvement, and on the fund's exclusionary criteria, are provided in response to the question, "*What investment strategy does this financial product follow?*".

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

Calvert performs an assessment of each investment in the fund to determine whether it qualifies as a sustainable investment. This assessment aims to identify companies with evidence of making a positive contribution to a specific environmental or social objective, through either of the following two pathways:

1. Generating a significant proportion of their revenues from products or services that directly address environmental or social needs including, but not limited to, alternative energy, pollution prevention, nutrition, or connectivity, as an indicator of positive impact alignment; or
2. Benefiting the environment and/or society through operating responsibly and efficiently, based on metrics that represent a company's performance on the following areas of impact (provided as a non-exhaustive, illustrative list):
    i. Direct environmental impact (e.g., carbon emissions, waste emissions, water use);
    ii. Supply chain impact (e.g., indirect carbon emissions, raw materials sourcing, lifecycle carbon);
    iii. Workplace practices (e.g., diversity, inclusion, human capital management).

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

The investment manager seeks to ensure that the sustainable investments of the fund do not cause significant harm to relevant environmental or social sustainable investment objectives by:

- Testing whether the investment meets the thresholds set by the investment manager for each of the mandatory principal adverse impact ("PAI") indicators (see the response to the question, "*How have the indicators for adverse impacts on sustainability factors been taken into account?*" below for the details of this process); and
- Ensuring that the sustainable investments of the fund are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (see the response to the question, "*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*" below for the details of this process).

How have the indicators for adverse impacts on sustainability factors been taken into account?

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

The investment manager tests all of the fund's sustainable investments against the PAI indicators which are mandatory to consider under SFDR. The investment manager does this using a combination of quantitative and qualitative tests, using available third party and proprietary data for each PAI indicator.

The investment manager seeks data that is most closely aligned with each individual PAI to construct the PAI assessment methodology. In some cases third party data is limited and if issuers or specific issues are not covered by a vendor for a particular PAI, the investment manager may supplement with best available proxy indicators or qualitative analysis.

The investment manager applies the following types of thresholds for the PAIs in order to determine if the investment may be causing significant harm:

1. Absolute thresholds: i.e., company performance breaches a threshold that is set based on a quantitative metric or a qualitative score-based assessment, considering a universe of large, listed companies;
2. Peer group-relative thresholds: i.e., company performance breaches a quantitative threshold that is set based on considering the aggregate performance of the sub-set of companies within a sector that cause the most harm in a specific area, such as carbon emissions or waste emissions; and
3. Controversy-based thresholds: i.e., company controversy performance is qualitatively assessed to be on the worst part of a scale of potential harmful impact.

For certain environmental PAIs, an exemption is made for companies that derive a significant amount of revenues from activities designed to directly address those specific areas of environmental harm. Thresholds are reviewed annually based on a large investable universe.

In cases where the PAI methodology suggests an investment may be causing significant harm, the investment manager conducts additional desktop research to verify the accuracy of the data point and that there are no intervening factors that cast doubt over the validity of the significant harm analysis. If the investment manager concludes, through its internal assessment, that the issuer is not causing significant harm, it may proceed with the investment and the rationale for that decision will then be documented. Intervening factors that may lead to a conclusion that an issuer is not causing significant harm include:

i. The significant harm assessment is tied to inaccurate vendor data that, once corrected, would no longer breach a significant harm threshold;
ii. The significant harm assessment results from a company being classified in a peer group which the investment manager believes is not appropriate due to company-specific characteristics, or to unique or extenuating circumstances specific to the jurisdiction in which the company operates; or
iii. The issuer has demonstrated steps and actions to address the potential significant harm such as through the adoption of time-bound targets and goals or dedicated remediation activities and there are clear meaningful signs of improvement and positive change.

PAI assessments for all holdings will be reviewed at least quarterly.

The investment manager's use of proxy indicators will be kept under review and will be replaced by more specific PAI indicators from third-party data providers, when the investment manager determines that sufficiently reliable data has become available.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The investment manager monitors business practices on an ongoing basis, through data on ESG controversies and standards screening sourced from third party providers. The investment manager will make assessments on controversy cases, using information from relevant ESG data providers, that it views as significant, and on failures to comply with the UN Global Compact (UNGC) Principles, the UN Guiding Principles on Business and Human Rights, the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises or the International Labour Organization (ILO) Fundamental Principles.

The fund excludes companies with evidence of violations of any of the global norms listed above and without evidence of material remediation and improvement. The investment manager maintains its own determination of significant ESG controversies and violations of UNGC Principles, informed by data sourced from third party providers.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund takes the mandatory PAI indicators into account for all its sustainable investments using a combination of qualitative and quantitative criteria, as explained above in response to the question "*How have the indicators for adverse impacts on sustainability factors been taken into account?*"

The fund also considers certain PAI indicators through some of the fund's binding criteria, as follows:

- The fund aims to maintain a lower carbon intensity than the sustainability indicator comparison benchmark. The fund therefore considers the PAI indicator 3: GHG intensity of investee companies.
- The fund excludes issuers which derive certain proportions of revenue from fossil fuels, as described in response to the question, "*What investment strategy does this financial product follow?*". The fund therefore considers the PAI indicator 4: exposure to companies active in the fossil fuel sector.
- The fund aims to maintain a higher level of board gender diversity than the sustainability indicator comparison benchmark. The fund therefore considers the PAI indicator 13: board gender diversity.
- The fund excludes issuers which derive any revenue from controversial weapons manufacturing or retail. The fund therefore considers the PAI indicator 14: exposure to controversial weapons.
- The fund excludes issuers which have experienced significant controversies. This includes controversies relating to violations of the UNGC, the UN Guiding Principles on Business and Human Rights, the ILO fundamental Principles, or the OECD Guidelines for Multinational Enterprises. The fund therefore considers the PAI indicator 10: violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises.

In addition, through the application of the Calvert Principles to the totality of the portfolio, the fund seeks to invest in companies that, in the opinion of the investment manager, exhibit, through their operations and business practices, sound management of ESG characteristics. These characteristics include environmental sustainability, resource efficiency, support for equitable societies and respect for human rights, accountable governance, and transparent operations.

As a result, the fund considers the following PAIs through the investment manager's pass/fail assessment for those companies and sectors where Calvert deems such PAIs relevant:

- PAI 1 "GHG emissions";
- PAI 3 "GHG intensity of investee companies";
- PAI 4 "Exposure to companies active in the fossil fuel sector";
- PAI 13 "Board gender diversity"; and
- PAI 14 "Exposure to controversial weapons".

The fund will make information available on how it has incorporated the PAIs in its periodic reports to investors.



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

As part of its investment strategy, the fund conducts a proprietary assessment to determine companies that are leaders or improvers or solution providers in one or more environmental or social themes. The fund also applies the Calvert Principles to the investment universe to define eligible investments, and some exclusionary screening. The fund will maintain a lower carbon intensity and higher board gender diversity than the sustainability indicator comparison benchmark and make sustainable investments in companies that provide solutions to global environmental or societal challenges, or in issuers that are leaders in managing environmental or social risks and opportunities.

Calvert Principles assessment

All investments in the fund will be evaluated according to the Calvert Principles. The Calvert Principles provide a framework to assess investee company activities and behaviours across a number of financially material ESG themes to determine their eligibility for Calvert funds. Portfolio managers then construct a portfolio of eligible issuers that meet their investment objective.

To conduct this analysis, the investment manager uses the proprietary Calvert Research System ("CRS") that leverages indicators sourced from third party data vendors, external research partners, and the investment manager's own custom indicators to support measurement and ranking of company performance on a number of financially material ESG themes, as determined by expert ESG sector analysts based on proprietary peer groups across the investable universe. A specific set of underlying relevant indicators tied to each theme are then assigned to each sector peer group and weighted to produce a quantitative assessment for each company, with discounts applied based on circumstantial information (current and ongoing issues) from data vendors and news sources. Analysts then consider the information from CRS to determine if the company meets the Calvert Principles. Such determinations are presented to and approved by Calvert's Responsible Research Review Committee. The following themes are considered in CRS, as applicable, depending on a company's peer group and the financial materiality of each theme to that peer group:

- Environmental themes:
  - Biodiversity & Land
  - Climate & Energy
  - Overall Management of Environmental Risks
  - Packaging and Electronic Waste
  - Pollution and Waste
  - Environmental Impacts of the Supply Chain
  - Water
- Social themes:
  - Employee Health and Safety
  - Valuing Human Capital & Labour Management
  - Privacy & Data Security
  - Product Integrity
  - Stakeholder Relations
  - Social Impacts of the Supply Chain

In instances where ESG data is very limited and cannot be assessed through CRS, companies may undergo a qualitative assessment to determine if the company meets the Calvert Principles. Qualitative assessments, like quantitative assessments, are presented to and approved by Calvert's Responsible Research Review Committee.

Environmental/Social leadership, improvement, or solutions provider assessment

In addition to applying the Calvert Principles, the investment manager uses two complementary approaches to select portfolio holdings. Investments in the fund are selected through either of these approaches:

- **Environmental or Social Leaders/Improvers:** Companies are identified as demonstrating leadership or meaningful advancement in managing environmental or social risks and opportunities. The investment manager assesses the material environmental and social issues applicable to the company and evaluates the company's performance compared with peers. This assessment is based on the investment manager's proprietary research methodology, which integrates ESG scoring and metrics with qualitative evaluations to determine corporate leadership and improvement. The determination of leadership or improvement is based on the analysis of quantitative and qualitative indicators, which may include, but are not limited to: Environmental, Social, and Governance scores derived from a combination of third-party and customized data, progress metrics such as GHG emissions reduction or workforce representation improvement, and the assessment of controversies. The acceptable degree of leadership/improvement may differ depending on industry, sector, region, or country.

- **Thematic Solutions Providers:** The investment manager identifies companies that address environmental or social challenges through a demonstrable connection to their business products, services, processes or operations, utilizing the investment manager's proprietary thematic investing frameworks. The evaluation encompasses a variety of sustainability themes, which may include, but is not limited to: energy solutions; water solutions; climate alignment & solutions; circular economy; diversity, equity & inclusion; and talent management. The determination of thematic alignment relies on comprehensive information and analysis, combining quantitative and qualitative data which may consist of but is not limited to ESG scores, revenue allocation, investment levels (as indicated by financial metrics such as capital expenditure and operating expenditure), human capital metrics, environmental data, impact programs, relevant policy documentation, innovation in products or services, and publicly stated targets or commitments. The acceptable degree of thematic alignment may differ depending on industry, sector, region, or country.

Some of these investments may also qualify as sustainable investments, based on further analysis conducted by the investment manager.

Low Carbon Intensity

The fund will maintain a substantially lower carbon intensity (at least 50% less) than that of the sustainability indicator comparison benchmark. Carbon intensity is measured using the WACI metric at the aggregate portfolio level. This means that individual holdings may have a higher carbon intensity than the portfolio level WACI.

Board Gender Diversity

The fund will also be managed on an ongoing basis to ensure that it maintains, at the portfolio level, a higher board gender diversity profile than the sustainability indicator comparison benchmark.

This board diversity criterion is applied at a portfolio level (and not at the level of individual holdings, meaning that individual holdings may have a lower number of women at the board level than the portfolio level average).

The investment manager obtains board gender diversity data from third party vendors, which provide data on the number of women on boards at the issuer level. The investment manager collects this data for all names in its investment universe for which data is available and calculates the weighted average for the fund and the sustainability indicator comparison benchmark.

Exclusions

The fund shall not knowingly invest in companies which are deemed to be involved in the following:

- any activities (i.e. production, manufacturing, distribution or corporate ownership) related to **controversial weapons** (including anti-personnel landmines, cluster munitions, biological or chemical weapons, and nuclear weapons);
- manufacturing or production of **civilian firearms**, where a company derives 5% or more revenue from such business activity;
- manufacturing, production or distribution of **military or conventional weapons, or weapons systems,** where a company derives 10% or more revenue from such business activity;
- manufacturing or production of **tobacco**, or where a company derives 10% or more revenue exposure from tobacco distribution or retail;
- **gambling**, where the company derives 10% or more revenue from such business activity;
- exploration, mining, extraction, distribution or refining of **thermal and metallurgical coal**, where a company derives 1% or more revenue from such business activity;
- **electricity generation from thermal coal** only, where a company derives 30% or more revenue from such business activity;
- **significant ESG controversies** or **violations of the UNGC Principles, the OECD Guidelines for Multinational Enterprises, the ILO Fundamental Principles or the UN Guiding Principles on Business and Human Rights**, without evidence of material remediation and improvement.*

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- ***What is the policy to assess good governance practices of the investee companies?***

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

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What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
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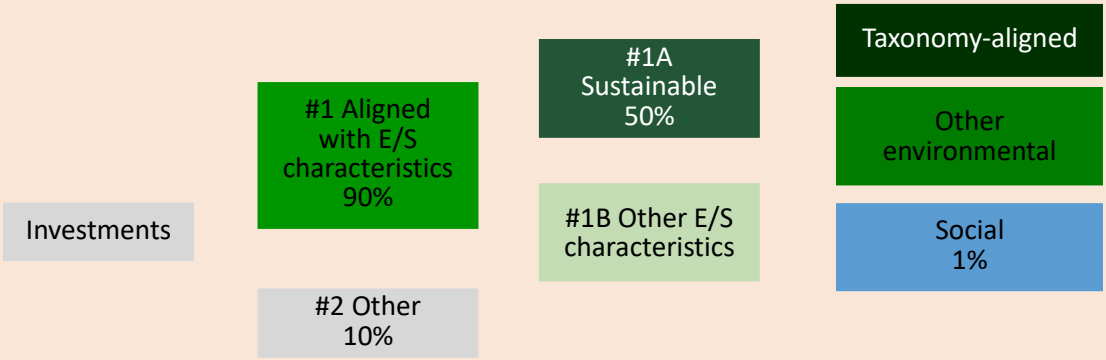


#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned** with E/S characteristics covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Calvert Principles, the selection process of E/S leaders, improvers, or solutions providers, the low carbon intensity and board diversity criteria will be applied to all companies held in the portfolio, which will comprise at least 90% of the portfolio, of which the fund will also allocate a minimum of 50% to sustainable investments.

Among these sustainable investments, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time.

The remaining 10% of the portfolio will consist of cash held as ancillary liquidity and hedging instruments.

These percentages are measured according to the value of the investments.

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?[2]

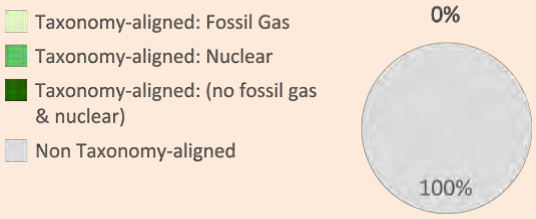
Yes:

☐ In fossil gas ☐ In nuclear energy

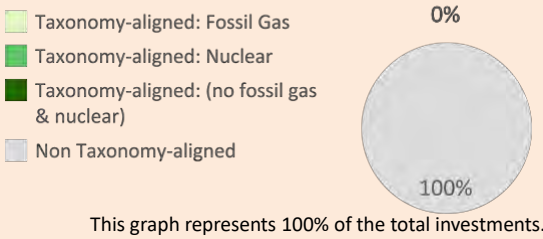
☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*

1. Taxonomy-alignment of investments including sovereign bonds*



2. Taxonomy-alignment of investments excluding sovereign bonds*



This graph represents 100% of the total investments.

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

[2] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

- ***What is the minimum share of investments in transitional and enabling activities?***

Although the fund commits to invest at least 50% of the portfolio in sustainable investments within the meaning of SFDR, there is no commitment to a minimum share of investments in transitional and enabling activities.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?



Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund intends to make a minimum of 50% sustainable investments, of which a minimum of 1% contribute to environmental objectives, as defined under the SFDR.

Although some of these sustainable investments may be EU Taxonomy aligned, due to lack of available data regarding the EU Taxonomy alignment of the underlying securities, the investment manager has not been able to confirm whether these investments are in fact EU Taxonomy aligned and accordingly will not consider them as such in calculations until this data is reported on or otherwise becomes more reliable.



What is the minimum share of socially sustainable investments?

The fund commits to at least 1% of sustainable investments with a social objective.



What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The "#2 Other" investments held in the fund comprise of cash held as ancillary liquidity and hedging instruments, which are not subject to any minimum environmental and social safeguards.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.



Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_calvertequityselect_aggregated_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
Calvert Global Equity Fund	254900YKPKYL7EFV9Z72

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 50% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☒ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

Through the application of the Calvert Principles for Responsible Investment (the "**Calvert Principles**"), the fund promotes environmental sustainability and resource efficiency, equitable societies and respect for human rights, in addition to accountable governance and transparent operations.

In addition, the fund invests a minimum proportion of its assets in sustainable investments making a positive contribution to specific environmental or social objectives, as further described under the question '*What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?*'.

The fund has not designated a reference benchmark for the purpose of attaining its environmental or social characteristics.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The sustainability indicators used to measure the attainment of the environmental and social characteristics promoted are:

- The % of the fund's investments that are considered eligible for investment in accordance with the Calvert Principles.
- The % of the fund's investments which qualify as sustainable investments.

Additional details on the process used to assess investments' eligibility based on the Calvert Principles are provided in response to the question, "*What investment strategy does this financial product follow?*".

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

In parallel to the Calvert Principles analysis, Calvert performs an assessment of each investment in the fund to determine whether it qualifies as a sustainable investment. This assessment aims to identify companies with evidence of making a positive contribution to a specific environmental or social objective, through either of the following two pathways:

1. Generating a significant proportion of their revenues from products or services that directly address environmental or social needs including, but not limited to, alternative energy, pollution prevention, nutrition, or connectivity, as an indicator of positive impact alignment; or
2. Benefiting the environment and/or society through operating responsibly and efficiently, based on metrics that represent a company's performance on the following areas of impact (provided as a non-exhaustive, illustrative list):
    i. Direct environmental impact (e.g., carbon emissions, waste emissions, water use);
    ii. Supply chain impact (e.g., indirect carbon emissions, raw materials sourcing, lifecycle carbon);
    iii. Workplace practices (e.g., diversity, inclusion, gender pay equity).

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

Calvert seeks to ensure that the sustainable investments of the fund do not cause significant harm to relevant environmental or social sustainable investment objectives by:

- Testing whether the investment meets the thresholds set by Calvert for each of the mandatory principal adverse impact ("**PAI**") indicators (see the response to the question, "*How have the indicators for adverse impacts on sustainability factors been taken into account?*" below for the details of this process); and
- Ensuring that the sustainable investments of the fund are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (see the response to the question, "*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*" below for the details of this process).

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

Calvert tests all of the fund's sustainable investments against the PAIs which are mandatory to consider under the SFDR. Calvert does this using a combination of quantitative and qualitative tests, using available third party and proprietary data for each PAI indicator.

Calvert seeks data that is most closely aligned with each individual PAI to construct the PAI assessment methodology. In some cases third party data is limited and if issuers or specific issues are not covered by a vendor for a particular PAI Calvert may supplement with best available proxy indicators or qualitative analysis.
Calvert applies the following types of thresholds for the PAIs to sustainable investments in order to determine if the investment may be causing significant harm:

1. Absolute thresholds: i.e., company performance breaches a threshold that is set based on a quantitative metric or a qualitative score-based assessment, considering a universe of large, listed companies;
2. Peer group-relative thresholds: i.e., company performance breaches a quantitative threshold that is set based on considering the aggregate performance of the sub-set of companies within a sector that cause the most harm in a specific area, such as carbon emissions or waste emissions; and
3. Controversy-based thresholds: i.e., company controversy performance is qualitatively assessed to be on the worst part of a scale of potential harmful impact.

For certain environmental PAIs, an exemption is made for companies that derive a significant amount of revenues from activities designed to directly address those specific areas of environmental harm. Thresholds are reviewed annually based on a large investable universe.

In cases where the PAI methodology suggests a sustainable investment may be causing significant harm, Calvert may conduct additional desktop research to verify the accuracy of the data point and that there are no intervening factors that cast doubt over the validity of the significant harm analysis. If Calvert concludes that the issuer is not causing significant harm based on this analysis, the rationale for that decision will then be documented.

Intervening factors that may lead to a conclusion that an issuer is not causing significant harm include:

i. the significant harm assessment is tied to inaccurate vendor data that, once corrected, would no longer breach a significant harm threshold;
ii. the significant harm assessment results from a company being classified in a peer group which Calvert believes is not appropriate due to company-specific characteristics, or to unique or extenuating circumstances specific to the jurisdiction in which the company operates; or
iii. the issuer has demonstrated steps and actions to address the potential significant harm such as through the adoption of time-bound targets and goals or dedicated remediation activities and there are clear meaningful signs of improvement and positive change;

PAI assessments for all holdings will be reviewed at least quarterly.

Where Calvert determines that a held issuer is causing significant harm according to one or multiple PAIs, the investment will be deemed not sustainable and it will not be counted towards the sustainable investment allocation of the fund.

Calvert's use of proxy indicators will be kept under review and will be replaced by more specific PAI indicators from third-party data providers, when Calvert determines that sufficiently reliable data has become available.

— *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

For the portion of the fund's assets allocated to sustainable investments, Calvert monitors business practices on an ongoing basis, through data on ESG controversies and standards screening sourced from third party providers. Calvert will make assessments on controversy cases, informed by information from relevant ESG data providers, that it views as being severe, and on failures to comply with the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multi-National Enterprises or the ILO Fundamental Principles.

Companies that are deemed by Calvert to have severe violations of the global norms listed above, would not be considered eligible as sustainable investments.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund considers all of the mandatory PAI on sustainability factors which are relevant to the investment for the portion allocated to sustainable investments, as described above in response to the question, "*How have the indicators for adverse impacts on sustainability factors been taken into account?*".

In addition, through the application of the Calvert Principles to the totality of the portfolio, the fund seeks to invest in companies that, in the opinion of the investment manager, exhibit, through their operations and business practices, sound management of ESG characteristics. These characteristics include environmental sustainability, resource efficiency, support for equitable societies and respect for human rights, accountable governance, and transparent operations.

As a result, the fund considers the following PAIs through its pass/fail assessment for those companies and sectors where Calvert deems such PAIs relevant:

- PAI 1 "GHG emissions";
- PAI 3 "GHG intensity of investee companies";
- PAI 4 "Exposure to companies active in the fossil fuel sector";
- PAI 13 "Board gender diversity"; and
- PAI 14 "Exposure to controversial weapons".

The fund will make information available on how it has incorporated the PAIs in its periodic reports to investors.



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The fund will invest in companies that, in the opinion of the investment manager, exhibit, through their operations and business practices, sound management of ESG characteristics. These characteristics include environmental sustainability, resource efficiency, support for equitable societies and respect for human rights, accountable governance, and transparent operations.

All investments in the fund are made at the discretion of the investment manager and will be evaluated in accordance with the Calvert Principles. The Calvert Principles provide a framework to assess investee company activities and behaviours across a number of financially material ESG themes to determine their eligibility for Calvert funds. The investment manager then constructs a portfolio of eligible issuers that meet their investment objective. The attainment of the environmental and social characteristics of the fund will be measured based on whether names held in the fund are considered eligible for investment in accordance with the Calvert Principles.

To conduct this analysis, Calvert uses the proprietary Calvert Research System ("**CRS**") that leverages indicators sourced from third party data vendors, external research partners, and Calvert's proprietary custom indicators

to support measurement and ranking of company performance on a number of financially material ESG themes, as determined by expert ESG sector analysts based on proprietary peer groups across the investable universe. A specific set of underlying relevant indicators tied to each theme are then assigned to each sector peer group and weighted to produce a quantitative assessment for each company, with discounts applied based on circumstantial information (current and ongoing issues) from data vendors and news sources. Analysts then consider the information from CRS to make a qualitative determination on whether the company is eligible for investment in accordance with the Calvert Principles. Such determinations are presented to and approved by Calvert's Responsible Research Review Committee.

Investments that are held by the fund but subsequently become ineligible to be held by the fund after they are acquired due to the application of the ESG criteria above will be sold. Such sales will take place over a reasonable time period to be determined by the investment manager, taking into account the best interests of the shareholders of the fund.

The following themes are considered in CRS, as applicable, depending on a company's peer group and the financial materiality of each theme to that peer group:

- Environmental themes:
  - Biodiversity & Land
  - Climate & Energy
  - Overall Management of Environmental Risks
  - Packaging and Electronic Waste
  - Pollution and Waste
  - Environmental Impacts of the Supply Chain
  - Water
- Social themes:
  - Employee Health and Safety
  - Valuing Human Capital & Labour Management
  - Privacy & Data Security
  - Product Integrity
  - Stakeholder Relations
  - Social Impacts of the Supply Chain

In instances where ESG data is very limited and cannot be assessed through CRS, companies may undergo a qualitative assessment to determine if the company meets the Calvert Principles. Qualitative assessments, like quantitative assessments, are presented to and approved by Calvert's Responsible Research Review Committee.

Where a company is no longer deemed eligible for investment in accordance with the Calvert Principles, it will be divested from the fund within a reasonable time period and taking into account the interests of shareholders.

The fund will maintain a minimum of 50% of sustainable investments, which meet the criteria as set out in response to the question, *"What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?"*

The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager. The investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with the investment team to conduct regular portfolio/performance reviews and systemic checks to ensure compliance with portfolio investment objectives and environmental and social characteristics, taking into account changing market conditions, information and strategy developments.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The binding elements of the investment strategy used to select the investments to achieve the environmental / social characteristics promoted by the fund are the following:

- The fund will only invest in names that are considered eligible for investment in accordance with the Calvert Principles
- At least 50% of the fund's investments will qualify as sustainable investments.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

- ***What is the policy to assess good governance practices of the investee companies?***

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The investment manager applies the Calvert Principles to determine an eligible investment universe that limits exposure to companies that demonstrate poor management of financially material environmental or social risks.

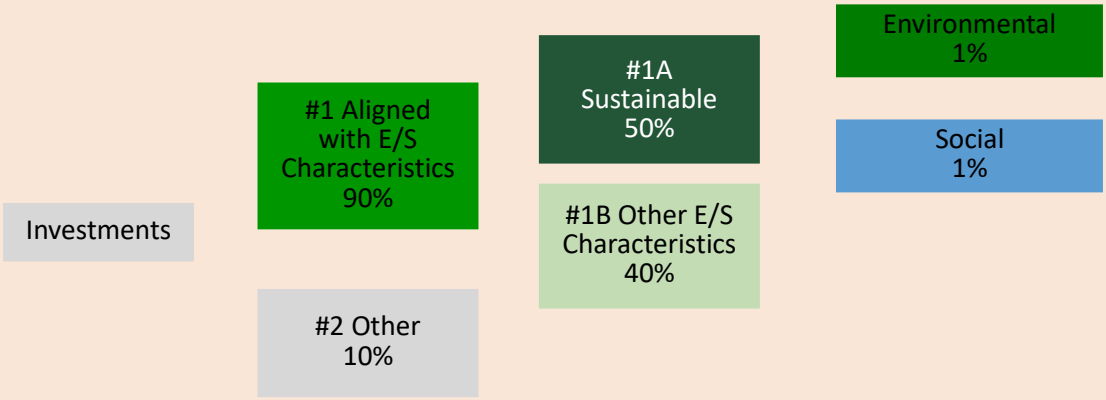
As part of its research process, Calvert also assesses whether companies exhibit accountable governance and oversight, effective and diverse board representation, and transparency in addressing any events or controversies.

Calvert then uses additional third-party governance indicators and controversy data in order to screen investee companies on sound management structures, their employee relations, fair remuneration of staff, and tax compliance, to ensure overall alignment with good governance practices.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned** with E/S characteristics covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

At least 90% of the fund's assets will be held in investments that are aligned with the environmental and social characteristics promoted by the fund. The remaining portion the portfolio will consist of cash held as ancillary liquidity and derivatives that are not aligned with the environmental and social characteristics of the fund. Of the portion of assets aligned with the environmental and social characteristics promoted, a minimum of 50% will also be sustainable investments. Of this minimum 50% allocation to sustainable investments, a minimum of 1% will have an environmental objective, and a minimum of 1% will have a social objective, which can both vary independently at any time.

These percentages are measured according to the value of the investments.

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

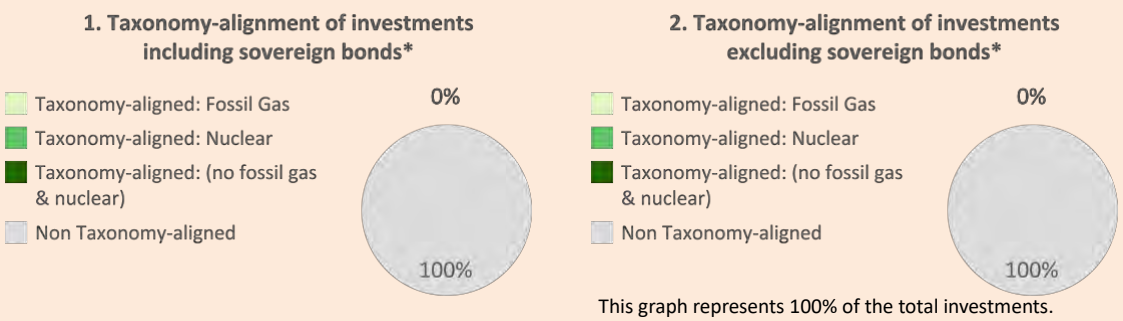
- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?*[1]**

☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



This graph represents 100% of the total investments.

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

- ***What is the minimum share of investments in transitional and enabling activities?***

Although the fund commits to invest in sustainable investments within the meaning of the SFDR, there is no commitment to a minimum share of investments in transitional and enabling activities.

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund intends to make a minimum of 50% of sustainable investments as defined under the SFDR. Among these, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time. These sustainable investments will represent at least 50% of the portfolio holdings on an aggregated basis.

Although some of these sustainable investments may be EU Taxonomy aligned, due to lack of available data regarding the EU Taxonomy alignment of the underlying securities, the investment manager has not been able to confirm whether these investments are in fact EU Taxonomy aligned and accordingly will not consider them as such in calculations until this data is reported on or otherwise becomes more reliable.

What is the minimum share of socially sustainable investments?

The fund intends to make a minimum of 50% of sustainable investments as defined under the SFDR. Among these, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time. These sustainable investments will represent at least 50% of the portfolio holdings on an aggregated basis.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The fund may hold up to 10% in cash as ancillary liquidity, and derivatives for hedging purposes. This is included in the "#2 Other" category and is not subject to environmental and/or social screening or any minimum environmental or social safeguards.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.

Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_calvertglobalequity_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name:

Calvert Sustainable Developed Europe Equity Select Fund[1]

Legal entity identifier:

549300UT4CY7ZR786J23

Sustainable investment objective

Does this financial product have a sustainable investment objective?

- [x] **Yes**
- [ ] **No**

- [x] It will make a minimum of **sustainable investments with an environmental objective: 20%**
  - [ ] in economic activities that qualify as environmentally sustainable under the EU Taxonomy
  - [x] in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- [x] It will make a minimum of **sustainable investments with a social objective: 20%**

- [ ] It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __% of sustainable investments
  - [ ] with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
  - [ ] with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
  - [ ] with a social objective
- [ ] It promotes E/S characteristics, but **will not make any sustainable investments**

[1] Effective from 28th September 2026, the fund will be renamed "*Calvert Developed Europe Equity Select Fund*" and this Sustainability Annex will be replaced by the above Sustainability Annex for the Calvert Developed Europe Equity Select Fund.

What is the sustainable investment objective of this financial product?

The fund's sustainable investment objective is to invest in companies that are leaders on, or demonstrate significant improvement in, the management of, environmental and/or social issues such as environmental sustainability, diversity, equity and inclusion, respect for human rights and valuing human capital, and that are determined by the investment manager to be a sustainable investment.

The fund will invest only in those companies with evidence of making a positive contribution to a specific environmental or social objective, through either of the following two pathways:

1 Generating a significant proportion of their revenues from products or services that directly address environmental or social needs including, but not limited to, alternative energy, pollution prevention, nutrition, or connectivity, as an indicator of positive impact alignment; or

2 Benefiting the environment and/or society through operating responsibly and efficiently, based on metrics that represent a company's performance on the following areas of impact (provided as a non-exhaustive, illustrative list):

i. Direct environmental impact (e.g., carbon emissions, waste emissions, water use);
ii. Supply chain impact (e.g., indirect carbon emissions, raw materials sourcing, lifecycle carbon);
iii. Workplace practices (e.g., diversity, inclusion, human capital management).

All investments in the fund will be evaluated under the Calvert Principles for Responsible Investment (the "**Calvert Principles**"). The Calvert Principles provide a framework to assess investee company activities and behaviours across a number of financially material ESG themes to determine their eligibility for Calvert funds. Portfolio managers then construct a portfolio of eligible issuers that meet their investment objective. Additional details on the Calvert Principles are provided in response to the question, "*What investment strategy does this financial product follow*?".

In addition to this primary objective, the fund will maintain a carbon intensity lower than the benchmark used for sustainability indicator comparison purposes, as defined below, and maintain higher levels of board gender diversity at the portfolio level than this benchmark.

The fund has not designated a reference benchmark for the purpose of attaining its sustainable investment objective.

The fund's sustainability indicator comparison benchmark is the MSCI Europe Index.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?

The sustainability indicators used to measure the attainment of the sustainable investment objective are:

- The % of the fund's investments which demonstrate ESG leadership or improvement as per the investment manager's proprietary methodology, and which qualify as sustainable investments;
- The % of the fund's investments that are considered eligible for investment in accordance with the Calvert Principles;
- The fund maintaining a portfolio carbon intensity of at least 50% less than the sustainability indicator comparison benchmark, measured by portfolio-level weighted average carbon intensity ("**WACI**"), defined as Scope 1 and 2 tonnes of CO2 equivalent per $1million revenue;
- The fund maintaining a higher level of board gender diversity than the sustainability indicator comparison benchmark, measured by portfolio-level weighted average number of women at the investee company board level; and
- The % of the fund's investments that breach any of the exclusionary criteria.

Additional details on the process used to assess investments' eligibility based on the Calvert Principles and on ESG leadership or improvement, and on the fund's exclusionary criteria, are provided in response to the question, "*What investment strategy does this financial product follow?*".

How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?

The investment manager seeks to ensure that the sustainable investments of the fund do not cause significant harm to relevant environmental or social sustainable investment objectives by:

- Testing whether the investment meets the thresholds set by the investment manager for each of the mandatory principal adverse impact ("PAI") indicators (see the response to the question, "*How have the indicators for adverse impacts on sustainability factors been taken into account?*" below for the details of this process); and
- Ensuring that the sustainable investments of the fund are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (see the response to the question, "*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*" below for the details of this process).

How have the indicators for adverse impacts on sustainability factors been taken into account?

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

The investment manager tests all of the fund's investments against the PAI indicators which are mandatory to consider under SFDR. The investment manager does this using a combination of quantitative and qualitative tests, using available third party and proprietary data for each PAI indicator.

The investment manager seeks data that is most closely aligned with each individual PAI to construct the PAI assessment methodology. In some cases third party data is limited and if issuers or specific issues are not covered by a vendor for a particular PAI, the investment manager may supplement with best available proxy indicators or qualitative analysis.

The investment manager applies the following types of thresholds for the PAIs in order to determine if the investment may be causing significant harm:

1. Absolute thresholds: i.e., company performance breaches a threshold that is set based on a quantitative metric or a qualitative score-based assessment, considering a universe of large, listed companies;
2. Peer group-relative thresholds: i.e., company performance breaches a quantitative threshold that is set based on considering the aggregate performance of the sub-set of companies within a sector that cause the most harm in a specific area, such as carbon emissions or waste emissions; and
3. Controversy-based thresholds: i.e., company controversy performance is qualitatively assessed to be on the worst part of a scale of potential harmful impact.

For certain environmental PAIs, an exemption is made for companies that derive a significant amount of revenues from activities designed to directly address those specific areas of environmental harm. Thresholds are reviewed annually based on a large investable universe.

In cases where the PAI methodology suggests an investment may be causing significant harm, the investment manager conducts additional desktop research to verify the accuracy of the data point and that there are no intervening factors that cast doubt over the validity of the significant harm analysis. If the investment manager concludes, through its internal assessment, that the issuer is not causing significant harm, it may proceed with the investment and the rationale for that decision will then be documented. Intervening factors that may lead to a conclusion that an issuer is not causing significant harm include:

i. The significant harm assessment is tied to inaccurate vendor data that, once corrected, would no longer breach a significant harm threshold;

ii. The significant harm assessment results from a company being classified in a peer group which the investment manager believes is not appropriate due to company-specific characteristics, or to unique or extenuating circumstances specific to the jurisdiction in which the company operates; or
iii. The issuer has demonstrated steps and actions to address the potential significant harm such as through the adoption of time-bound targets and goals or dedicated remediation activities and there are clear meaningful signs of improvement and positive change.

PAI assessments for all holdings will be reviewed at least quarterly.

Where the investment manager determines that a held issuer is causing significant harm according to one or multiple PAIs, it will be removed from the portfolio on a reasonable timeline, taking into consideration the best interests of the shareholders of the fund.

The investment manager's use of proxy indicators will be kept under review and will be replaced by more specific PAI indicators from third-party data providers, when the investment manager determines that sufficiently reliable data has become available.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

The investment manager monitors business practices on an ongoing basis, through data on ESG controversies and standards screening sourced from third party providers. The investment manager will make assessments on controversy cases, using information from relevant ESG data providers, that it views as significant, and on failures to comply with the UN Global Compact (UNGC) Principles, the UN Guiding Principles on Business and Human Rights, the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises or the International Labour Organization (ILO) Fundamental Principles.

The fund excludes companies with evidence of violations of any of the global norms listed above and without evidence of material remediation and improvement. The investment manager maintains its own determination of significant ESG controversies and violations of UNGC Principles, informed by data sourced from third party providers.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund takes the mandatory PAI indicators into account for all its sustainable investments using a combination of qualitative and quantitative criteria, as explained above in response to the question "*How have the indicators for adverse impacts on sustainability factors been taken into account?*"

The fund will make information available on how it has incorporated the PAIs in its periodic reports to investors.



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

As part of its investment strategy, the fund invests in companies that are eligible according to the Calvert Principles, and which are either: (1) involved in economic activities that address global environmental or societal challenges that relate to areas such as environmental sustainability and resource efficiency, diversity, equity and inclusion, respect for human rights and valuing human capital in addition to demonstrating accountable governance and transparent operations; or (2) are leaders in managing financially material environmental or social risks and opportunities, such as carbon emission management and diversity, equity and inclusion.

Calvert Principles assessment

All investments in the fund will be evaluated according to the Calvert Principles. The Calvert Principles provide a framework to assess investee company activities and behaviours across a number of financially material ESG themes to determine their eligibility for Calvert funds. Portfolio managers then construct a portfolio of eligible issuers that meet their investment objective.

To conduct this analysis, the investment manager uses the proprietary Calvert Research System ("CRS") that leverages indicators sourced from third party data vendors, external research partners, and the investment manager's own custom indicators to support measurement and ranking of company performance on a number of financially material ESG themes, as determined by expert ESG sector analysts based on proprietary peer groups across the investable universe. A specific set of underlying relevant indicators tied to each theme are then assigned to each sector peer group and weighted to produce a quantitative assessment for each company, with discounts applied based on circumstantial information (current and ongoing issues) from data vendors and news sources. Analysts then consider the information from CRS to determine if the company meets the Calvert Principles. Such determinations are presented to and approved by Calvert's Responsible Research Review Committee. Occasionally, the Responsible Research Review Committee may deem a company to be eligible in accordance with the Calvert Principles pending the achievement of milestones set as part of Calvert's engagement activity with such company. The following themes are considered in CRS, as applicable, depending on a company's peer group and the financial materiality of each theme to that peer group:

- Environmental themes:
    - Biodiversity & Land
    - Climate & Energy
    - Overall Management of Environmental Risks
    - Packaging and Electronic Waste
    - Pollution and Waste
    - Environmental Impacts of the Supply Chain
    - Water
- Social themes:
    - Employee Health and Safety
    - Valuing Human Capital & Labour Management
    - Privacy & Data Security
    - Product Integrity
    - Stakeholder Relations

- Social Impacts of the Supply Chain

In instances where ESG data is very limited and cannot be assessed through CRS, companies may undergo a qualitative assessment to determine if the company meets the Calvert Principles. Qualitative assessments, like quantitative assessments, are presented to and approved by Calvert's Responsible Research Review Committee.

ESG leadership or improvement assessment

The investment manager uses its proprietary scores for each of the environmental, social, governance pillars and total ESG scores, normalises them across peer groups and uses them to rank companies and identify those that are potentially leaders on, or demonstrate significant improvement in the management of, environmental and/or social issues.

To implement this, the investment manager uses quantitative and qualitative processes to select portfolio holdings that demonstrate ESG leadership or improvement.

Based on a quantitative approach using proprietary ESG scores, the investment manager seeks to identify companies that are Leaders in their peer group on environmental or social factors (which are assessed on a financial materiality basis). The proprietary ESG scores are determined using a combination of third party and customized ESG data as a base, according to the ESG themes listed above in the description of the Calvert Principles assessment. Leadership is typically defined on a quantitative basis as issuers that are in the top third of their peer group according to the investment manager’s proprietary ESG scores.

Once a universe of ESG leaders is established, the investment manager then constructs the portfolio through an optimisation process that tilts the portfolio towards ESG-leading companies that have more gender diversity and lower carbon risk, as described further below, while minimising factor risks relative to the sustainability indicator comparison benchmark.

After this quantitative assessment, companies identified also undergo a qualitative review to verify their leadership status. This review may result in issuers being removed or added to the investment portfolio that were not identified in the quantitative process. Issuers can only be added if there is a demonstration of leadership or significant improvement in the management of environmental or social issues, and if they comply with all the criteria set by the investment manager for sustainable investments under SFDR.

All companies included in the portfolio must demonstrate leadership or significant improvement in a key ESG issue that drives positive impact through company operations and/or products or services. Operational leadership can be related to environmental sustainability (e.g., resource efficiency, energy efficiency, reducing other harmful environmental externalities) or social sustainability (e.g., effective supply chain management and stakeholder relationships and, strong human capital management, and diverse and inclusive cultures). Leadership and improvement may also be expressed through a product strategy that includes products or services that address environmental or societal challenges, such as products that drive resource efficiencies or reduce pollution, or products that improve access to finance or basic services to underserved communities.

Low Carbon Intensity

The fund will maintain a substantially lower carbon intensity (at least 50% less) than that of the sustainability indicator comparison benchmark, taking into account the long term carbon reduction objectives of the Paris Agreement, which may warrant a revision of the targeted range of reduction over time. Carbon intensity is measured using the WACI metric at the aggregate portfolio level. This means that individual holdings may have a higher carbon intensity than the portfolio level WACI.

Board Diversity

The fund will also be managed on an ongoing basis to ensure that it maintains, at the portfolio level, a higher board gender diversity profile than the sustainability indicator comparison benchmark.

This board diversity criterion is applied at a portfolio level (and not at the level of individual holdings, meaning that individual holdings may have a lower number of women at the board level than the portfolio level average).

The investment manager obtains board gender diversity data from third party vendors, which provide data on the number of women on boards at the issuer level. The investment manager collects this data for all names in its investment universe for which data is available and calculates the weighted average for the fund and the sustainability indicator comparison benchmark.

Exclusions

The fund shall not knowingly invest in companies which are deemed to be involved in the following:

- any activities (i.e. production, manufacturing, distribution or corporate ownership) related to **controversial weapons** (including anti-personnel landmines, cluster munitions, biological or chemical weapons, and nuclear weapons);
- manufacturing or production of **civilian firearms**, where a company derives 5% or more revenue from such business activity;
- manufacturing, production or distribution of **military or conventional weapons, or weapons systems,** where a company derives 10% or more revenue from such business activity;
- manufacturing or production of **tobacco**, or where a company derives 10% or more revenue exposure from tobacco distribution or retail;
- **gambling**, where the company derives 10% or more revenue from such business activity;
- exploration, mining, extraction, distribution or refining of **thermal and metallurgical coal**, where a company derives 1% or more revenue from such business activity;
- exploration, extraction, refining or distribution of **oil fuels**, where a company derives 10% or more revenue from such business activity;
- exploration, extraction, manufacturing or distribution of **gaseous fuels**, where a company derives 50% or more revenue from such business activity; for the avoidance of doubt, biogas, biomethane, renewable and low carbon hydrogen or other gas that is considered renewable would not be excluded from the fund's universe;
- **electricity generation from thermal coal** only, where a company derives 30% or more revenue from such business activity;
- **electricity generation based on thermal coal, oil and/or natural gas** (either individually or combined), where a company derives 50% or more revenue from such business activity; or
- **significant ESG controversies** or **violations of the UNGC Principles, the OECD Guidelines for Multinational Enterprises, the ILO Fundamental Principles or the UN Guiding Principles on Business and Human Rights**, without evidence of material remediation and improvement.*

*The investment manager maintains its own determination of significant ESG controversies or violations of UNGC Principles, informed by data sourced from third party providers.

Such exclusions incorporate the PAB exclusions. Further information on the investment manager's approach to such exclusions, and/or any additional restrictions applied to the fund will be disclosed in the fund's SFDR Website Disclosure, where necessary.

The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager and the management company. The investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with the investment team to conduct regular portfolio/performance

reviews and systemic checks to ensure compliance with portfolio investment objectives and environmental and social characteristics, taking into account changing market conditions, information and strategy developments.

- ***What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?***

The binding elements of the investment strategy used to select the investments to achieve the attainment of the sustainable investment objective are the following:

- All issuers being eligible for investment according to the Calvert Principles;
- All issuers being eligible for investment according to the investment manager's ESG leadership or improvement assessment, and qualifying as sustainable investments;
- The fund maintaining a substantially lower carbon intensity (at least 50% less) than the sustainability indicator comparison benchmark;
- The fund maintaining a higher board gender diversity than the sustainability indicator comparison benchmark.
- The exclusionary criteria applied by the fund.

- ***What is the policy to assess good governance practices of the investee companies?***

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The investment manager applies the Calvert Principles to determine an eligible investment universe that limits exposure to companies that demonstrate poor management of financially material environmental or social risks.

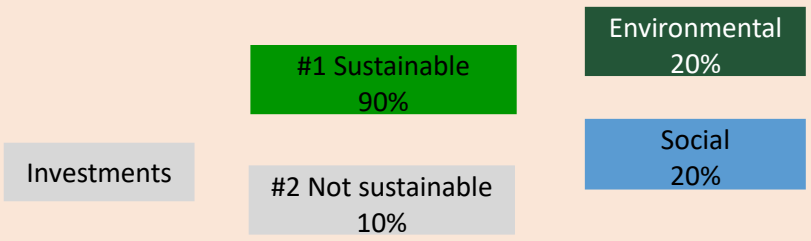
As part of its research process, Calvert also assesses whether companies exhibit accountable governance and oversight, effective and diverse board representation, and transparency in addressing any events or controversies.

Calvert then uses additional third-party governance indicators and controversy data in order to screen investee companies on sound management structures, their employee relations, fair remuneration of staff, and tax compliance, to ensure overall alignment with good governance practices.



What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.



#1 Sustainable covers sustainable investments with environmental or social objectives.

#2 Not sustainable includes investments which do not qualify as sustainable investments.

The Calvert Principles, the selection process of ESG leaders and improvers, the low carbon intensity and board diversity criteria (as described above in response to the question, "*What investment strategy does this financial product follow?*") will be applied to all companies held in the portfolio, which will comprise at least 90% of the portfolio. The remaining up to 10% of the portfolio will consist of cash held as ancillary liquidity and hedging instruments.

As a result of this process at least 90% of portfolio holdings of the fund will consist of sustainable investments. Among these, the fund commits to make a minimum of 20% of sustainable investments with an environmental objective and 20% of sustainable investments with a social objective which can both vary independently at any time.

These percentages are measured according to the portfolio weight, which is based on the market value of the investments.

- ***How does the use of derivatives attain the sustainable investment objective?***

Not applicable.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Taxonomy-aligned activities are expressed as a share of:

- turnover reflecting the share of revenue from green activities of investee companies
- capital expenditure (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy
- operational expenditure (OpEx) reflecting green operational activities of investee companies.

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?[2]

☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

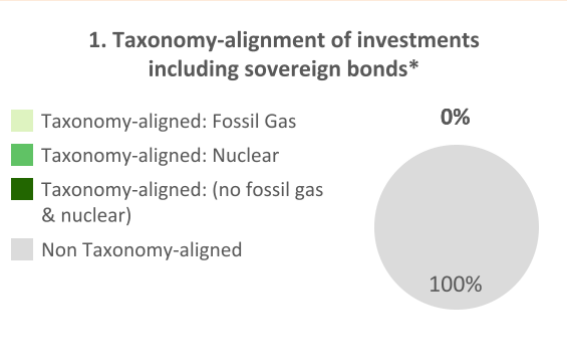
☒ **No**

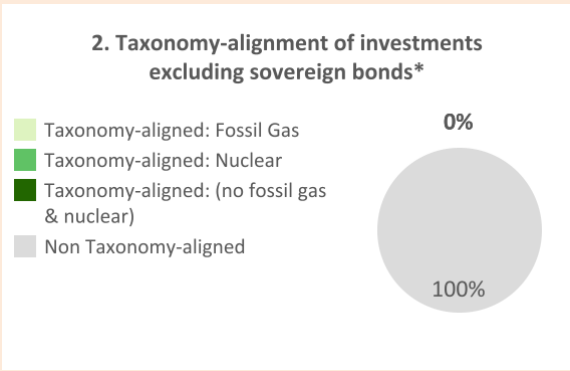
To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





This graph represents 100% of the total investments.

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

What is the minimum share of investments in transitional and enabling activities?

Although the fund commits to invest in sustainable investments within the meaning of SFDR, there is no commitment to a minimum share of investments in transitional and enabling activities.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund intends to make a minimum of 90% sustainable investments, of which a minimum of 20% contribute to environmental objectives, as defined under the SFDR.

Although some of these sustainable investments may be EU Taxonomy aligned, due to lack of available data regarding the EU Taxonomy alignment of the underlying securities, the investment manager has not been able to confirm whether these investments are in fact EU Taxonomy aligned and accordingly will not consider them as such in calculations until this data is reported on or otherwise becomes more reliable.

[2] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

What is the minimum share of sustainable investments with a social objective?

The fund commits to at least 20% of sustainable investments with a social objective.

What investments are included under "#2 Not sustainable", what is their purpose and are there any minimum environmental or social safeguards?

The "#2 Not sustainable" investments held in the fund comprise of cash held as ancillary liquidity and hedging instruments, which are not subject to any minimum environmental and social safeguards.

Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.

Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_calvertsustainableequityselect_aggregated_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name:

Calvert Sustainable Developed Markets Equity Select Fund[1]

Legal entity identifier:

54930037M4G3K40KMR44

Sustainable investment objective

Does this financial product have a sustainable investment objective?

- [x] **Yes**
- [ ] **No**

- [x] It will make a minimum of **sustainable investments with an environmental objective: 20%**
  - [ ] in economic activities that qualify as environmentally sustainable under the EU Taxonomy
  - [x] in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- [x] It will make a minimum of **sustainable investments with a social objective: 20%**

- [ ] It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __% of sustainable investments
  - [ ] with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
  - [ ] with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
  - [ ] with a social objective
- [ ] It promotes E/S characteristics, but **will not make any sustainable investments**

[1] Effective from 28th September 2026, the fund will be renamed "*Calvert Developed Markets Equity Select Fund*" and this Sustainability Annex will be replaced by the above Sustainability Annex for the Calvert Developed Markets Equity Select Fund.

What is the sustainable investment objective of this financial product?

The fund's sustainable investment objective is to invest in companies that are leaders on, or demonstrate significant improvement in, the management of, environmental and/or social issues such as environmental sustainability, diversity, equity and inclusion, respect for human rights and valuing human capital, and that are determined by the investment manager to be a sustainable investment.

The fund will invest only in those companies with evidence of making a positive contribution to a specific environmental or social objective, through either of the following two pathways:

1 Generating a significant proportion of their revenues from products or services that directly address environmental or social needs including, but not limited to, alternative energy, pollution prevention, nutrition, or connectivity, as an indicator of positive impact alignment; or

2 Benefiting the environment and/or society through operating responsibly and efficiently, based on metrics that represent a company's performance on the following areas of impact (provided as a non-exhaustive, illustrative list):

i. Direct environmental impact (e.g., carbon emissions, waste emissions, water use);

ii. Supply chain impact (e.g., indirect carbon emissions, raw materials sourcing, lifecycle carbon);

iii. Workplace practices (e.g., diversity, inclusion, human capital management).

All investments in the fund will be evaluated under the Calvert Principles for Responsible Investment (the "**Calvert Principles**"). The Calvert Principles provide a framework to assess investee company activities and behaviours across a number of financially material ESG themes to determine their eligibility for Calvert funds. Portfolio managers then construct a portfolio of eligible issuers that meet their investment objective. Additional details on the Calvert Principles are provided in response to the question, "*What investment strategy does this financial product follow?*".

In addition to this primary objective, the fund will maintain a carbon intensity lower than the benchmark used for sustainability indicator comparison purposes, as defined below, and maintain higher levels of board gender diversity at the portfolio level than this benchmark.

The fund has not designated a reference benchmark for the purpose of attaining its sustainable investment objective.

The fund's sustainability indicator comparison benchmark is the MSCI World Index.

What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The sustainability indicators used to measure the attainment of the sustainable investment objective are:

- The % of the fund's investments which demonstrate ESG leadership or improvement as per the investment manager's proprietary methodology, and which qualify as sustainable investments;
- The % of the fund's investments that are considered eligible for investment in accordance with the Calvert Principles;
- The fund maintaining a portfolio carbon intensity of at least 50% less than the sustainability indicator comparison benchmark, measured by portfolio-level weighted average carbon intensity ("**WACI**"), defined as Scope 1 and 2 tonnes of CO2 equivalent per $1million revenue;
- The fund maintaining a higher level of board gender diversity than the sustainability indicator comparison benchmark, measured by portfolio-level weighted average number of women at the investee company board level; and
- The % of the fund's investments that breach any of the exclusionary criteria.

Additional details on the process used to assess investments' eligibility based on the Calvert Principles and on ESG leadership or improvement, and on the fund's exclusionary criteria, are provided in response to the question, "*What investment strategy does this financial product follow?*".

How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?

The investment manager seeks to ensure that the sustainable investments of the fund do not cause significant harm to relevant environmental or social sustainable investment objectives by:

- Testing whether the investment meets the thresholds set by the investment manager for each of the mandatory principal adverse impact ("PAI") indicators (see the response to the question, "*How have the indicators for adverse impacts on sustainability factors been taken into account?*" below for the details of this process); and
- Ensuring that the sustainable investments of the fund are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (see the response to the question, "*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*" below for the details of this process).

How have the indicators for adverse impacts on sustainability factors been taken into account?

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

The investment manager tests all of the fund's investments against the PAI indicators which are mandatory to consider under SFDR. The investment manager does this using a combination of quantitative and qualitative tests, using available third party and proprietary data for each PAI indicator.

The investment manager seeks data that is most closely aligned with each individual PAI to construct the PAI assessment methodology. In some cases third party data is limited and if issuers or specific issues are not covered by a vendor for a particular PAI, the investment manager may supplement with best available proxy indicators or qualitative analysis.

The investment manager applies the following types of thresholds for the PAIs in order to determine if the investment may be causing significant harm:

1. Absolute thresholds: i.e., company performance breaches a threshold that is set based on a quantitative metric or a qualitative score-based assessment, considering a universe of large, listed companies;
2. Peer group-relative thresholds: i.e., company performance breaches a quantitative threshold that is set based on considering the aggregate performance of the sub-set of companies within a sector that cause the most harm in a specific area, such as carbon emissions or waste emissions; and
3. Controversy-based thresholds: i.e., company controversy performance is qualitatively assessed to be on the worst part of a scale of potential harmful impact.

For certain environmental PAIs, an exemption is made for companies that derive a significant amount of revenues from activities designed to directly address those specific areas of environmental harm. Thresholds are reviewed annually based on a large investable universe.

In cases where the PAI methodology suggests an investment may be causing significant harm, the investment manager conducts additional desktop research to verify the accuracy of the data point and that there are no intervening factors that cast doubt over the validity of the significant harm analysis. If the investment manager concludes, through its internal assessment, that the issuer is not causing significant harm, it may proceed with the investment and the rationale for that decision will then be documented. Intervening factors that may lead to a conclusion that an issuer is not causing significant harm include:

i. The significant harm assessment is tied to inaccurate vendor data that, once corrected, would no longer breach a significant harm threshold;

ii. The significant harm assessment results from a company being classified in a peer group which the investment manager believes is not appropriate due to company-specific characteristics, or to unique or extenuating circumstances specific to the jurisdiction in which the company operates; or
iii. The issuer has demonstrated steps and actions to address the potential significant harm such as through the adoption of time-bound targets and goals or dedicated remediation activities and there are clear meaningful signs of improvement and positive change.

PAI assessments for all holdings will be reviewed at least quarterly.

Where the investment manager determines that a held issuer is causing significant harm according to one or multiple PAIs, it will be removed from the portfolio on a reasonable timeline, taking into consideration the best interests of the shareholders of the fund.

The investment manager's use of proxy indicators will be kept under review and will be replaced by more specific PAI indicators from third-party data providers, when the investment manager determines that sufficiently reliable data has become available.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

The investment manager monitors business practices on an ongoing basis, through data on ESG controversies and standards screening sourced from third party providers. The investment manager will make assessments on controversy cases, using information from relevant ESG data providers, that it views as significant, and on failures to comply with the UN Global Compact (UNGC) Principles, the UN Guiding Principles on Business and Human Rights, the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises or the International Labour Organization (ILO) Fundamental Principles.

The fund excludes companies with evidence of violations of any of the global norms listed above and without evidence of material remediation and improvement. The investment manager maintains its own determination of significant ESG controversies and violations of UNGC Principles, informed by data sourced from third party providers.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund takes the mandatory PAI indicators into account for all its sustainable investments using a combination of qualitative and quantitative criteria, as explained above in response to the question "*How have the indicators for adverse impacts on sustainability factors been taken into account?*"

The fund will make information available on how it has incorporated the PAIs in its periodic reports to investors.



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

As part of its investment strategy, the fund invests in companies that are eligible according to the Calvert Principles, and which are either: (1) involved in economic activities that address global environmental or societal challenges that relate to areas such as environmental sustainability and resource efficiency, diversity, equity and inclusion, respect for human rights and valuing human capital in addition to demonstrating accountable governance and transparent operations; or (2) are leaders in managing financially material environmental or social risks and opportunities, such as carbon emission management and diversity, equity and inclusion.

Calvert Principles assessment

All investments in the fund will be evaluated according to the Calvert Principles. The Calvert Principles provide a framework to assess investee company activities and behaviours across a number of financially material ESG themes to determine their eligibility for Calvert funds. Portfolio managers then construct a portfolio of eligible issuers that meet their investment objective.

To conduct this analysis, the investment manager uses the proprietary Calvert Research System ("CRS") that leverages indicators sourced from third party data vendors, external research partners, and the investment manager's own custom indicators to support measurement and ranking of company performance on a number of financially material ESG themes, as determined by expert ESG sector analysts based on proprietary peer groups across the investable universe. A specific set of underlying relevant indicators tied to each theme are then assigned to each sector peer group and weighted to produce a quantitative assessment for each company, with discounts applied based on circumstantial information (current and ongoing issues) from data vendors and news sources. Analysts then consider the information from CRS to determine if the company meets the Calvert Principles. Such determinations are presented to and approved by Calvert's Responsible Research Review Committee. Occasionally, the Responsible Research Review Committee may deem a company to be eligible in accordance with the Calvert Principles pending the achievement of milestones set as part of Calvert's engagement activity with such company. The following themes are considered in CRS, as applicable, depending on a company's peer group and the financial materiality of each theme to that peer group:

- Environmental themes:
    - Biodiversity & Land
    - Climate & Energy
    - Overall Management of Environmental Risks
    - Packaging and Electronic Waste
    - Pollution and Waste
    - Environmental Impacts of the Supply Chain
    - Water
- Social themes:
    - Employee Health and Safety
    - Valuing Human Capital & Labour Management
    - Privacy & Data Security
    - Product Integrity

- Stakeholder Relations
- Social Impacts of the Supply Chain

In instances where ESG data is very limited and cannot be assessed through CRS, companies may undergo a qualitative assessment to determine if the company meets the Calvert Principles. Qualitative assessments, like quantitative assessments, are presented to and approved by Calvert's Responsible Research Review Committee.

ESG leadership or improvement assessment

The investment manager uses its proprietary scores for each of the environmental, social, governance pillars and total ESG scores, normalises them across peer groups and uses them to rank companies and identify those that are potentially leaders on, or demonstrate significant improvement in the management of, environmental and/or social issues.

To implement this, the investment manager uses quantitative and qualitative processes to select portfolio holdings that demonstrate ESG leadership or improvement.

Based on a quantitative approach using proprietary ESG scores, the investment manager seeks to identify companies that are Leaders in their peer group on environmental or social factors (which are assessed on a financial materiality basis). The proprietary ESG scores are determined using a combination of third party and customized ESG data as a base, according to the ESG themes listed above in the description of the Calvert Principles assessment. Leadership is typically defined on a quantitative basis as issuers that are in the top third of their peer group according to the investment manager’s proprietary ESG scores.

Once a universe of ESG leaders is established, the investment manager then constructs the portfolio through an optimisation process that tilts the portfolio towards ESG-leading companies that have more gender diversity and lower carbon risk, as described further below, while minimising factor risks relative to the sustainability indicator comparison benchmark.

After this quantitative assessment, companies identified also undergo a qualitative review to verify their leadership status. This review may result in issuers being removed or added to the investment portfolio that were not identified in the quantitative process. Issuers can only be added if there is a demonstration of leadership or significant improvement in the management of environmental or social issues, and if they comply with all the criteria set by the investment manager for sustainable investments under SFDR.

All companies included in the portfolio must demonstrate leadership or significant improvement in a key ESG issue that drives positive impact through company operations and/or products or services. Operational leadership can be related to environmental sustainability (e.g., resource efficiency, energy efficiency, reducing other harmful environmental externalities) or social sustainability (e.g., effective supply chain management and stakeholder relationships and, strong human capital management, and diverse and inclusive cultures). Leadership and improvement may also be expressed through a product strategy that includes products or services that address environmental or societal challenges, such as products that drive resource efficiencies or reduce pollution, or products that improve access to finance or basic services to underserved communities.

Low Carbon Intensity

The fund will maintain a substantially lower carbon intensity (at least 50% less) than that of the sustainability indicator comparison benchmark, taking into account the long term carbon reduction objectives of the Paris Agreement, which may warrant a revision of the targeted range of reduction over time. Carbon intensity is measured using the WACI metric at the aggregate portfolio level. This means that individual holdings may have a higher carbon intensity than the portfolio level WACI.

Board Diversity

The fund will also be managed on an ongoing basis to ensure that it maintains, at the portfolio level, a higher board gender diversity profile than the sustainability indicator comparison benchmark.

This board diversity criterion is applied at a portfolio level (and not at the level of individual holdings, meaning that individual holdings may have a lower number of women at the board level than the portfolio level average).

The investment manager obtains board gender diversity data from third party vendors, which provide data on the number of women on boards at the issuer level. The investment manager collects this data for all names in its investment universe for which data is available and calculates the weighted average for the fund and the sustainability indicator comparison benchmark.

Exclusions

The fund shall not knowingly invest in companies which are deemed to be involved in the following:

- any activities (i.e. production, manufacturing, distribution or corporate ownership) related to **controversial weapons** (including anti-personnel landmines, cluster munitions, biological or chemical weapons, and nuclear weapons);
- manufacturing or production of **civilian firearms**, where a company derives 5% or more revenue from such business activity;
- manufacturing, production or distribution of **military or conventional weapons, or weapons systems,** where a company derives 10% or more revenue from such business activity;
- manufacturing or production of **tobacco**, or where a company derives 10% or more revenue exposure from tobacco distribution or retail;
- **gambling**, where the company derives 10% or more revenue from such business activity;
- exploration, mining, extraction, distribution or refining of **thermal and metallurgical coal**, where a company derives 1% or more revenue from such business activity;
- exploration, extraction, refining or distribution of **oil fuels**, where a company derives 10% or more revenue from such business activity;
- exploration, extraction, manufacturing or distribution of **gaseous fuels**, where a company derives 50% or more revenue from such business activity; for the avoidance of doubt, biogas, biomethane, renewable and low carbon hydrogen or other gas that is considered renewable would not be excluded from the fund's universe;
- **electricity generation from thermal coal** only, where a company derives 30% or more revenue from such business activity;
- **electricity generation based on thermal coal, oil and/or natural gas** (either individually or combined), where a company derives 50% or more revenue from such business activity; or
- **significant ESG controversies** or **violations of the UNGC Principles, the OECD Guidelines for Multinational Enterprises, the ILO Fundamental Principles or the UN Guiding Principles on Business and Human Rights**, without evidence of material remediation and improvement.*

*The investment manager maintains its own determination of significant ESG controversies or violations of UNGC Principles, informed by data sourced from third party providers.

Such exclusions incorporate the PAB exclusions. Further information on the investment manager's approach to such exclusions, and/or any additional restrictions applied to the fund will be disclosed in the fund's SFDR Website Disclosure, where necessary.

The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager and the management company. The investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with the investment team to conduct regular portfolio/performance

reviews and systemic checks to ensure compliance with portfolio investment objectives and environmental and social characteristics, taking into account changing market conditions, information and strategy developments.

- ***What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?***

The binding elements of the investment strategy used to select the investments to achieve the attainment of the sustainable investment objective are the following:

- All issuers being eligible for investment according to the Calvert Principles;
- All issuers being eligible for investment according to the investment manager's ESG leadership or improvement assessment, and qualifying as sustainable investments;
- The fund maintaining a substantially lower carbon intensity (at least 50% less) than the sustainability indicator comparison benchmark;
- The fund maintaining a higher board gender diversity than the sustainability indicator comparison benchmark.
- The exclusionary criteria applied by the fund.

- ***What is the policy to assess good governance practices of the investee companies?***

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

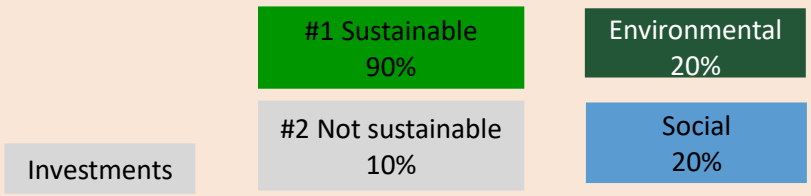
The investment manager applies the Calvert Principles to determine an eligible investment universe that limits exposure to companies that demonstrate poor management of financially material environmental or social risks.

As part of its research process, Calvert also assesses whether companies exhibit accountable governance and oversight, effective and diverse board representation, and transparency in addressing any events or controversies.

Calvert then uses additional third-party governance indicators and controversy data in order to screen investee companies on sound management structures, their employee relations, fair remuneration of staff, and tax compliance, to ensure overall alignment with good governance practices.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.



#1 Sustainable covers sustainable investments with environmental or social objectives.
#2 Not sustainable includes investments which do not qualify as sustainable investments.

The Calvert Principles, the selection process of ESG leaders and improvers, the low carbon intensity and board diversity criteria (as described above in response to the question, "*What investment strategy does this financial product follow?*") will be applied to all companies held in the portfolio, which will comprise at least 90% of the portfolio. The remaining up to 10% of the portfolio will consist of cash held as ancillary liquidity and hedging instruments. As a result of this process at least 90% of portfolio holdings of the fund will consist of sustainable investments. Among these, the fund commits to make a minimum of 20% of sustainable investments with an environmental objective and 20% of sustainable investments with a social objective which can both vary independently at any time. These percentages are measured according to the portfolio weight, which is based on the market value of the investments.

- ***How does the use of derivatives attain the sustainable investment objective?***

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?[2]

☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

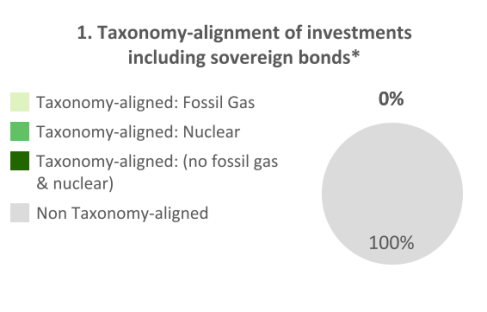
☒ **No**

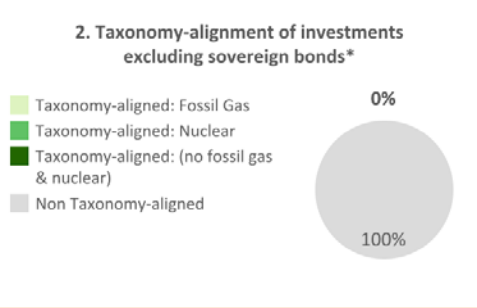
To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective

Transitional activities are activities for which low-carbon alternatives are not et available and among others, have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





This graph represents 100% of the total investments.

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

[2] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

- ***What is the minimum share of investments in transitional and enabling activities?***

Although the fund commits to invest in sustainable investments within the meaning of SFDR, there is no commitment to a minimum share of investments in transitional and enabling activities.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?



Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund intends to make a minimum of 90% sustainable investments, of which a minimum of 20% contribute to environmental objectives, as defined under the SFDR.

Although some of these sustainable investments may be EU Taxonomy aligned, due to lack of available data regarding the EU Taxonomy alignment of the underlying securities, the investment manager has not been able to confirm whether these investments are in fact EU Taxonomy aligned and accordingly will not consider them as such in calculations until this data is reported on or otherwise becomes more reliable.



What is the minimum share of sustainable investments with a social objective?

The fund commits to at least 20% of sustainable investments with a social objective.



What investments are included under "#2 Not sustainable", what is their purpose and are there any minimum environmental or social safeguards?

The "#2 Not sustainable" investments held in the fund comprise of cash held as ancillary liquidity and hedging instruments, which are not subject to any minimum environmental and social safeguards.



Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.



Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_calvertsustainableequityselect_aggregated_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:

Calvert Sustainable Emerging Markets Equity Select Fund[1]

Legal entity identifier:

549300VQZN51VK03CV16

Sustainable investment objective

Does this financial product have a sustainable investment objective?

☒ **Yes**	☐ **No**
☒ It will make a minimum of **sustainable investments with an environmental objective: 20%**	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __% of sustainable investments
☒ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☒ It will make a minimum of **sustainable investments with a social objective: 20%**	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

[1] Effective from 28th September 2026, the fund will be renamed "*Calvert Emerging Markets Equity Select Fund*" and this Sustainability Annex will be replaced by the above Sustainability Annex for the Calvert Emerging Markets Equity Select Fund.

What is the sustainable investment objective of this financial product?

The fund's sustainable investment objective is to invest in companies that are leaders on, or demonstrate significant improvement in, the management of, environmental and/or social issues such as environmental sustainability, diversity, equity and inclusion, respect for human rights and valuing human capital, and that are determined by the investment manager to be a sustainable investment.

The fund will invest only in those companies with evidence of making a positive contribution to a specific environmental or social objective, through either of the following two pathways:

1 Generating a significant proportion of their revenues from products or services that directly address environmental or social needs including, but not limited to, alternative energy, pollution prevention, nutrition, or connectivity, as an indicator of positive impact alignment; or

2 Benefiting the environment and/or society through operating responsibly and efficiently, based on metrics that represent a company's performance on the following areas of impact (provided as a non-exhaustive, illustrative list):

   i. Direct environmental impact (e.g., carbon emissions, waste emissions, water use);
   ii. Supply chain impact (e.g., indirect carbon emissions, raw materials sourcing, lifecycle carbon);
   iii. Workplace practices (e.g., diversity, inclusion, human capital management).

All investments in the fund will be evaluated under the Calvert Principles for Responsible Investment (the "**Calvert Principles**"). The Calvert Principles provide a framework to assess investee company activities and behaviours across a number of financially material ESG themes to determine their eligibility for Calvert funds. Portfolio managers then construct a portfolio of eligible issuers that meet their investment objective. Additional details on the Calvert Principles are provided in response to the question, "*What investment strategy does this financial product follow?*".

In addition to this primary objective, the fund will maintain a carbon intensity lower than the benchmark used for sustainability indicator comparison purposes, as defined below, and maintain higher levels of board gender diversity at the portfolio level than this benchmark.

The fund has not designated a reference benchmark for the purpose of attaining its sustainable investment objective.

The fund's sustainability indicator comparison benchmark is the MSCI Emerging Markets Index.

What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The sustainability indicators used to measure the attainment of the sustainable investment objective are:

- The % of the fund's investments which demonstrate ESG leadership or improvement as per the investment manager's proprietary methodology, and which qualify as sustainable investments;
- The % of the fund's investments that are considered eligible for investment in accordance with the Calvert Principles;
- The fund maintaining a portfolio carbon intensity of at least 50% less than the sustainability indicator comparison benchmark, measured by portfolio-level weighted average carbon intensity ("**WACI**"), defined as Scope 1 and 2 tonnes of CO2 equivalent per $1million revenue;
- The fund maintaining a higher level of board gender diversity than the sustainability indicator comparison benchmark, measured by portfolio-level weighted average number of women at the investee company board level; and
- The % of the fund's investments that breach any of the exclusionary criteria.

Additional details on the process used to assess investments' eligibility based on the Calvert Principles and on ESG leadership or improvement, and on the fund's exclusionary criteria, are provided in response to the question, "*What investment strategy does this financial product follow?*".

How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?

The investment manager seeks to ensure that the sustainable investments of the fund do not cause significant harm to relevant environmental or social sustainable investment objectives by:

- Testing whether the investment meets the thresholds set by the investment manager for each of the mandatory principal adverse impact ("PAI") indicators (see the response to the question, "*How have the indicators for adverse impacts on sustainability factors been taken into account?*" below for the details of this process); and
- Ensuring that the sustainable investments of the fund are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (see the response to the question, "*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*" below for the details of this process).

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

The investment manager tests all of the fund's investments against the PAI indicators which are mandatory to consider under SFDR. The investment manager does this using a combination of quantitative and qualitative tests, using available third party and proprietary data for each PAI indicator.

The investment manager seeks data that is most closely aligned with each individual PAI to construct the PAI assessment methodology. In some cases third party data is limited and if issuers or specific issues are not covered by a vendor for a particular PAI, the investment manager may supplement with best available proxy indicators or qualitative analysis.

The investment manager applies the following types of thresholds for the PAIs in order to determine if the investment may be causing significant harm:

1. Absolute thresholds: i.e., company performance breaches a threshold that is set based on a quantitative metric or a qualitative score-based assessment, considering a universe of large, listed companies;
2. Peer group-relative thresholds: i.e., company performance breaches a quantitative threshold that is set based on considering the aggregate performance of the sub-set of companies within a sector that cause the most harm in a specific area, such as carbon emissions or waste emissions; and
3. Controversy-based thresholds: i.e., company controversy performance is qualitatively assessed to be on the worst part of a scale of potential harmful impact.

For certain environmental PAIs, an exemption is made for companies that derive a significant amount of revenues from activities designed to directly address those specific areas of environmental harm. Thresholds are reviewed annually based on a large investable universe.

In cases where the PAI methodology suggests an investment may be causing significant harm, the investment manager conducts additional desktop research to verify the accuracy of the data point and that there are no intervening factors that cast doubt over the validity of the significant harm analysis. If the investment manager concludes, through its internal assessment, that the issuer is not causing significant harm, it may proceed with the investment and the rationale for that decision will then be documented. Intervening factors that may lead to a conclusion that an issuer is not causing significant harm include:

i. The significant harm assessment is tied to inaccurate vendor data that, once corrected, would no longer breach a significant harm threshold;
ii. The significant harm assessment results from a company being classified in a peer group which the investment manager believes is not appropriate due to company-specific characteristics, or to unique or extenuating circumstances specific to the jurisdiction in which the company operates; or
iii. The issuer has demonstrated steps and actions to address the potential significant harm such as through the adoption of time-bound targets and goals or dedicated remediation activities and there are clear meaningful signs of improvement and positive change.

PAI assessments for all holdings will be reviewed at least quarterly.

Where the investment manager determines that a held issuer is causing significant harm according to one or multiple PAIs, it will be removed from the portfolio on a reasonable timeline, taking into consideration the best interests of the shareholders of the fund.

The investment manager's use of proxy indicators will be kept under review and will be replaced by more specific PAI indicators from third-party data providers, when the investment manager determines that sufficiently reliable data has become available.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

The investment manager monitors business practices on an ongoing basis, through data on ESG controversies and standards screening sourced from third party providers. The investment manager will make assessments on controversy cases, using information from relevant ESG data providers, that it views as significant, and on failures to comply with the UN Global Compact (UNGC) Principles, the UN Guiding Principles on Business and Human Rights, the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises or the International Labour Organization (ILO) Fundamental Principles.

The fund excludes companies with evidence of violations of any of the global norms listed above and without evidence of material remediation and improvement. The investment manager maintains its own determination of significant ESG controversies and violations of UNGC Principles, informed by data sourced from third party providers.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund takes the mandatory PAI indicators into account for all its sustainable investments using a combination of qualitative and quantitative criteria, as explained above in response to the question "*How have the indicators for adverse impacts on sustainability factors been taken into account?*"

The fund will make information available on how it has incorporated the PAIs in its periodic reports to investors.



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

As part of its investment strategy, the fund invests in companies that are eligible according to the Calvert Principles, and which are either: (1) involved in economic activities that address global environmental or societal challenges that relate to areas such as environmental sustainability and resource efficiency, diversity, equity and inclusion, respect for human rights and valuing human capital in addition to demonstrating accountable governance and transparent operations; or (2) are leaders in managing financially material environmental or social risks and opportunities, such as carbon emission management and diversity, equity and inclusion.

Calvert Principles assessment

All investments in the fund will be evaluated according to the Calvert Principles. The Calvert Principles provide a framework to assess investee company activities and behaviours across a number of financially material ESG themes to determine their eligibility for Calvert funds. Portfolio managers then construct a portfolio of eligible issuers that meet their investment objective.

To conduct this analysis, the investment manager uses the proprietary Calvert Research System ("CRS") that leverages indicators sourced from third party data vendors, external research partners, and the investment

manager's own custom indicators to support measurement and ranking of company performance on a number of financially material ESG themes, as determined by expert ESG sector analysts based on proprietary peer groups across the investable universe. A specific set of underlying relevant indicators tied to each theme are then assigned to each sector peer group and weighted to produce a quantitative assessment for each company, with discounts applied based on circumstantial information (current and ongoing issues) from data vendors and news sources. Analysts then consider the information from CRS to determine if the company meets the Calvert Principles. Such determinations are presented to and approved by Calvert's Responsible Research Review Committee. Occasionally, the Responsible Research Review Committee may deem a company to be eligible in accordance with the Calvert Principles pending the achievement of milestones set as part of Calvert's engagement activity with such company. The following themes are considered in CRS, as applicable, depending on a company's peer group and the financial materiality of each theme to that peer group:

- Environmental themes:
    - Biodiversity & Land
    - Climate & Energy
    - Overall Management of Environmental Risks
    - Packaging and Electronic Waste
    - Pollution and Waste
    - Environmental Impacts of the Supply Chain
    - Water
- Social themes:
    - Employee Health and Safety
    - Valuing Human Capital & Labour Management
    - Privacy & Data Security
    - Product Integrity
    - Stakeholder Relations
    - Social Impacts of the Supply Chain

In instances where ESG data is very limited and cannot be assessed through CRS, companies may undergo a qualitative assessment to determine if the company meets the Calvert Principles. Qualitative assessments, like quantitative assessments, are presented to and approved by Calvert's Responsible Research Review Committee.

ESG leadership or improvement assessment

The investment manager uses its proprietary scores for each of the environmental, social, governance pillars and total ESG scores, normalises them across peer groups and uses them to rank companies and identify those that are potentially leaders on, or demonstrate significant improvement in the management of, environmental and/or social issues.

To implement this, the investment manager uses quantitative and qualitative processes to select portfolio holdings that demonstrate ESG leadership or improvement.

Based on a quantitative approach using proprietary ESG scores, the investment manager seeks to identify companies that are Leaders in their peer group on environmental or social factors (which are assessed on a financial materiality basis). The proprietary ESG scores are determined using a combination of third party and customized ESG data as a base, according to the ESG themes listed above in the description of the Calvert Principles assessment. Leadership is typically defined on a quantitative basis as issuers that are in the top third of their peer group according to the investment manager's proprietary ESG scores.

Once a universe of ESG leaders is established, the investment manager then constructs the portfolio through an optimisation process that tilts the portfolio towards ESG-leading companies that have more gender diversity and lower carbon risk, as described further below, while minimising factor risks relative to the sustainability indicator comparison benchmark.

After this quantitative assessment, companies identified also undergo a qualitative review to verify their leadership status. This review may result in issuers being removed or added to the investment portfolio that were not identified in the quantitative process. Issuers can only be added if there is a demonstration of leadership or significant improvement in the management of environmental or social issues, and if they comply with all the criteria set by the investment manager for sustainable investments under SFDR.

All companies included in the portfolio must demonstrate leadership or significant improvement in a key ESG issue that drives positive impact through company operations and/or products or services. Operational leadership can be related to environmental sustainability (e.g., resource efficiency, energy efficiency, reducing other harmful environmental externalities) or social sustainability (e.g., effective supply chain management and

stakeholder relationships and, strong human capital management, and diverse and inclusive cultures). Leadership and improvement may also be expressed through a product strategy that includes products or services that address environmental or societal challenges, such as products that drive resource efficiencies or reduce pollution, or products that improve access to finance or basic services to underserved communities.

Low Carbon Intensity

The fund will maintain a substantially lower carbon intensity (at least 50% less) than that of the sustainability indicator comparison benchmark, taking into account the long term carbon reduction objectives of the Paris Agreement, which may warrant a revision of the targeted range of reduction over time. Carbon intensity is measured using the WACI metric at the aggregate portfolio level. This means that individual holdings may have a higher carbon intensity than the portfolio level WACI.

Board Diversity

The fund will also be managed on an ongoing basis to ensure that it maintains, at the portfolio level, a higher board gender diversity profile than the sustainability indicator comparison benchmark.

This board diversity criterion is applied at a portfolio level (and not at the level of individual holdings, meaning that individual holdings may have a lower number of women at the board level than the portfolio level average).

The investment manager obtains board gender diversity data from third party vendors, which provide data on the number of women on boards at the issuer level. The investment manager collects this data for all names in its investment universe for which data is available and calculates the weighted average for the fund and the sustainability indicator comparison benchmark.

Exclusions

The fund shall not knowingly invest in companies which are deemed to be involved in the following:

- any activities (i.e. production, manufacturing, distribution or corporate ownership) related to **controversial weapons** (including anti-personnel landmines, cluster munitions, biological or chemical weapons, and nuclear weapons);
- manufacturing or production of **civilian firearms**, where a company derives 5% or more revenue from such business activity;
- manufacturing, production or distribution of **military or conventional weapons, or weapons systems,** where a company derives 10% or more revenue from such business activity;
- manufacturing or production of **tobacco**, or where a company derives 10% or more revenue exposure from tobacco distribution or retail;
- **gambling**, where the company derives 10% or more revenue from such business activity;
- exploration, mining, extraction, distribution or refining of **thermal and metallurgical coal**, where a company derives 1% or more revenue from such business activity;
- exploration, extraction, refining or distribution of **oil fuels**, where a company derives 10% or more revenue from such business activity;
- exploration, extraction, manufacturing or distribution of **gaseous fuels**, where a company derives 50% or more revenue from such business activity; for the avoidance of doubt, biogas, biomethane, renewable and low carbon hydrogen or other gas that is considered renewable would not be excluded from the fund's universe;
- **electricity generation from thermal coal** only, where a company derives 30% or more revenue from such business activity;
- **electricity generation based on thermal coal, oil and/or natural gas** (either individually or combined), where a company derives 50% or more revenue from such business activity; or
- **significant ESG controversies** or **violations of the UNGC Principles, the OECD Guidelines for Multinational Enterprises, the ILO Fundamental Principles or the UN Guiding Principles on Business and Human Rights**, without evidence of material remediation and improvement.*

*The investment manager maintains its own determination of significant ESG controversies or violations of UNGC Principles, informed by data sourced from third party providers.

Such exclusions incorporate the PAB exclusions. Further information on the investment manager's approach to such exclusions, and/or any additional restrictions applied to the fund will be disclosed in the fund's SFDR Website Disclosure, where necessary.

The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager and the management company. The investment manager's

Compliance, Risk and Portfolio Surveillance teams collaborate with the investment team to conduct regular portfolio/performance reviews and systemic checks to ensure compliance with portfolio investment objectives and environmental and social characteristics, taking into account changing market conditions, information and strategy developments.

What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?

The binding elements of the investment strategy used to select the investments to achieve the attainment of the sustainable investment objective are the following:

- All issuers being eligible for investment according to the Calvert Principles;
- All issuers being eligible for investment according to the investment manager's ESG leadership or improvement assessment, and qualifying as sustainable investments;
- The fund maintaining a substantially lower carbon intensity (at least 50% less) than the sustainability indicator comparison benchmark;
- The fund maintaining a higher board gender diversity than the sustainability indicator comparison benchmark.
- The exclusionary criteria applied by the fund.

What is the policy to assess good governance practices of the investee companies?

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

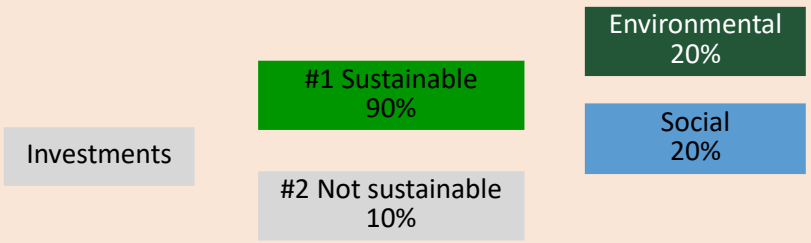
The investment manager applies the Calvert Principles to determine an eligible investment universe that limits exposure to companies that demonstrate poor management of financially material environmental or social risks.

As part of its research process, Calvert also assesses whether companies exhibit accountable governance and oversight, effective and diverse board representation, and transparency in addressing any events or controversies.

Calvert then uses additional third-party governance indicators and controversy data in order to screen investee companies on sound management structures, their employee relations, fair remuneration of staff, and tax compliance, to ensure overall alignment with good governance practices.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.



#1 Sustainable covers sustainable investments with environmental or social objectives.

#2 Not sustainable includes investments which do not qualify as sustainable investments.

The Calvert Principles, the selection process of ESG leaders and improvers, the low carbon intensity and board diversity criteria (as described above in response to the question, "*What investment strategy does this financial product follow?*") will be applied to all companies held in the portfolio, which will comprise at least 90% of the portfolio. The remaining up to 10% of the portfolio will consist of cash held as ancillary liquidity and hedging instruments.

As a result of this process at least 90% of portfolio holdings of the fund will consist of sustainable investments. Among these, the fund commits to make a minimum of 20% of sustainable investments with an environmental objective and 20% of sustainable investments with a social objective which can both vary independently at any time.

These percentages are measured according to the portfolio weight, which is based on the market value of the investments.

- ***How does the use of derivatives attain the sustainable investment objective?***

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

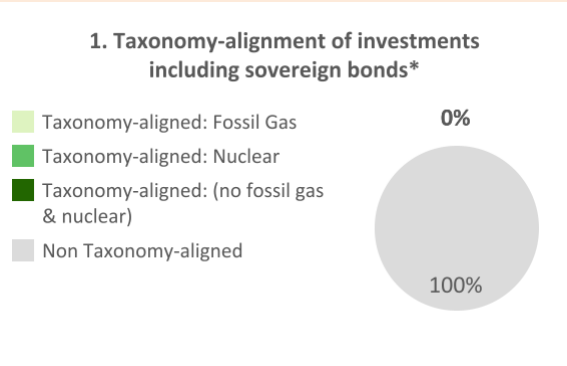
- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?[2]***

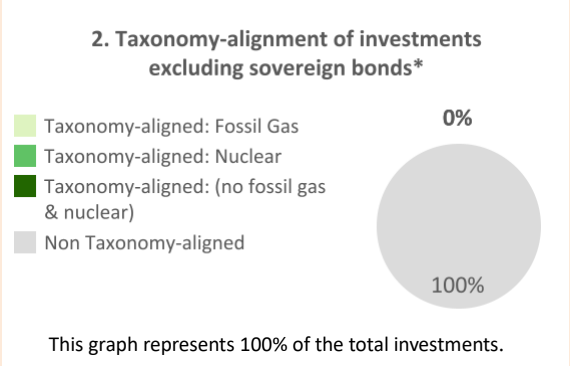
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





This graph represents 100% of the total investments.

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

- ***What is the minimum share of investments in transitional and enabling activities?***

Although the fund commits to invest in sustainable investments within the meaning of SFDR, there is no commitment to a minimum share of investments in transitional and enabling activities.

[2] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund intends to make a minimum of 90% sustainable investments, of which a minimum of 20% contribute to environmental objectives, as defined under the SFDR.

Although some of these sustainable investments may be EU Taxonomy aligned, due to lack of available data regarding the EU Taxonomy alignment of the underlying securities, the investment manager has not been able to confirm whether these investments are in fact EU Taxonomy aligned and accordingly will not consider them as such in calculations until this data is reported on or otherwise becomes more reliable.

What is the minimum share of sustainable investments with a social objective?

The fund commits to at least 20% of sustainable investments with a social objective.

What investments are included under "#2 Not sustainable", what is their purpose and are there any minimum environmental or social safeguards?

The "#2 Not sustainable" investments held in the fund comprise of cash held as ancillary liquidity and hedging instruments, which are not subject to any minimum environmental and social safeguards.

Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.

Where can I find more product specific information online?

More product-specific information can be found on the website:
https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_calvertsustainableequityselect_aggregated_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
Calvert US Equity Fund	254900N0V32EZ5RG2W26

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 50% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☒ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

Through the application of the Calvert Principles for Responsible Investment (the "**Calvert Principles**"), the fund promotes environmental sustainability and resource efficiency, equitable societies and respect for human rights, in addition to accountable governance and transparent operations.

In addition, the fund invests a minimum proportion of its assets in sustainable investments making a positive contribution to specific environmental or social objectives, as further described under the question '*What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?*'.

The fund has not designated a reference benchmark for the purpose of attaining its environmental or social characteristics.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The sustainability indicators used to measure the attainment of the environmental and social characteristics promoted are:

- The % of the fund's investments that are considered eligible for investment in accordance with the Calvert Principles.
- The % of the fund's investments which qualify as sustainable investments.

Additional details on the process used to assess investments' eligibility based on the Calvert Principles are provided in response to the question, "*What investment strategy does this financial product follow?*".

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

In parallel to the Calvert Principles analysis, Calvert performs an assessment of each investment in the fund to determine whether it qualifies as a sustainable investment. This assessment aims to identify companies with evidence of making a positive contribution to a specific environmental or social objective, through either of the following two pathways:

1. Generating a significant proportion of their revenues from products or services that directly address environmental or social needs including, but not limited to, alternative energy, pollution prevention, nutrition, or connectivity, as an indicator of positive impact alignment; or
2. Benefiting the environment and/or society through operating responsibly and efficiently, based on metrics that represent a company's performance on the following areas of impact (provided as a non-exhaustive, illustrative list):
    i. Direct environmental impact (e.g., carbon emissions, waste emissions, water use);
    ii. Supply chain impact (e.g., indirect carbon emissions, raw materials sourcing, lifecycle carbon);
    iii. Workplace practices (e.g., diversity, inclusion, gender pay equity).

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

Calvert seeks to ensure that the sustainable investments of the fund do not cause significant harm to relevant environmental or social sustainable investment objectives by:

- Testing whether the investment meets the thresholds set by Calvert for each of the mandatory principal adverse impact ("**PAI**") indicators (see the response to the question, "*How have the indicators for adverse impacts on sustainability factors been taken into account?*" below for the details of this process); and
- Ensuring that the sustainable investments of the fund are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (see the response to the question, "*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*" below for the details of this process).

How have the indicators for adverse impacts on sustainability factors been taken into account?

Calvert tests all of the fund's sustainable investments against the PAIs which are mandatory to consider under the SFDR. Calvert does this using a combination of quantitative and qualitative tests, using available third party and proprietary data for each PAI indicator.

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

Calvert seeks data that is most closely aligned with each individual PAI to construct the PAI assessment methodology. In some cases third party data is limited and if issuers or specific issues are not covered by a vendor for a particular PAI Calvert may supplement with best available proxy indicators or qualitative analysis. Calvert applies the following types of thresholds for the PAIs to sustainable investments in order to determine if the investment may be causing significant harm:

1. Absolute thresholds: i.e., company performance breaches a threshold that is set based on a quantitative metric or a qualitative score-based assessment, considering a universe of large, listed companies;
2. Peer group-relative thresholds: i.e., company performance breaches a quantitative threshold that is set based on considering the aggregate performance of the sub-set of companies within a sector that cause the most harm in a specific area, such as carbon emissions or waste emissions; and
3. Controversy-based thresholds: i.e., company controversy performance is qualitatively assessed to be on the worst part of a scale of potential harmful impact.

For certain environmental PAIs, an exemption is made for companies that derive a significant amount of revenues from activities designed to directly address those specific areas of environmental harm. Thresholds are reviewed annually based on a large investable universe.

In cases where the PAI methodology suggests a sustainable investment may be causing significant harm, Calvert may conduct additional desktop research to verify the accuracy of the data point and that there are no intervening factors that cast doubt over the validity of the significant harm analysis. If Calvert concludes that the issuer is not causing significant harm based on this analysis, the rationale for that decision will then be documented.

Intervening factors that may lead to a conclusion that an issuer is not causing significant harm include:

i. the significant harm assessment is tied to inaccurate vendor data that, once corrected, would no longer breach a significant harm threshold;
ii. the significant harm assessment results from a company being classified in a peer group which Calvert believes is not appropriate due to company-specific characteristics, or to unique or extenuating circumstances specific to the jurisdiction in which the company operates; or
iii. the issuer has demonstrated steps and actions to address the potential significant harm such as through the adoption of time-bound targets and goals or dedicated remediation activities and there are clear meaningful signs of improvement and positive change;

PAI assessments for all holdings will be reviewed at least quarterly.

Where Calvert determines that a held issuer is causing significant harm according to one or multiple PAIs, the investment will be deemed not sustainable and it will not be counted towards the sustainable investment allocation of the fund.

Calvert's use of proxy indicators will be kept under review and will be replaced by more specific PAI indicators from third-party data providers, when Calvert determines that sufficiently reliable data has become available.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

For the portion of the fund's assets allocated to sustainable investments, Calvert monitors business practices on an ongoing basis, through data on ESG controversies and standards screening sourced from third party providers. Calvert will make assessments on controversy cases, informed by information from relevant ESG data providers, that it views as being severe, and on failures to comply with the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multi-National Enterprises or the ILO Fundamental Principles.

Companies that are deemed by Calvert to have severe violations of the global norms listed above, would not be considered eligible as sustainable investments.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund considers all of the mandatory PAI on sustainability factors which are relevant to the investment for the portion allocated to sustainable investments, as described above in response to the question, "*How have the indicators for adverse impacts on sustainability factors been taken into account?*".

In addition, through the application of the Calvert Principles to the totality of the portfolio, the fund seeks to invest in companies that, in the opinion of the investment manager, exhibit, through their operations and business practices, sound management of ESG characteristics. These characteristics include environmental sustainability, resource efficiency, support for equitable societies and respect for human rights, accountable governance, and transparent operations.

As a result, the fund considers the following PAIs through its pass/fail assessment for those companies and sectors where Calvert deems such PAIs relevant:

- PAI 1 "GHG emissions";
- PAI 3 "GHG intensity of investee companies";
- PAI 4 "Exposure to companies active in the fossil fuel sector";
- PAI 13 "Board gender diversity"; and
- PAI 14 "Exposure to controversial weapons".

The fund will make information available on how it has incorporated the PAIs in its periodic reports to investors.



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The fund will invest in companies that, in the opinion of the investment manager, exhibit, through their operations and business practices, sound management of ESG characteristics. These characteristics include environmental sustainability, resource efficiency, support for equitable societies and respect for human rights, accountable governance, and transparent operations.

All investments in the fund are made at the discretion of the investment manager and will be evaluated in accordance with the Calvert Principles. The Calvert Principles provide a framework to assess investee company activities and behaviours across a number of financially material ESG themes to determine their eligibility for Calvert funds. The investment manager then constructs a portfolio of eligible issuers that meet their investment objective. The attainment of the environmental and social characteristics of the fund will be measured based on whether names held in the fund are considered eligible for investment in accordance with the Calvert Principles.

To conduct this analysis, Calvert uses the proprietary Calvert Research System ("**CRS**") that leverages indicators sourced from third party data vendors, external research partners, and Calvert's proprietary custom indicators to support measurement and ranking of company performance on a number of financially material ESG themes, as determined by expert ESG sector analysts based on proprietary peer groups across the investable universe. A specific set of underlying relevant indicators tied to each theme are then assigned to each sector

peer group and weighted to produce a quantitative assessment for each company, with discounts applied based on circumstantial information (current and ongoing issues) from data vendors and news sources. Analysts then consider the information from CRS to make a qualitative determination on whether the company is eligible for investment in accordance with the Calvert Principles. Such determinations are presented to and approved by Calvert's Responsible Research Review Committee.

Investments that are held by the fund but subsequently become ineligible to be held by the fund after they are acquired due to the application of the ESG criteria above will be sold. Such sales will take place over a reasonable time period to be determined by the investment manager, taking into account the best interests of the shareholders of the fund.

The following themes are considered in CRS, as applicable, depending on a company's peer group and the financial materiality of each theme to that peer group:

- Environmental themes:
  - Biodiversity & Land
  - Climate & Energy
  - Overall Management of Environmental Risks
  - Packaging and Electronic Waste
  - Pollution and Waste
  - Environmental Impacts of the Supply Chain
  - Water
- Social themes:
  - Employee Health and Safety
  - Valuing Human Capital & Labour Management
  - Privacy & Data Security
  - Product Integrity
  - Stakeholder Relations
  - Social Impacts of the Supply Chain

In instances where ESG data is very limited and cannot be assessed through CRS, companies may undergo a qualitative assessment to determine if the company meets the Calvert Principles. Qualitative assessments, like quantitative assessments, are presented to and approved by Calvert's Responsible Research Review Committee.

Where a company is no longer deemed eligible for investment in accordance with the Calvert Principles, it will be divested from the fund within a reasonable time period and taking into account the interests of shareholders.

The fund will maintain a minimum of 50% of sustainable investments, which meet the criteria as set out in response to the question, *"What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?"*

The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager. The investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with the investment team to conduct regular portfolio/performance reviews and systemic checks to ensure compliance with portfolio investment objectives and environmental and social characteristics, taking into account changing market conditions, information and strategy developments.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The binding elements of the investment strategy used to select the investments to achieve the environmental / social characteristics promoted by the fund are the following:

- The fund will only invest in names that are considered eligible for investment in accordance with the Calvert Principles
- At least 50% of the fund's investments will qualify as sustainable investments.

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

Not applicable.

- ***What is the policy to assess good governance practices of the investee companies?***

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The investment manager applies the Calvert Principles to determine an eligible investment universe that limits exposure to companies that demonstrate poor management of financially material environmental or social risks.

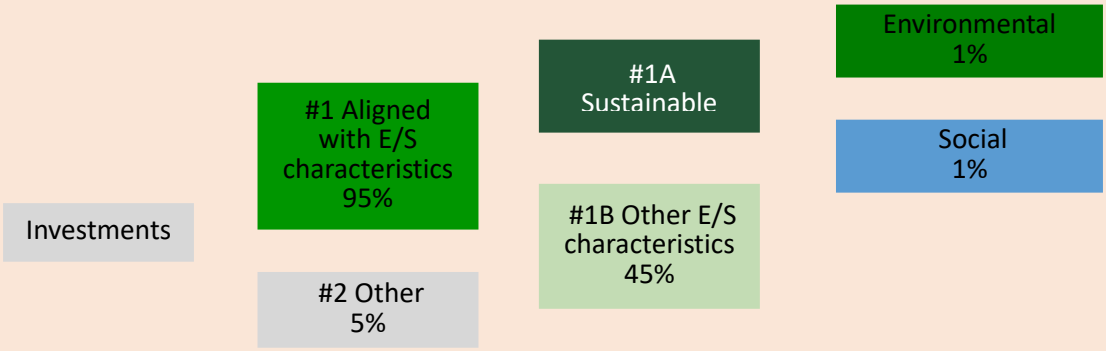
As part of its research process, Calvert also assesses whether companies exhibit accountable governance and oversight, effective and diverse board representation, and transparency in addressing any events or controversies.

Calvert then uses additional third-party governance indicators and controversy data in order to screen investee companies on sound management structures, their employee relations, fair remuneration of staff, and tax compliance, to ensure overall alignment with good governance practices.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned** with E/S characteristics covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

At least 95% of the fund's assets will be held in investments that are aligned with the environmental and social characteristics promoted by the fund. The remaining portion of the portfolio will consist of cash held as ancillary liquidity and derivatives that are not aligned with the environmental and social characteristics of the fund. Of the portion of assets aligned with the environmental and social characteristics promoted, 50% will also be sustainable investments. Of this 50% allocation to sustainable investments, a minimum of 1% will have an environmental objective, and a minimum of 1% will have a social objective, which can both vary independently at any time.

These percentages are measured according to the value of the investments.

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

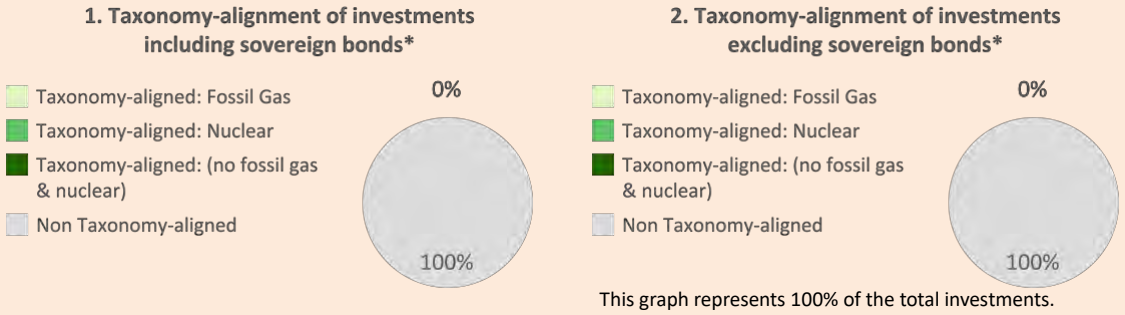
- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?***[1]

☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



This graph represents 100% of the total investments.

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

- ***What is the minimum share of investments in transitional and enabling activities?***

Although the fund commits to invest in sustainable investments within the meaning of the SFDR, there is no commitment to a minimum share of investments in transitional and enabling activities.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund intends to make a minimum of 50% of sustainable investments as defined under the SFDR. Among these, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time. These sustainable investments will represent at least 50% of the portfolio holdings on an aggregated basis.

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Although some of these sustainable investments may be EU Taxonomy aligned, due to lack of available data regarding the EU Taxonomy alignment of the underlying securities, the investment manager has not been able to confirm whether these investments are in fact EU Taxonomy aligned and accordingly will not consider them as such in calculations until this data is reported on or otherwise becomes more reliable.



What is the minimum share of socially sustainable investments?

The fund intends to make a minimum of 50% of sustainable investments as defined under the SFDR. Among these, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time. These sustainable investments will represent at least 50% of the portfolio holdings on an aggregated basis.



What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The fund may hold up to 5% in cash as ancillary liquidity, and derivatives for hedging purposes. This is included in the "#2 Other" category and is not subject to environmental and/or social screening or any minimum environmental or social safeguards.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.



Where can I find more product specific information online?

More product-specific information can be found on the website:

www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_calvertusequity_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
Developing Opportunity Fund	549300LL0EXEQPRYTK93

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

- The fund promotes the environmental characteristic of limiting environmental externalities by excluding investments in coal.
- The fund promotes the social characteristic of avoiding investments in certain activities which can cause harm to human health and wellbeing, including tobacco and certain weapons, comprising civilian firearms, cluster munitions and anti-personnel mines.

These exclusions are implemented in line with the fund's Restriction Screening Policy, which is set out below in response to the question "*What investment strategy does this financial product follow?*".

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the fund.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The sustainability indicator is the percentage of companies in the fund which breach the exclusionary screens. The sustainability indicator will therefore be that 0% of the fund's investments are in violation of the fund's Restriction Screening Policy.

Compliance with the exclusions is monitored on an ongoing basis through an automated process, comprising pre- and post-trade guideline monitoring and exception-based screening.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

Not applicable.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

Not applicable.

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Not applicable.

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

— *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Not applicable.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund considers principal adverse impacts ("**PAI**") on sustainability factors only in part, as follows:

- The fund excludes issuers which receive a certain percentage of their revenue from coal mining and extraction. The fund therefore partly considers the PAI indicator (4) exposure to companies active in the fossil fuel sector.
- The fund excludes issuers which are involved in manufacturing the core weapon system of cluster munitions and anti-personnel mines. The fund therefore partly considers the PAI indicator (14) exposure to controversial weapons.

Where the investment manager considers the following PAI indicators to be materially relevant to, or impacted by, the activities of the issuer, it will also consider the following PAIs on sustainability factors. This will be done by the investment manager (a) integrating ESG analysis within the research process and/or (b) engaging with management of investee companies. The PAIs considered are the following:

- PAI indicator (1): Greenhouse gas emissions (GHG);
- PAI indicator (2): Carbon footprint;
- PAI indicator (3): GHG intensity;
- PAI indicator (5): Non-Renewable energy consumption and production; and
- PAI indicator (6): Energy consumption intensity per high impact climate sector.

As a result, the fund contributes to mitigating the fund's adverse impacts on these sustainability factors.

The fund will make information available on how it has incorporated the PAIs in its periodic reports to investors.



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The investment process integrates analysis of sustainability with respect to disruptive change, financial strength, environmental and social externalities and governance (also referred to as ESG).

Binding restriction screens are applied to the fund in accordance with the fund's Restriction Screening Policy.

The fund's Restriction Screening Policy is to restrict investments in corporate issuers whose core business activity, determined in accordance with the methodology set out below, involves:

- Tobacco;
- Thermal coal; or
- Weapons, comprising civilian firearms, cluster munitions and anti-personnel mines.

The methodology used to determine core business activity for the purpose of the above-described screening is as follows:

1) Revenue (as defined by external third-party data):

- more than 5% of its recent-year revenue (or estimated revenue) from Tobacco;
- more than 10% of its recent-year revenue (or estimated revenue) from Thermal Coal;
- more than 10% of its recent-year revenue (or estimated revenue) from the Manufacture of Civilian Firearms and ammunition; or

2) Involvement as identified by an external third-party data provider through corporate ownership, in manufacturing the core weapon system, or components/services of the core weapon system that are considered tailor-made and essential for the lethal use of the weapon, or cluster munitions and anti-personnel mines.

Investments that are held by the fund but become restricted after they are acquired for the fund, due to their involvement in one of the previously mentioned restricted business activities, will be sold. Such sales will take place over a time period to be determined by the investment manager of the fund, taking into account the best interests of the shareholders of the fund.

The investment manager may decide to implement additional ESG-related restrictions to the fund over time that it believes are consistent with its investment objectives, and such new restrictions will be disclosed in the fund's SFDR website disclosure:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_globalopportunity_en.pdf.

This section solely refers to the fund's strategy as it relates to SFDR. Please see the "Fund Descriptions" section of the Prospectus for information on the fund's broader investment strategy.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The restriction screens are the binding elements of the investment strategy used to select the investments to achieve the environmental / social characteristics promoted.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

- ***What is the policy to assess good governance practices of the investee companies?***

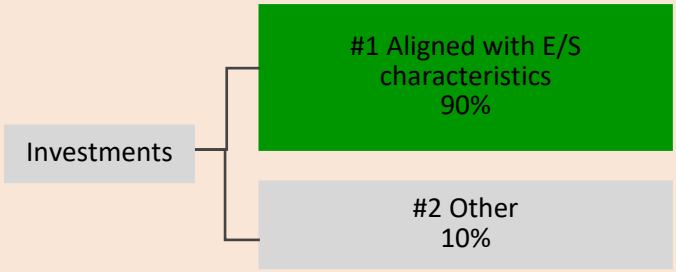
Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

As part of the fund's holistic approach to ESG, the investment manager of the fund assesses governance practices of investee companies, including but not limited to looking at the management structures, employee relations, remuneration of staff, and tax compliance of such companies. This is framed by a set of questions applied consistently across companies. Topics include, but are not limited to, management incentives aligned with the long-term interest of shareholders, capital allocation, independent and engaged boards, and transparency of accounting.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Category #1 investments (i.e. those aligned with E/S characteristics) comprise all investments that are screened against the fund's Restriction Screening Policy. Category #2 investments are those investments that are not screened against the fund's Restriction Screening Policy.

The entirety of the fund, apart from cash and derivatives held for efficient portfolio management purposes, are screened against the fund's Restriction Screening Policy. This comprises 90% of the fund. Accordingly, at least 90% of the fund are Category #1 investments and the remaining 10% of the fund (comprising cash and derivatives held for hedging purposes) are Category #2 investments.

These percentages are measured according to the value of the investments.

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

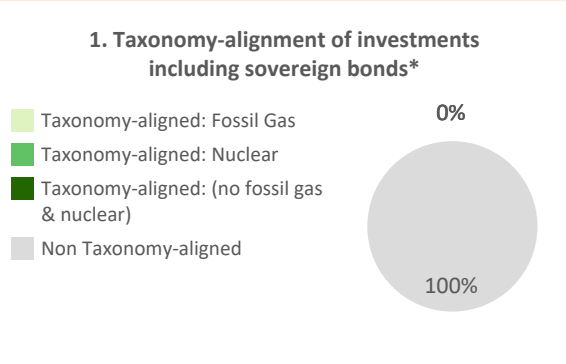
- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?[1]***

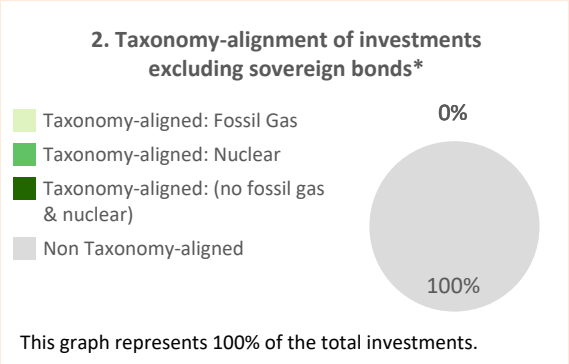
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





This graph represents 100% of the total investments.

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

- ***What is the minimum share of investments in transitional and enabling activities?***

As the fund does not commit to invest any sustainable investment within the meaning of the EU Taxonomy, the minimum share of investments in transitional and enabling activities within the meaning of the EU Taxonomy is therefore also set at 0%.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund promotes environmental and social characteristics but does not commit to making any sustainable investments. As a consequence, the fund does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

What is the minimum share of socially sustainable investments?

Not applicable.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Up to 10% of the fund, comprising cash and derivatives held for efficient portfolio management purposes, are Category "#2 Other" investments. These instruments are not subject to environmental and/or social screening or any minimum environmental or social safeguards.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.

Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_globalopportunity_aggregated_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
Emerging Leaders Equity Fund	549300RVZ11RNS16PV05

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

Firstly, the fund promotes the environmental characteristic of contributing towards climate change mitigation by seeking to achieve a lower carbon footprint than the MSCI Emerging Markets (Net) Index in aggregate at the portfolio level.

Secondly, the fund avoids investments in certain industries with the potential to cause harm to the environmental and to human health and wellbeing, such as tobacco and weapons, by applying binding exclusions. Further detail on the nature of these exclusions is set out below (in response to the question, "*What investment strategy does this financial product follow?*").

The fund does not use a reference benchmark to attain its environmental or social characteristics.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The following sustainability indicators are used to measure the attainment of the fund's environmental and social characteristics:

Objective	Sustainability indicators
1. ESG exclusions	The application of the exclusionary screens to the fund's investments is measured by the percentage of the fund's investments which breach the exclusionary screens. The relevant sustainability indicator is therefore that 0% of the fund's investments are in violation of the fund's exclusionary screens.
2. Lower carbon footprint than MSCI Emerging Markets (Net) Index at an aggregate portfolio level	Weighted Average Carbon Intensity of portfolio compared against MSCI Emerging Markets (Net) Index.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

Not applicable.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

Not applicable.

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Not applicable.

— *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Not applicable.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund considers some of the principal adverse impacts ("PAI") on sustainability factors through the fund's exclusionary criteria as follows:

- The fund excludes issuers whose core business is in thermal coal mining and extraction, thermal coal power generation and fossil fuels. The fund therefore partly considers PAI indicator number 4: exposure to companies active in the fossil fuel sector.
- The fund excludes issuers which derive any revenue from controversial weapons manufacturing or retail. The fund therefore considers PAI indicator number 14: exposure to controversial weapons.

The fund will make information available on how it has incorporated the PAIs in its periodic reports to investors.



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The investment manager integrates environmental, social, or governance (ESG) risks into the investment process by using certain ESG criteria as a lens for additional fundamental research, which can contribute to investment decision-making. The investment manager seeks to understand how certain ESG criteria may affect a company's risk profile and may engage with company management on what it deems to be materially important.

Carbon footprint: The fund promotes the environmental characteristic of contributing towards climate change mitigation by seeking to achieve a lower carbon footprint than the MSCI Emerging Markets (Net) Index in aggregate at the portfolio level (based on third-party data).

ESG exclusions: The fund avoids investments in certain industries with the potential to cause harm to the environmental and to human health and wellbeing by applying binding exclusions.

Investments shall not knowingly include any company involved in the manufacturing or production of:

- tobacco (5%)
- adult entertainment (0%)
- civilian firearms (0%)
- controversial weapons (0%)
- fossil fuels (10%)
- coal (10%)
- oil sands (5%)
- Arctic oil and gas (5%)
- gambling (5%)

.

Further to the above, the investment manager may, in its discretion, elect to apply additional ESG-related investment restrictions over time that it believes are consistent with its investment objectives. Such additional restrictions will be disclosed in the fund's SFDR Website Disclosure.
.The exclusions are determined using third party data except on rare occasions where the data is proven to be incorrect. The exclusions criteria are applied to all equity investments within the fund based on available data from third parties. Investments that are held by the fund but become restricted after they are acquired due to the application of the ESG criteria will be sold. Such sales will take place over a time period to be determined by the investment manager, taking into account the best interests of the shareholders of the fund.

The fund references third party ESG data during the security research process, but does not rely on third party ESG data for the purposes of constructing the portfolio. The investment manager relies on its own proprietary analysis for security selection and portfolio construction rather than third party analysis. However, in some cases data on specific issuers or the exclusions noted above may not be available and/or may be estimated by the investment manager using reasonable estimates or third party data. The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager and the management company. The investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with the investment teams to conduct regular portfolio/performance reviews and systemic checks to ensure compliance with portfolio investment objectives, investment and client guidelines, taking into account changing market conditions, information and strategy developments.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the investment strategy used to select the investments to achieve the environmental / social characteristics promoted are the following:

- The exclusionary criteria applied by the fund.
- The fund seeking to achieve a lower carbon footprint than the MSCI Emerging Markets (Net) Index in aggregate at the portfolio level.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

- ***What is the policy to assess good governance practices of the investee companies?***

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

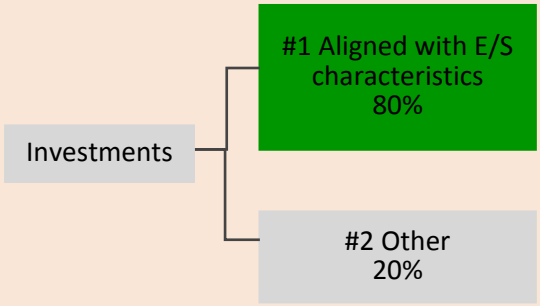
All investee companies within the fund are assessed on their governance which is embedded in the investment process and considered as part of initial research and stock selection. The team also engages with companies and boards directly on issues material to governance, among other issues. An investment has to be considered by the investment manager to have good governance to be included within the portfolio.

As an input to its governance assessment, the investment team has also chosen several third-party binary (pass/fail) proxy indicators to assess issuer management structures, employee relations, remuneration of staff and tax compliance, to the extent they are covered by third party providers. In the event that an issuer fails under one of these proxy indicators, the default position is that the issuer will be excluded from the fund. The investment manager may include issuers that fail on one or more of these proxy indicators where (i) it considers that the third party data is inaccurate or out of date; or (ii) it considers that, upon review, the issuer is exhibiting good governance practices overall (such that the results of the proxy indicator tests do not in fact indicate a material impact on good governance). In reaching this determination, the investment manager may take into account any remedial actions being undertaken by the company.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

As explained above, the fund's aim to maintain a lower carbon footprint than the MSCI Emerging Markets (Net) Index is applied at a portfolio level (and not at the level of individual holdings, some of which may on an individual basis have a higher carbon intensity than the portfolio level average or target).

The remaining 20% of the fund's investments will be invested in (i) hedging instruments and/or (ii) cash held for ancillary liquidity ("#2 Other"). These investments are not subject to minimum environmental or social safeguards. The fund does not intend to make any sustainable investments within the meaning of the SFDR.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

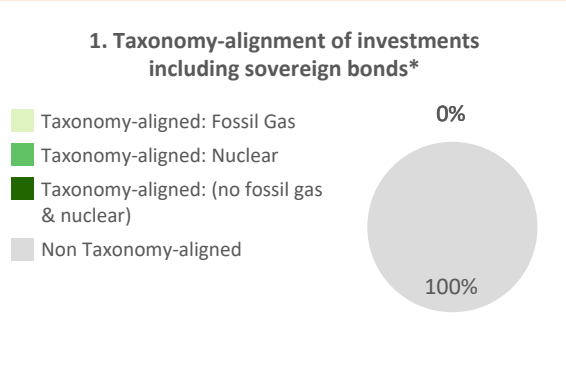
● ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?***[1]

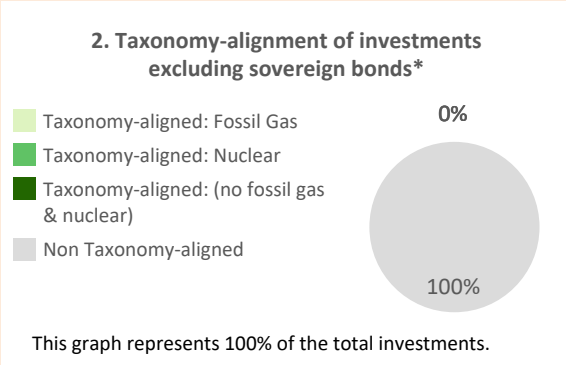
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

● ***What is the minimum share of investments in transitional and enabling activities?***

As the fund does not commit to invest any sustainable investment within the meaning of the EU Taxonomy, the minimum share of investments in transitional and enabling activities within the meaning of the EU Taxonomy is therefore also set at 0%.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund promotes environmental and social characteristics but does not commit to making any sustainable investments. As a consequence, the fund does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

What is the minimum share of socially sustainable investments?

Not applicable.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The "#2 Other" category is expected to be made up of (i) hedging instruments and/or (ii) cash held for ancillary liquidity. These investments are not subject to minimum environmental or social safeguards.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.

Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_emergingleadersequity_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
Europe Opportunity Fund	54930039WYT5E8WI3793

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

- The fund promotes the environmental characteristic of limiting environmental externalities by excluding investments in coal.
- The fund promotes the social characteristic of avoiding investments in certain activities which can cause harm to human health and wellbeing, including tobacco and certain weapons, comprising civilian firearms, cluster munitions and anti-personnel mines.

These exclusions are implemented in line with the fund's Restriction Screening Policy, which is set out below in response to the question "*What investment strategy does this financial product follow?*".

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the fund.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The sustainability indicator is the percentage of companies in the fund which breach the exclusionary screens. The sustainability indicator will therefore be that 0% of the fund's investments are in violation of the fund's Restriction Screening Policy.

Compliance with the exclusions is monitored on an ongoing basis through an automated process, comprising pre- and post-trade guideline monitoring and exception-based screening.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

Not applicable.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

Not applicable.

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Not applicable.

— *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Not applicable.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund considers principal adverse impacts ("**PAI**") on sustainability factors only in part, as follows:

- The fund excludes issuers which receive a certain percentage of their revenue from coal mining and extraction. The fund therefore partly considers the PAI indicator (4) exposure to companies active in the fossil fuel sector.
- The fund excludes issuers which are involved in manufacturing the core weapon system of cluster munitions and anti-personnel mines. The fund therefore partly considers the PAI indicator (14) exposure to controversial weapons.

Where the investment manager considers the following PAI indicators to be materially relevant to, or impacted by, the activities of the issuer, it will also consider the following PAIs on sustainability factors. This will be done by the investment manager (a) integrating ESG analysis within the research process and/or (b) engaging with management of investee companies. The PAIs considered are the following:

- PAI indicator (1): Greenhouse gas emissions (GHG);
- PAI indicator (2): Carbon footprint;
- PAI indicator (3): GHG intensity;
- PAI indicator (5): Non-Renewable energy consumption and production; and
- PAI indicator (6): Energy consumption intensity per high impact climate sector.

As a result, the fund contributes to mitigating the fund's adverse impacts on these sustainability factors.

The fund will make information available on how it has incorporated the PAIs in its periodic reports to investors.



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The investment process integrates analysis of sustainability with respect to disruptive change, financial strength, environmental and social externalities and governance (also referred to as ESG).

Binding restriction screens are applied to the fund in accordance with the fund's Restriction Screening Policy.

The fund's Restriction Screening Policy is to restrict investments in corporate issuers whose core business activity, determined in accordance with the methodology set out below, involves:

- Tobacco;
- Thermal coal; or
- Weapons, comprising civilian firearms, cluster munitions and anti-personnel mines.

The methodology used to determine core business activity for the purpose of the above-described screening is as follows:

1) Revenue (as defined by external third-party data):

- more than 5% of its recent-year revenue (or estimated revenue) from Tobacco;
- more than 10% of its recent-year revenue (or estimated revenue) from Thermal Coal;
- more than 10% of its recent-year revenue (or estimated revenue) from the Manufacture of Civilian Firearms and ammunition; or

2) Involvement as identified by an external third-party data provider through corporate ownership, in manufacturing the core weapon system, or components/services of the core weapon system that are considered tailor-made and essential for the lethal use of the weapon, or cluster munitions and anti-personnel mines.

Investments that are held by the fund but become restricted after they are acquired for the fund, due to their involvement in one of the previously mentioned restricted business activities, will be sold. Such sales will take place over a time period to be determined by the investment manager of the fund, taking into account the best interests of the shareholders of the fund.

The investment manager may decide to implement additional ESG-related restrictions to the fund over time that it believes are consistent with its investment objectives, and such new restrictions will be disclosed in the fund's SFDR website disclosure:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_globalopportunity_en.pdf.

This section solely refers to the fund's strategy as it relates to SFDR. Please see the "Fund Descriptions" section of the Prospectus for information on the fund's broader investment strategy.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The restriction screens are the binding elements of the investment strategy used to select the investments to achieve the environmental / social characteristics promoted.

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

Not applicable.

What is the policy to assess good governance practices of the investee companies?

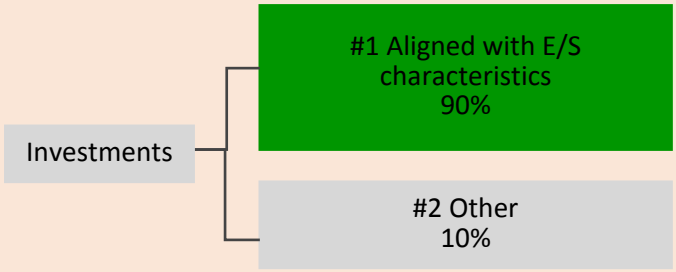
Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

As part of the fund's holistic approach to ESG, the investment manager of the fund assesses governance practices of investee companies, including but not limited to looking at the management structures, employee relations, remuneration of staff, and tax compliance of such companies. This is framed by a set of questions applied consistently across companies. Topics include, but are not limited to, management incentives aligned with the long-term interest of shareholders, capital allocation, independent and engaged boards, and transparency of accounting.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Category #1 investments (i.e. those aligned with E/S characteristics) comprise all investments that are screened against the fund's Restriction Screening Policy. Category #2 investments are those investments that are not screened against the fund's Restriction Screening Policy.

The entirety of the fund, apart from cash and derivatives held for efficient portfolio management purposes, are screened against the fund's Restriction Screening Policy. This comprises 90% of the fund. Accordingly, at least 90% of the fund are Category #1 investments and the remaining 10% of the fund (comprising cash and derivatives held for hedging purposes) are Category #2 investments.

These percentages are measured according to the value of the investments.

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

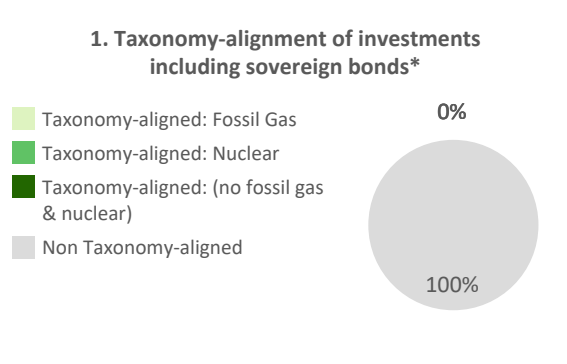
- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?[1]***

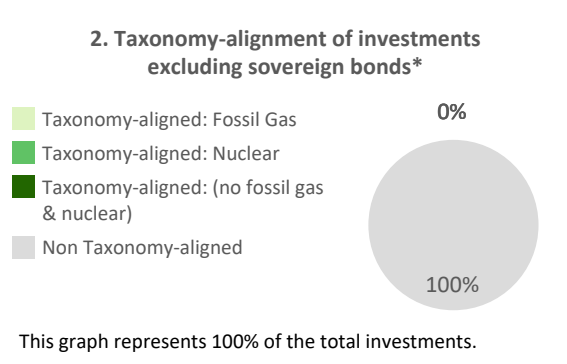
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





This graph represents 100% of the total investments.

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

- ***What is the minimum share of investments in transitional and enabling activities?***

As the fund does not commit to invest any sustainable investment within the meaning of the EU Taxonomy, the minimum share of investments in transitional and enabling activities within the meaning of the EU Taxonomy is therefore also set at 0%.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund promotes environmental and social characteristics but does not commit to making any sustainable investments. As a consequence, the fund does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

What is the minimum share of socially sustainable investments?

Not applicable.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Up to 10% of the fund, comprising cash and derivatives held for efficient portfolio management purposes, are Category "#2 Other" investments. These instruments are not subject to environmental and/or social screening or any minimum environmental or social safeguards.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.

Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_globalopportunity_aggregated_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
Global Brands Equity Income Fund	549300NOAL4YUQM4WM15

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10 % of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

The fund promotes the environmental characteristic of climate change mitigation by excluding investments in: (i) companies involved in certain fossil fuel related activities; and (ii) companies in certain energy intensive sectors. For the avoidance of any doubt, the fund does not seek to make investments that contribute to climate change mitigation within the meaning of the EU Taxonomy.

In addition, the fund considers social characteristics by excluding investment in companies that have any tie to controversial weapons.[1]

In addition, the fund commits to invest a proportion of its assets in companies classified as sustainable investments through an assessment comprising three tests (as per SFDR).

The fund has not designated a reference benchmark for the purpose of attaining its environmental or social characteristics.

Further details on the binding exclusions applied by the fund may be found under section "*What investment strategy does this financial product follow?*".

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

1. Environmental characteristics

Compliance with the environmental exclusionary screens is measured by the exclusionary criteria and the percentage of the fund's investments which breach the exclusionary screens.

2. Social characteristics

Compliance with the social exclusionary screen is measured by the exclusionary criteria and the percentage of the fund's investments which breach the exclusionary screen.

3. Sustainable investments

Compliance with the sustainable investment commitment is measured by the percentage of the fund's investments which are classified as sustainable investments and the attainment of the fund's minimum commitment.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

As noted above, the fund commits to invest a proportion of its assets in companies classified as sustainable investments through an assessment comprising three tests (as per SFDR).

The positive contribution to an environmental or social objective test applied by the investment manager seeks to ensure that companies classified as sustainable investments are classified based on their net positive alignment with the UN SDGs. This is primarily determined using net alignment scores obtained from third-party data providers.

The UN SDGs include environmental (e.g. SDG 13: Climate Action) and social (e.g. SDG 3: Good Health and Well-Being) objectives. The third-party data providers' net alignment scores indicate whether companies in the providers' coverage universe have a net positive alignment with each of the UN SDGs through their products and services (e.g. a healthcare company's essential medical products may be positively aligned with SDG 3: Good Health and Well-Being) and/or their operational alignment (e.g. a company with a robust carbon reduction plan may be positively aligned with SDG 13: Climate Action). More information on the UN SDGs can be found at: https://www.undp.org/sustainable-development-goals. The investment manager recognises that the UN SDGs were written by Governments for Governments and therefore data that seeks to align corporate actions to the SDGs will not be perfectly representative.

In the first instance, the investment manager classifies a company as having a positive contribution to an environmental or social objective as simultaneously meeting three criteria using the third-party data: 1) having a net positive aggregate alignment score across all the SDGs; 2) having sufficient net positive alignment with at least one individual SDG; and 3) not having a material net mis-alignment with any of the SDGs.

[1] Until 27 September 2026, the fund will exclude companies whose core business activity involves weapons or civilian firearms.

In limited cases, and where it is satisfied that it is appropriate to do so based on its internal research, engagement with the company and/or other data sources, the investment manager may treat a company as failing or passing its positive contribution test, contrary to the position indicated by the third-party SDG net alignment scores. The investment manager may do this when, for example, it considers the third-party SDG net alignment data to be out of date or incorrect.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

The do no significant harm ("DNSH") test applied by the investment manager seeks to ensure that companies classified as sustainable investments do not cause significant harm to any of the mandatory, SFDR-defined principal adverse impact ("PAI") indicators. This is primarily determined using data obtained from third-party providers.

How have the indicators for adverse impacts on sustainability factors been taken into account?

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

In the first instance, the fund uses data from third-party providers to assess the mandatory PAI indicators. The fund may use reasonable proxies for those PAIs for which the investment manager considers that the data is not widely or reliably available (currently these are the 'Unadjusted gender pay gap', 'Activities negatively affecting biodiversity sensitive areas' and 'Emissions to water' PAI indicators). These proxies will be kept under review and will be replaced by data from third-party providers when the investment manager determines that sufficiently reliable data has become available.

To determine whether significant harm is caused, initial thresholds for each mandatory PAI indicator are generally set in one of the following ways:

- For binary indicators (e.g. 'Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises'), a binary pass/fail test is applied;

- For indicators based on quantifiable numerical data (e.g. 'GHG intensity of investee companies'), the initial threshold set by the investment manager is based on either:
    - A relative level where the worst performers within the broader investable universe (which is limited to issuers for which data is available, subject to the exceptions noted below), are deemed to fail the initial test; or
    - An absolute level where companies which perform above/below a defined level (as appropriate) are deemed to fail the initial test.

For each mandatory PAI indicator, where data is not available, a company is deemed to fail the initial test and cannot be classified as a sustainable investment. However, in cases where the third-party data provider determines that a particular PAI indicator is not meaningful given the nature or the industry of the company, and therefore does not provide data on that PAI indicator, the company is deemed to pass the initial test on the basis that the company's activities are unlikely to be causing significant harm to the environmental or social theme covered by that PAI indicator. The investment manager will keep the third-party data providers' 'not meaningful' assessment under periodic review.

In limited cases, and where it is satisfied that it is appropriate to do so based on its internal research, engagement with the company and/or other data sources, the investment manager may treat a company as failing or passing its DNSH test, contrary to the position indicated by the third-party data. The investment manager may do this when, for example, it considers the third-party data to be out of date or incorrect, or where the investment manager considers that a company is taking appropriate and credible remedial actions to rectify its failings on a PAI, subject to the investment manager's ongoing review and tracking of the company's remedial actions.

As part of its long-term investment approach, the investment manager seeks to engage with companies to encourage them towards better ESG practices and to minimise or mitigate the principal adverse impacts of their activities on a materiality basis (i.e. if the investment manager considers a particular PAI indicator to be potentially financially material to the long-term sustainability of high returns on capital).

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

As part of the investment manager's DNSH test, companies will not be classified as sustainable investments if they fail to comply with the themes and values promoted by the OECD Guidelines for Multinational Enterprises or the UN Global Compact, or if they lack processes and compliance mechanisms to monitor compliance with the themes and values promoted by these global norms.

As noted above, the assessment is based on information obtained from third-party data providers or, where the investment manager considers it appropriate, internal research, engagement with the company and/or other data sources.

The investment manager uses the OECD Guidelines for Multinational Enterprises and the UN Global Compact as reasonable proxies

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The mandatory PAI indicators in the SFDR rules are considered by the investment manager (in the manner set out above) for the purposes of classifying some of the fund's investments as sustainable investments.

In addition, the environmental and social characteristics promoted by the fund incorporate consideration of the following PAIs through binding exclusions:

- PAI indicator 4: exposure to companies active in the fossil fuel sector;
- PAI indicator 14: exposure to controversial weapons;

As noted above, as part of its long-term investment approach, the investment manager seeks to engage with companies to encourage them towards better ESG practices and to minimise or mitigate the principal adverse impacts of their activities on a materiality basis (i.e. if the investment manager considers a particular PAI indicator to be potentially financially material to the long-term sustainability of high returns on capital).

The fund will make information available on how it has incorporated the PAIs in its periodic report to investors.



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The Fund is designed to provide a regular income stream through a combination of dividends from high quality, steady dividend yield distributing equity securities and the premiums from selling index call options, aiming to deliver a yield. The relative contribution of dividends and call options to the overall income level may vary depending on stock selection or market conditions.

The fund primarily invests (at least 70% of total net assets) in equities of companies in the world's developed markets.

The fund may also invest, on an ancillary basis (up to 30% of total net assets) in equities of companies located in emerging markets, including up to 10% of its net assets in China A-shares (through Stock Connect).

Investment in equities of companies may also include preference shares, debt securities convertible into common shares or preference shares, and other equity-related securities.

The investment manager seeks to invest in a concentrated portfolio of high quality companies with sustainably high returns on operating capital whose success the investment manager 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 enters into financial derivative instruments with Morgan Stanley & Co. International Plc to enhance the level of income earned. This strategy is expected to include taking exposure via one or more swaps to options on equity indices. This is expected to increase the amount of income earned, through receipt of the premiums received for writing the underlying options. However, in a rising market, the risk of capital losses on the swaps resulting from the exercise of the options may be mitigated by the growth in the value of the underlying assets.

As an integrated part of the investment process, the investment manager assesses relevant factors potentially material to long-term sustainably high returns on operating capital including ESG factors and seeks to engage with companies as part of this. Subject to the fund’s investment objective and its binding Article 8 characteristics (as explained below), the investment manager retains discretion over which investments are selected. In exercising this discretion, ESG factors are not the sole determinant of whether an investment can be made or a holding can remain in the fund’s portfolio, but instead the investment manager considers potentially material risks or opportunities in any of the ESG areas which could potentially threaten or enhance the high returns on operating capital of a company.

The investment manager monitors business practices on an ongoing basis, through data on ESG controversies and standards screening that the investment manager sources from third party providers, including UN Global Compact violations, as well as its own engagement with companies and research. The investment manager reviews securities of issuers where it believes a significant breach of the above standards and principles has occurred and typically excludes such issuers where, after conducting our research and/or engagement, the investment manager believes the breach is material to the sustainability of returns on operating capital, poses significant financial and reputational risk and the issuer has not committed to appropriate remedial action. Such exclusions are determined by the investment manager in its discretion rather than by reliance on third party analysis. The analysis may be supported by third party ESG controversies analysis and business involvement metrics.

1. Environmental characteristics

The fund promotes the environmental characteristic of climate change mitigation by excluding investments in any company that the investment manager determines:

Fossil fuel-related activities: has involvement in fossil fuel activities, based on classifications from the investment manager’s third-party data provider, where the company:

- has any tie to thermal coal: production, distribution, reserves, or power generation;

- has any tie to oil and gas reserves;

- generates revenue above the thresholds set by the investment manager from the following oil and gas-related business activities:

  (a) extraction, production, refining, drilling, exploration, pipelines, transportation, petrochemicals, installed natural gas and liquid fuel capacity, or power generation from liquid fuels or natural gas (>0% revenue);

  (b) oil and gas services, distribution, or retail activities (>10% revenue).

Sector or industry classification: has been assigned the following sectors or industries under the MSCI Global Industry Classification Standards ("MSCI GICS"): energy, construction materials, utilities (excluding renewable electricity and water utilities), or metals and mining.

2. Social characteristics

The fund considers social characteristics by excluding investment in companies that have any tie to controversial weapons, as defined by the investment manager's third-party data provider. [2]

Investments that are held by the fund but become restricted because they breach the exclusionary criteria set out above after they are acquired for the fund will be sold. Such sales will take place over a time period to be determined by the investment manager, taking into account the best interests of the Shareholders of the fund.

Further to the above, the investment manager may, in its discretion, elect to apply additional ESG-related investment restrictions over time that it believes are consistent with its investment objectives. Such additional restrictions will be disclosed in the fund's SFDR Website Disclosure.

3. Sustainable investments

As noted above, the fund commits to invest a proportion of its assets in companies classified as sustainable investments through an assessment comprising three tests (as per SFDR):

i. **good governance:** this test seeks to ensure that all companies are considered by the investment manager to follow good governance practices to be included in the fund's portfolio;

ii. **do no significant harm:** this test seeks to ensure that companies classified as sustainable investments do not cause significant harm to any of the mandatory, SFDR-defined principal adverse impact indicators; and

iii. **positive contribution to environmental or social objective:** this test seeks to ensure that companies classified as sustainable investments are classified based on their net positive alignment with the UN SDGs.

The fund is actively managed by the investment manager on an ongoing basis in accordance with its investment strategy. The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager and the management company. The investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with the portfolio management team of this fund to conduct regular portfolio/performance reviews and systemic checks to ensure compliance with portfolio investment objectives, investment and client guidelines, taking into account changing market conditions, information and strategy developments.

The environmental and social characteristics which the fund seeks to promote are incorporated within the investment guidelines and subject to ongoing monitoring by the investment manager. Morgan Stanley Investment Management's Portfolio Surveillance team also codes the investment guidelines into the firm's surveillance system. The Portfolio Surveillance team uses an automated process to monitor adherence to investment guidelines, including pre- and post-trade guideline monitoring and exception-based screening, and informs the portfolio management team of this fund of any possible guideline violations.

● *What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?*

The binding elements of the investment strategy are:

- The exclusionary criteria, which are used to select the investments to achieve the environmental and social characteristics promoted by the fund; and
- The fund's commitment to invest at least 10% of its assets in companies classified as sustainable investments.

[2] Until 27 September 2026, the fund will exclude companies which derive:
- more than 10% of revenue from production, wholesale or retail of firearms and ammunition intended for civilian use;
- more than 10% of revenue from production of conventional, biological or chemical, nuclear weapons and related activities as defined by the third-party data provider; and
- any revenue from the production of depleted uranium weapons or through indirect ownership as defined by the third-party data provider.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

- ***What is the policy to assess good governance practices of the investee companies?***

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The investment process is focused on identifying high quality companies that can sustain their high returns on operating capital over the long term. Effective governance is important and governance criteria are therefore embedded within the investment process and considered as part of initial research and portfolio selection. On-going monitoring is facilitated through engagement with the company as well as by using, where appropriate, company data, third party data and governance-related controversy screens.

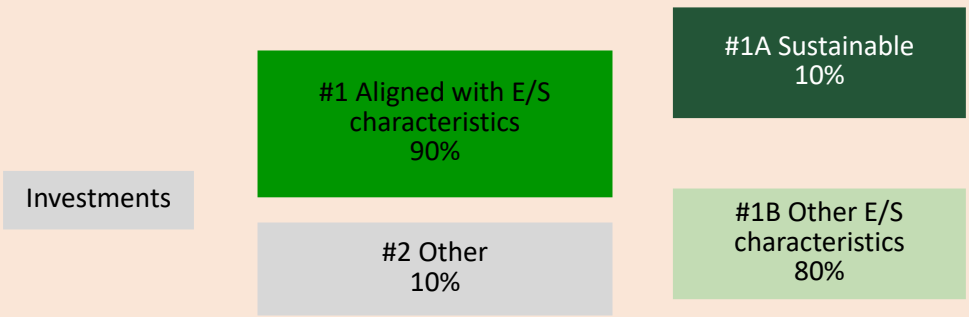
As part of its assessment, in order to meet the SFDR regulatory requirements, the investment manager also has regard to third-party proxy indicators as considerations relating to four specific aspects of governance: sound management structures, employee relations, remuneration of staff and tax compliance. All companies in the fund are assessed against these indicators. A company has to be considered by the investment manager to have good governance practices overall to be included within the portfolio. In reaching this determination, the investment manager may take into account any remedial actions being undertaken by a company on a particular governance issue.

The investment manager also engages with companies on issues potentially material to the sustainability of company returns on operating capital. Direct engagement with companies on potentially financially material ESG risks and opportunities, and other issues, plays a role in informing the investment manager on the soundness of company management and whether it can maintain high returns on operating capital while growing the business over the long term. Dialogue with companies on engagement topics can be prolonged and require multiple engagements.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned** with E/S characteristics covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The environmental and social exclusions are expected to apply to at least 90% of the portfolio. The investment manager anticipates that the remainder of the fund will be made up of investments held for ancillary liquidity, including cash and money market instruments, as well as profits or losses through one or more swaps to options (the amount of which is estimated based on average allocation since the fund's inception; this amount on any single day may vary). This proportion is not expected to comprise more than 10% of the fund's assets. No minimum environmental or social safeguards are applied to such investments.

Under exceptional circumstances, the percentage of the fund's assets that are made up of investments held for ancillary liquidity may temporarily fluctuate above the stated level for certain reasons including but not limited to market conditions or client inflows/outflows.

The fund also expects a minimum of 10% of its assets to be classified as sustainable investments.

All percentages are measured according to the value of the investments.

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

Not applicable – the fund does not use derivatives to attain its environmental or social characteristics.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to invest a minimum proportion of its assets in companies classified as sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

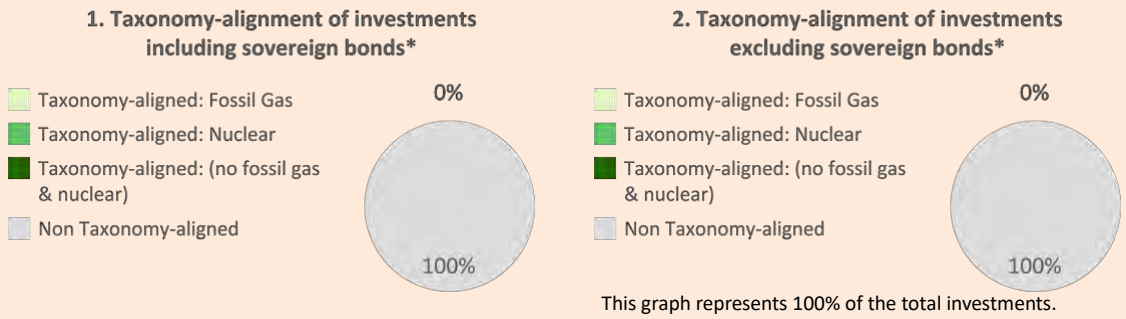
- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?*[3]**

☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



This graph represents 100% of the total investments.

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

[3] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

- ***What is the minimum share of investments in transitional and enabling activities?***

Although the fund commits to invest a minimum proportion of its assets in companies classified as sustainable investments, there is no commitment to a minimum share of investments in transitional and enabling activities.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?



Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

A minimum of 10% of the fund's assets are expected to be invested in companies classified as sustainable investments. There is no commitment to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

The EU Taxonomy does not comprehensively cover all industries and sectors, or even all environmental objectives. This financial product invests in companies classified as sustainable investments within sectors that may not be covered by the EU Taxonomy currently. Accordingly, the investment manager uses its own methodology to determine whether certain investments are environmentally sustainable in accordance with the SFDR sustainable investment test.



What is the minimum share of socially sustainable investments?

As noted above, a minimum of 10% of the fund's assets are expected to be invested in companies classified as sustainable investments. There is no commitment to a minimum share of socially sustainable investments.



What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

This fund may hold cash and money market instruments for ancillary liquidity. These are included in the "#2 Other" category. No minimum environmental or social safeguards are applied to such investments.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable



Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_globalbrandsequityincome_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
Global Brands Fund	ZGXTXPGVP03JQIVJJ255

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10 % of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

The fund promotes the environmental characteristic of climate change mitigation by excluding investments in: (i) companies involved in certain fossil fuel related activities; and (ii) companies in certain energy intensive sectors. For the avoidance of any doubt, the fund does not seek to make investments that contribute to climate change mitigation within the meaning of the EU Taxonomy.

In addition, the fund considers social characteristics by excluding investment in companies that have any tie to controversial weapons.[1]

In addition, the fund commits to invest a proportion of its assets in companies classified as sustainable investments through an assessment comprising three tests (as per SFDR).

The fund has not designated a reference benchmark for the purpose of attaining its environmental or social characteristics.

Further details on the binding exclusions applied by the fund may be found under section "*What investment strategy does this financial product follow?*".

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

1. Environmental characteristics

Compliance with the environmental exclusionary screens is measured by the exclusionary criteria and the percentage of the fund's investments which breach the exclusionary screens.

2. Social characteristics

Compliance with the social exclusionary screen is measured by the exclusionary criteria and the percentage of the fund's investments which breach the exclusionary screen.

3. Sustainable investments

Compliance with the sustainable investment commitment is measured by the percentage of the fund's investments which are classified as sustainable investments and the attainment of the fund's minimum commitment.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

As noted above, the fund commits to invest a proportion of its assets in companies classified as sustainable investments through an assessment comprising three tests (as per SFDR).

The positive contribution to an environmental or social objective test applied by the investment manager seeks to ensure that companies classified as sustainable investments are classified based on their net positive alignment with the UN SDGs. This is primarily determined using net alignment scores obtained from third-party data providers.

The UN SDGs include environmental (e.g. SDG 13: Climate Action) and social (e.g. SDG 3: Good Health and Well-Being) objectives. The third-party data providers' net alignment scores indicate whether companies in the providers' coverage universe have a net positive alignment with each of the UN SDGs through their products and services (e.g. a healthcare company's essential medical products may be positively aligned with SDG 3: Good Health and Well-Being) and/or their operational alignment (e.g. a company with a robust carbon reduction plan may be positively aligned with SDG 13: Climate Action). More information on the UN SDGs can be found at: https://www.undp.org/sustainable-development-goals. The investment manager recognises that the UN SDGs were written by Governments for Governments and therefore data that seeks to align corporate actions to the SDGs will not be perfectly representative.

[1] Until 27 September 2026, the fund will exclude companies whose core business activity involves weapons or civilian firearms.

In the first instance, the investment manager classifies a company as having a positive contribution to an environmental or social objective as simultaneously meeting three criteria using the third-party data: 1) having a net positive aggregate alignment score across all the SDGs; 2) having sufficient net positive alignment with at least one individual SDG; and 3) not having a material net mis-alignment with any of the SDGs.

In limited cases, and where it is satisfied that it is appropriate to do so based on its internal research, engagement with the company and/or other data sources, the investment manager may treat a company as failing or passing its positive contribution test, contrary to the position indicated by the third-party SDG net alignment scores. The investment manager may do this when, for example, it considers the third-party SDG net alignment data to be out of date or incorrect.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

The do no significant harm ("DNSH") test applied by the investment manager seeks to ensure that companies classified as sustainable investments do not cause significant harm to any of the mandatory, SFDR-defined principal adverse impact ("PAI") indicators. This is primarily determined using data obtained from third-party providers.

How have the indicators for adverse impacts on sustainability factors been taken into account?

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

In the first instance, the fund uses data from third-party providers to assess the mandatory PAI indicators. The fund may use reasonable proxies for those PAIs for which the investment manager considers that the data is not widely or reliably available (currently these are the 'Unadjusted gender pay gap', 'Activities negatively affecting biodiversity sensitive areas' and 'Emissions to water' PAI indicators). These proxies will be kept under review and will be replaced by data from third-party providers when the investment manager determines that sufficiently reliable data has become available.

To determine whether significant harm is caused, initial thresholds for each mandatory PAI indicator are generally set in one of the following ways:

- For binary indicators (e.g. 'Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises'), a binary pass/fail test is applied;

- For indicators based on quantifiable numerical data (e.g. 'GHG intensity of investee companies'), the initial threshold set by the investment manager is based on either:
    - A relative level where the worst performers within the broader investable universe (which is limited to issuers for which data is available, subject to the exceptions noted below), are deemed to fail the initial test; or
    - An absolute level where companies which perform above/below a defined level (as appropriate) are deemed to fail the initial test.

For each mandatory PAI indicator, where data is not available, a company is deemed to fail the initial test and cannot be classified as a sustainable investment. However, in cases where the third-party data provider determines that a particular PAI indicator is not meaningful given the nature or the industry of the company, and therefore does not provide data on that PAI indicator, the company is deemed to pass the initial test on the basis that the company's activities are unlikely to be causing significant harm to the environmental or social theme covered by that PAI indicator. The investment manager will keep the third-party data providers' 'not meaningful' assessment under periodic review.

In limited cases, and where it is satisfied that it is appropriate to do so based on its internal research, engagement with the company and/or other data sources, the investment manager may treat a company as failing or passing its DNSH test, contrary to the position indicated by the third-party data. The investment manager may do this when, for example, it considers the third-party data to be out of date or incorrect, or where the investment manager considers that a company is taking appropriate and credible remedial actions to rectify its failings on a PAI, subject to the investment manager's ongoing review and tracking of the company's remedial actions.

As part of its long-term investment approach, the investment manager seeks to engage with companies to encourage them towards better ESG practices and to minimise or mitigate the principal adverse impacts of

their activities on a materiality basis (i.e. if the investment manager considers a particular PAI indicator to be potentially financially material to the long-term sustainability of high returns on capital).

– *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

As part of the investment manager's DNSH test, companies will not be classified as sustainable investments if they fail to comply with the themes and values promoted by the OECD Guidelines for Multinational Enterprises or the UN Global Compact, or if they lack processes and compliance mechanisms to monitor compliance with the themes and values promoted by these global norms.

As noted above, the assessment is based on information obtained from third-party data providers or, where the investment manager considers it appropriate, internal research, engagement with the company and/or other data sources.

The investment manager uses the OECD Guidelines for Multinational Enterprises and the UN Global Compact as reasonable proxies.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The mandatory PAI indicators in the SFDR rules are considered by the investment manager (in the manner set out above) for the purposes of classifying some of the fund's investments as sustainable investments.

In addition, the environmental and social characteristics promoted by the fund incorporate consideration of the following PAIs through binding exclusions:

- PAI indicator 4: exposure to companies active in the fossil fuel sector;
- PAI indicator 14: exposure to controversial weapons;

As noted above, as part of its long-term investment approach, the investment manager seeks to engage with companies to encourage them towards better ESG practices and to minimise or mitigate the principal adverse impacts of their activities on a materiality basis (i.e. if the investment manager considers a particular PAI indicator to be potentially financially material to the long-term sustainability of high returns on capital).

The fund will make information available on how it has incorporated the PAIs in its periodic report to investors.



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The fund will seek to achieve its investment objective by investing primarily (at least 70% of total net assets) in equities of companies in the world's developed countries.

The fund may also invest, on an ancillary basis (up to 30% of total net assets), in equities of companies located in emerging markets, including China A-shares (through Stock Connect). The fund may invest up to 10% of its net assets in China A-shares (through Stock Connect).

Investment in equities of companies may also include preference shares, debt securities convertible into common shares or preferences shares, and other equity-related instruments.

The investment manager seeks to invest in a concentrated portfolio of high quality companies with sustainably high returns on operating capital and whose success the investment manager believes depends on intangible assets (for example, but not limited to, brand names, copyrights or methods of distribution) underpinning a strong business franchise.

As an integrated part of the investment process, the investment manager assesses relevant factors potentially material to long-term sustainably high returns on operating capital including ESG factors and seeks to engage with companies as part of this. Subject to the fund's investment objective and its binding Article 8 characteristics (as explained below), the investment manager retains discretion over which investments are selected. In exercising this discretion, ESG factors are not the sole determinant of whether an investment can be made or a holding can remain in the fund's portfolio, but instead the investment manager considers potentially material risks or opportunities in any of the ESG areas which could potentially threaten or enhance the high returns on operating capital of a company.

The investment manager monitors business practices on an ongoing basis, through data on ESG controversies and standards screening that the investment manager sources from third party providers, including UN Global Compact violations, as well as its own engagement with companies and research. The investment manager reviews securities of issuers where it believes a significant breach of the above standards and principles has occurred and typically excludes such issuers where, after conducting our research and/or engagement, the investment manager believes the breach is material to the sustainability of returns on operating capital, poses significant financial and reputational risk and the issuer has not committed to appropriate remedial action. Such exclusions are determined by the investment manager in its discretion rather than by reliance on third party analysis. The analysis may be supported by third party ESG controversies analysis and business involvement metrics.

1. Environmental characteristics

The fund promotes the environmental characteristic of climate change mitigation by excluding investments in any company that the investment manager determines:

Fossil fuel-related activities: has involvement in fossil fuel activities, based on classifications from the investment manager's third-party data provider, where the company:

- has any tie to thermal coal: production, distribution, reserves, or power generation;

- has any tie to oil and gas reserves;

- generates revenue above the thresholds set by the investment manager from the following oil and gas-related business activities:

    (a) extraction, production, refining, drilling, exploration, pipelines, transportation, petrochemicals, installed natural gas and liquid fuel capacity, or power generation from liquid fuels or natural gas (>0% revenue);

    (b) oil and gas services, distribution, or retail activities (>10% revenue).

Sector or industry classification: has been assigned the following sectors or industries under the MSCI Global Industry Classification Standards ("MSCI GICS"): energy, construction materials, utilities (excluding renewable electricity and water utilities), or metals and mining.

2. Social characteristics

The fund considers social characteristics by excluding investment in companies that have any tie to controversial weapons, as defined by the investment manager's third-party data provider. [2]

Investments that are held by the fund but become restricted because they breach the exclusionary criteria set out above after they are acquired for the fund will be sold. Such sales will take place over a time period to be determined by the investment manager, taking into account the best interests of the Shareholders of the fund.

Further to the above, the investment manager may, in its discretion, elect to apply additional ESG-related investment restrictions over time that it believes are consistent with its investment objectives. Such additional restrictions will be disclosed in the fund's SFDR Website Disclosure.

3. Sustainable investments

As noted above, the fund commits to invest a proportion of its assets in companies classified as sustainable investments through an assessment comprising three tests (as per SFDR):

i. **good governance:** this test seeks to ensure that all companies are considered by the investment manager to follow good governance practices to be included in the fund's portfolio;

ii. **do no significant harm:** this test seeks to ensure that companies classified as sustainable investments do not cause significant harm to any of the mandatory, SFDR-defined principal adverse impact indicators; and

iii. **positive contribution to environmental or social objective:** this test seeks to ensure that companies classified as sustainable investments are classified based on their net positive alignment with the UN SDGs.

The fund is actively managed by the investment manager on an ongoing basis in accordance with its investment strategy. The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager and the management company. The investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with the portfolio management team of this fund to conduct regular portfolio/performance reviews and systemic checks to ensure compliance with portfolio investment objectives, investment and client guidelines, taking into account changing market conditions, information and strategy developments.

The environmental and social characteristics which the fund seeks to promote are incorporated within the investment guidelines and subject to ongoing monitoring by the investment manager. Morgan Stanley Investment Management's Portfolio Surveillance team also codes the investment guidelines into the firm's surveillance system. The Portfolio Surveillance team uses an automated process to monitor adherence to investment guidelines, including pre- and post-trade guideline monitoring and exception-based screening, and informs the portfolio management team of this fund of any possible guideline violations.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The binding elements of the investment strategy are:

- The exclusionary criteria, which are used to select the investments to achieve the environmental and social characteristics promoted by the fund; and
- The fund's commitment to invest at least 10% of its assets in companies classified as sustainable investments.

[2] Until 27 September 2026, the fund will exclude companies which derive:
- more than 10% of revenue from production, wholesale or retail of firearms and ammunition intended for civilian use;
- more than 10% of revenue from production of conventional, biological or chemical, nuclear weapons and related activities as defined by the third-party data provider; and
- any revenue from the production of depleted uranium weapons or through indirect ownership as defined by the third-party data provider.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

- ***What is the policy to assess good governance practices of the investee companies?***

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The investment process is focused on identifying high quality companies that can sustain their high returns on operating capital over the long term. Effective governance is important and governance criteria are therefore embedded within the investment process and considered as part of initial research and portfolio selection. On-going monitoring is facilitated through engagement with the company as well as by using, where appropriate, company data, third party data and governance-related controversy screens.

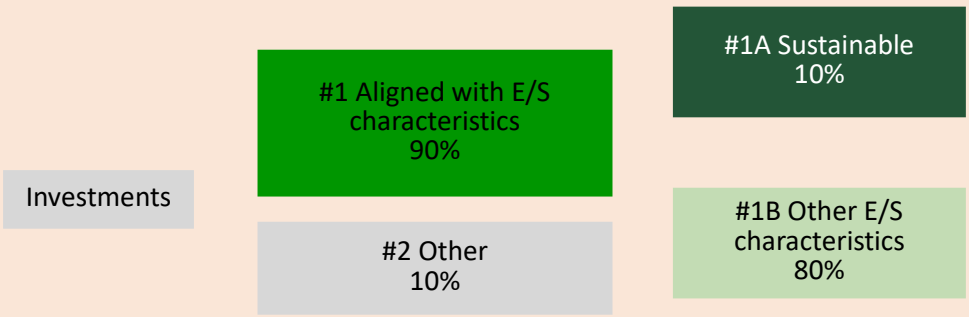
As part of its assessment, in order to meet the SFDR regulatory requirements, the investment manager also has regard to third-party proxy indicators as considerations relating to four specific aspects of governance: sound management structures, employee relations, remuneration of staff and tax compliance. All companies in the fund are assessed against these indicators. A company has to be considered by the investment manager to have good governance practices overall to be included within the portfolio. In reaching this determination, the investment manager may take into account any remedial actions being undertaken by a company on a particular governance issue.

The investment manager also engages with companies on issues potentially material to the sustainability of company returns on operating capital. Direct engagement with companies on potentially financially material ESG risks and opportunities, and other issues, plays a role in informing the investment manager on the soundness of company management and whether it can maintain high returns on operating capital while growing the business over the long term. Dialogue with companies on engagement topics can be prolonged and require multiple engagements.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned** with E/S characteristics covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The environmental and social exclusions are expected to apply to at least 90% of the portfolio. The investment manager anticipates that the remainder of the fund will be made up of investments held for ancillary liquidity,

including cash and money market instruments, with this proportion not expected to comprise more than 10% of the fund's assets. No minimum environmental or social safeguards are applied to such investments.

Under exceptional circumstances, the percentage of the fund's assets that are made up of investments held for ancillary liquidity may temporarily fluctuate above the stated level for certain reasons including but not limited to market conditions or client inflows/outflows.

The fund also expects a minimum of 10% of its assets to be classified as sustainable investments.

All percentages are measured according to the value of the investments.

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to invest a minimum proportion of its assets in companies classified as sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

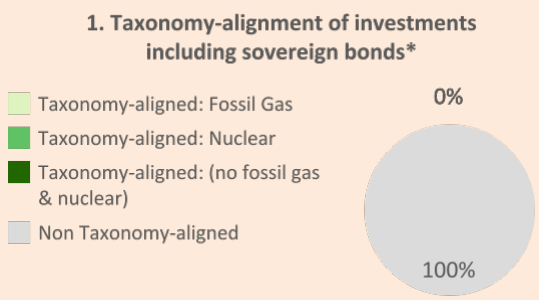
- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?*[3]**

☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





This graph represents 100% of the total investments.

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

[3] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

- ***What is the minimum share of investments in transitional and enabling activities?***

Although the fund commits to invest a minimum proportion of its assets in companies classified as sustainable investments, there is no commitment to a minimum share of investments in transitional and enabling activities.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?



Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

A minimum of 10% of the fund's assets are expected to be invested in companies classified as sustainable investments. There is no commitment to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

The EU Taxonomy does not comprehensively cover all industries and sectors, or even all environmental objectives. This financial product invests in companies classified as sustainable investments within sectors that may not be covered by the EU Taxonomy currently. Accordingly, the investment manager uses its own methodology to determine whether certain investments are environmentally sustainable in accordance with the SFDR sustainable investment test.



What is the minimum share of socially sustainable investments?

As noted above, a minimum of 10% of the fund's assets are expected to be invested in companies classified as sustainable investments. There is no commitment to a minimum share of socially sustainable investments.



What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

This fund may hold cash and money market instruments for ancillary liquidity. These are included in the "#2 Other" category. No minimum environmental or social safeguards are applied to such investments.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable



Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_globalbrands_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
Global Brands Horizon 2029 Fund	254900R7G7PCZCT7QT89

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 1% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

The fund gradually transitions its asset allocation from investing 90% of its assets in bonds (excluding cash) at launch ("**Bond Allocation**"), to investing up to 100% of its assets (excluding cash) in equities at the end of a four-year investment period ("**Equity Allocation**").

The environmental and social characteristics are as follows:

Bond Allocation:

- the fund promotes the social characteristic of limiting negative social externalities by avoiding investments in sovereign issuers that significantly violate social rights or are subject to certain international sanctions.

Equity Allocation:

- the fund promotes the environmental characteristic of climate change mitigation by excluding investments in: (i) companies involved in certain fossil fuel related activities; and (ii) companies in certain energy intensive sectors. For the avoidance of any doubt, the fund does not seek to make investments that contribute to climate change mitigation within the meaning of the EU Taxonomy.
- In addition, the fund considers social characteristics by excluding investment in companies that have any tie to controversial weapons.[1]
- in addition, the fund commits to invest a proportion of its assets in companies classified as sustainable investments through an assessment comprising three tests (as per SFDR).

The fund has not designated a reference benchmark for the purpose of attaining its environmental or social characteristics.

Further details on the binding exclusions applied by the fund may be found under section "*What investment strategy does this financial product follow?*".

[1] Until 27 September 2026, the fund will exclude companies whose core business activity involves weapons or civilian firearms.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The sustainability indicators used to measure the attainment of the fund's environmental and social characteristics are as follows:

Bond Allocation:

1. Social characteristics

The fund's exposure, in percentage market value, to countries that violate any of the exclusionary criteria.

Equity Allocation:

1. Environmental characteristics

Compliance with the environmental exclusionary screens is measured by the exclusionary criteria and the percentage of the fund's investments which breach the exclusionary screens.

2. Social characteristics

Compliance with the social exclusionary screen is measured by the exclusionary criteria and the percentage of the fund's investments which breach the exclusionary screen.

3. Sustainable investments

Compliance with the sustainable investment commitment is measured by the percentage of the fund's investments which are classified as sustainable investments and the attainment of the fund's minimum commitment.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

Bond Allocation

Not applicable.

Equity Allocation

As noted above, the fund commits to invest a proportion of its assets in companies classified as sustainable investments through an assessment comprising three tests (as per SFDR).

The positive contribution to an environmental or social objective test applied by the investment manager seeks to ensure that companies classified as sustainable investments are classified based on their net positive alignment with the UN SDGs. This is primarily determined using net alignment scores obtained from third-party data providers.

The UN SDGs include environmental (e.g. SDG 13: Climate Action) and social (e.g. SDG 3: Good Health and Well-Being) objectives. The third-party data providers' net alignment scores indicate whether companies in the providers' coverage universe have a net positive alignment with each of the UN SDGs through their products and services (e.g. a health-care company's essential medical products may be positively aligned with SDG 3: Good Health and Well-Being) and/or their operational alignment (e.g. a company with a robust carbon reduction plan may be positively aligned with SDG 13: Climate Action . More information on the UN SDGs can be found at: https://www.undp.org/sustainable-development-goals. The investment manager recognises that the UN SDGs were written by Governments for Governments and therefore data that seeks to align corporate actions to the SDGs will not be perfectly representative.

In the first instance, the investment manager classifies a company as having a positive contribution to an environmental or social objective as simultaneously meeting three criteria using the third-party data: 1) having

a net positive aggregate alignment score across all the SDGs; 2) having sufficient net positive alignment with at least one individual SDG; and 3) not having a material net mis-alignment with any of the SDGs.

In limited cases, and where it is satisfied that it is appropriate to do so based on its internal research engagement with the company and/or other data sources, the investment manager may treat a company as failing or passing its positive contribution test, contrary to the position indicated by the third-party SDG net alignment scores. The investment manager may do this when, for example, it considers the third-party SDG net alignment data to be out of date or incorrect.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

Bond Allocation

Not applicable.

Equity Allocation
The do no significant harm ("DNSH") test applied by the investment manager seeks to ensure that companies classified as sustainable investments do not cause significant harm to any of the mandatory, SFDR-defined principal adverse impact ("PAI") indicators. This is primarily determined using data obtained from third-party providers.

How have the indicators for adverse impacts on sustainability factors been taken into account?

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

Bond Allocation

Not applicable.

Equity Allocation

In the first instance, the fund uses data from third-party providers to assess the mandatory PAI indicators. The fund may use reasonable proxies for those PAIs for which the investment manager considers that the data is not widely or reliably available (currently these are the 'Unadjusted gender pay gap', 'Activities negatively affecting biodiversity sensitive areas' and 'Emissions to water' PAI indicators). These proxies will be kept under review and will be replaced by data from third-party providers when the investment manager determines that sufficiently reliable data has become available.

To determine whether significant harm is caused, initial thresholds for each mandatory PAI indicator are generally set in one of the following ways:

- for binary indicators (e.g. 'Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises'), a binary pass/fail test is applied;

- for indicators based on quantifiable numerical data (e.g. 'GHG intensity of investee companies'), the initial threshold set by the investment manager is based on either:
    - a relative level where the worst performers within the broader investable universe (which is limited to issuers for which data is available, subject to the exceptions noted below) are deemed to fail the initial test; or
    - an absolute level where companies which perform above/below a defined level (as appropriate) are deemed to fail the initial test.

For each mandatory PAI indicator, where data is not available, a company is deemed to fail the initial test and cannot be classified as a sustainable investment. However, in cases where the third-party data provider determines that a particular PAI indicator is not meaningful given the nature or the industry of the company, and therefore does not provide data on that PAI indicator, the company is deemed to pass the initial test on the basis that the company's activities are unlikely to be causing significant harm to the environmental or social theme covered by that PAI indicator. The investment manager will keep the third-party data providers' 'not meaningful' assessment under periodic review.

In limited cases, and where it is satisfied that it is appropriate to do so based on its internal research, engagement with the company and/or other data sources, the investment manager may treat a company as failing or passing its DNSH test, contrary to the position indicated by the third-party data. The investment manager may do this when, for example, it considers the third-party data to be out of date or incorrect, or

where the investment manager considers that a company is taking appropriate and credible remedial actions to rectify its failings on a PAI, subject to the investment manager's ongoing review and tracking of the company's remedial actions.

As part of its long-term investment approach, the investment manager seeks to engage with companies to encourage them towards better ESG practices and to minimise or mitigate the principal adverse impacts of their activities on a materiality basis (i.e. if the investment manager considers a particular PAI indicator to be potentially financially material to the long-term sustainability of high returns on capital).

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Bond Allocation

Not applicable.

Equity Allocation

As part of the investment manager's DNSH test, companies will not be classified as sustainable investments if they fail to comply with the themes and values promoted by the OECD Guidelines for Multinational Enterprises or the UN Global Compact, or if they lack processes and compliance mechanisms to monitor compliance with the themes and values promoted by these global norms.

As noted above, the assessment is based on information obtained from third-party data providers or, where the investment manager considers it appropriate, internal research, engagement with the company and/or other data sources.

The investment manager uses the OECD Guidelines for Multinational Enterprises and the UN Global Compact as reasonable proxies.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

Bond Allocation

The fund excludes any sovereign issuers where there is evidence of them having caused significant harm from social violations, which the investment manager defines in relation to the bottom-10% ranked countries on an indicator reflecting the fulfillment of social rights, as further explained below in response to the question, *"What investment strategy does this financial product follow?"*. The fund therefore considers in part the PAI 16: investee countries subject to social violations.

Equity Allocation

The mandatory PAI indicators in the SFDR rules are considered by the investment manager (in the manner set out above) for the purposes of classifying some of the fund's investments as sustainable investments.

In addition the environmental and social characteristics promoted by the fund incorporate consideration of the following PAIs through binding exclusions:

- PAI indicator 4: exposure to companies active in the fossil fuel sector;
- PAI indicator 14: exposure to controversial weapons

As noted above, as part of its long-term investment approach, the investment manager seeks to engage with companies to encourage them towards better ESG practices and to minimise or mitigate the principal adverse impacts of their activities on a materiality basis (i.e. if the investment manager considers a particular PAI indicator to be potentially financially material to the long-term sustainability of high returns on capital).

The fund will make information available on how it has incorporated the PAIs in its periodic report to investors.



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The fund gradually transitions its asset allocation from the Bond Allocation to the Equity Allocation.

Bond Allocation
The investment manager seeks to invest using a flexible discretionary strategy that selects bonds that appear to offer the best return from their risk level while considering the fund's overall target asset allocation.

The fund will not invest in sovereign issuers which:
- are in the bottom-10% ranked countries for social violations, based on the investment manager's custom indicator; or
- are subject to sanctions from the United Nations or the European Union.

The social violations custom indicator is calculated by the investment manager taking into consideration a country's performance on issues including, but not limited to, the application of human rights and civil liberties, the quality of contract enforcement and security, freedom of expression, association and free media, as assessed by underlying data from the World Bank.

Equity Allocation

The investment manager seeks to invest in a concentrated portfolio of high quality companies with sustainably high returns on operating capital and whose success the investment manager believes depends on intangible assets (for example, but not limited to, brand names, copyrights or methods of distribution) underpinning a strong business franchise.

As an integrated part of the investment process, the investment manager assesses relevant factors potentially material to long-term sustainably high returns on operating capital including ESG factors and seeks to engage with companies as part of this. Subject to the fund's investment objective and its binding Article 8 characteristics (as explained below), the investment manager retains discretion over which investments are selected. In exercising this discretion, ESG factors are not the sole determinant of whether an investment can be made or a holding can remain in the fund's portfolio, but instead the investment manager considers potentially material risks or opportunities in any of the ESG areas which could potentially threaten or enhance the high returns on operating capital of a company.

The investment manager monitors business practices on an ongoing basis, through data on ESG controversies and standards screening that the investment manager sources from third party

providers, including UN Global Compact violations, as well as its own engagement with companies and research. The investment manager reviews securities of issuers where it believes a significant breach of the above standards and principles has occurred and typically excludes such issuers where, after conducting our research and/or engagement, the investment manager believes the breach is material to the sustainability of returns on operating capital, poses significant financial and reputational risk and the issuer has not committed to appropriate remedial action. Such exclusions are determined by the investment manager in its discretion rather than by reliance on third party analysis. The analysis may be supported by third party ESG controversies analysis and business involvement metrics.

1. Environmental characteristics

The fund promotes the environmental characteristic of climate change mitigation by excluding investments in any company that the investment manager determines:

Fossil fuel-related activities: has involvement in fossil fuel activities, based on classifications from the investment manager's third-party data provider, where the company:

- has any tie to thermal coal: production, distribution, reserves, or power generation;

- has any tie to oil and gas reserves;

- generates revenue above the thresholds set by the investment manager from the following oil and gas-related business activities:

  (a) extraction, production, refining, drilling, exploration, pipelines, transportation, petrochemicals, installed natural gas and liquid fuel capacity, or power generation from liquid fuels or natural gas (>0% revenue);

  (b) oil and gas services, distribution, or retail activities (>10% revenue).

Sector or industry classification: has been assigned the following sectors or industries under the MSCI Global Industry Classification Standards ("MSCI GICS"): energy, construction materials, utilities (excluding renewable electricity and water utilities), or metals and mining.

2. Social characteristics

The fund considers social characteristics by excluding investment in companies that have any tie to controversial weapons, as defined by the investment manager's third-party data provider. [2]

Investments that are held by the fund but become restricted because they breach the exclusionary criteria set out above after they are acquired for the fund will be sold. Such sales will take place over a time period to be determined by the investment manager, taking into account the best interests of the Shareholders of the fund.

Further to the above, the investment manager may, in its discretion, elect to apply additional ESG-related investment restrictions over time that it believes are consistent with its investment objectives. Such additional restrictions will be disclosed in the fund's SFDR Website Disclosure.

3. Sustainable investments

As noted above, the fund commits to invest a proportion of its assets in companies classified as sustainable investments through an assessment comprising three tests (as per SFDR):

i. **good governance:** this test seeks to ensure that all companies are considered by the investment manager to follow good governance practices to be included in the fund's portfolio;

ii. **do no significant harm:** this test seeks to ensure that companies classified as sustainable investments do not cause significant harm to any of the mandatory, SFDR-defined principal adverse impact indicators; and

[2] Until 27 September 2026, the fund will exclude companies which derive:
- more than 10% of revenue from production, wholesale or retail of firearms and ammunition intended for civilian use;
- more than 10% of revenue from production of conventional, biological or chemical, nuclear weapons and related activities as defined by the third-party data provider; and
- any revenue from the production of depleted uranium weapons or through indirect ownership as defined by the third-party data provider.

iii. **positive contribution to environmental or social objective:** this test seeks to ensure that companies classified as sustainable investments are classified based on their net positive alignment with the UN SDGs.

Bond Allocation and Equity Allocation

Subject to the fund's investment objective and its binding Article 8 characteristics (as explained above), the investment manager retains discretion over which investments are selected for inclusion in the fund.

The fund is actively managed by the investment manager on an ongoing basis in accordance with its investment strategy. The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager and the management company. The investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with the portfolio management team of this fund to conduct regular portfolio/performance reviews and systemic checks to ensure compliance with portfolio investment objectives, investment and client guidelines, taking into account changing market conditions, information and strategy developments.

The environmental and social characteristics promoted by the fund are incorporated within the investment guidelines and subject to ongoing monitoring by the investment manager. Morgan Stanley Investment Management's Portfolio Surveillance team also codes the investment guidelines into the firm's surveillance system. The Portfolio Surveillance team uses an automated process to monitor adherence to investment guidelines, including pre- and post-trade guideline monitoring and exception-based screening, and informs the portfolio management team of this fund of any possible guideline violations.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The binding elements of the investment strategy are:

- Bond Allocation
  - the exclusionary criteria, which are used to select the investments to achieve the social characteristic promoted by the fund; and
- Equity Allocation
  - the exclusionary criteria, which are used to select the investments to achieve the environmental and social characteristics promoted by the fund; and
  - the fund's commitment to invest at least 1% of its assets in companies classified as sustainable investments. The fund's commitment to invest a minimum proportion of its asset in companies classified as sustainable investments will increase over time in line with its allocation to the Equity Allocation.

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

Not applicable.

What is the policy to assess good governance practices of the investee companies?

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

Bond Allocation
The investment manager assesses investee sovereign issuers' government effectiveness, political stability, control of corruption, and regulatory quality, among other factors. This is done through the monitoring of data on governance-related, as well as on other environmental and/or social factors and controversies, sourced from third party providers, and through in-house research.

Equity Allocation
The investment process is focused on identifying high quality companies that can sustain their high returns on operating capital over the long term. Effective governance is important and governance criteria are therefore embedded within the investment process and considered as part of initial research and portfolio selection. On-going monitoring is facilitated through engagement with the company as well as by using, where appropriate, company data, third party data and governance-related controversy screens.

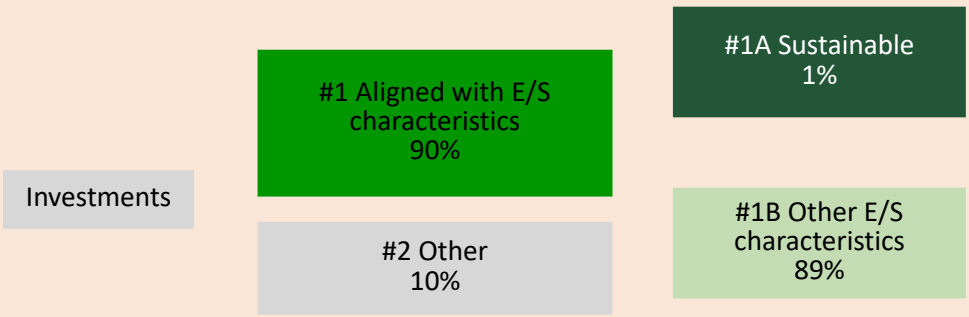
As part of its assessment, in order to meet the SFDR regulatory requirements, the investment manager also has regard to third-party proxy indicators as considerations relating to four specific aspects of governance: sound management structures, employee relations, remuneration of staff and tax compliance. All companies in the fund are assessed against these indicators. A company has to be considered by the investment manager to have good governance practices overall to be included within the portfolio. In reaching this determination, the investment manager may take into account any remedial actions being undertaken by a company on a particular governance issue.

The investment manager also engages with companies on issues potentially material to the sustainability of company returns on operating capital. Direct engagement with companies on potentially financially material ESG risks and opportunities, and other issues, plays a role in informing the investment manager on the soundness of company management and whether it can maintain high returns on operating capital while growing the business over the long term. Dialogue with companies on engagement topics can be prolonged and require multiple engagements.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned** with E/S characteristics covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The environmental and social exclusions are expected to apply to at least 90% of the portfolio, covering both the Bond and Equity Allocations. The investment manager anticipates that the remainder of the fund will be made up of investments held for ancillary liquidity, including cash and money market instruments, with this proportion not expected to comprise more than 10% of the fund's assets. No minimum environmental or social safeguards are applied to such investments.

Under exceptional circumstances, the percentage of the fund's assets that are made up of investments held for ancillary liquidity may temporarily fluctuate above the stated level for certain reasons including but not limited to market conditions or client inflows/outflows.

The fund also expects a minimum of 1% of assets to be classified as sustainable investments.

The Bond Allocation is not expected to have any assets classified as sustainable investments.

All percentages are measured according to the value of the investments.

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to invest a minimum proportion of its assets in companies classified as sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?*[1]**

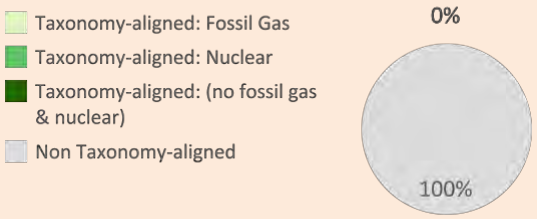
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

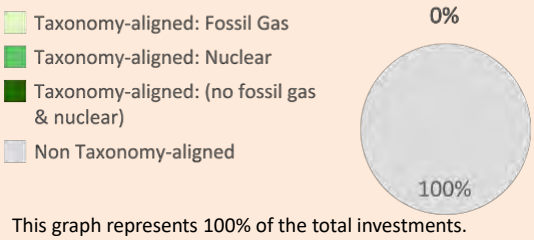
☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*

1. Taxonomy-alignment of investments including sovereign bonds*



2. Taxonomy-alignment of investments excluding sovereign bonds*



This graph represents 100% of the total investments.

** For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

***The proportion of total investments shown in this graph is purely indicative and may vary over time. As the fund does not commit to making sustainable investments aligned with the EU Taxonomy, the proportion of any sovereign exposure in the fund's portfolio will not impact the proportion of sustainable investments aligned with the EU Taxonomy included in the graph.*

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

- ***What is the minimum share of investments in transitional and enabling activities?***

Although the fund commits to invest a minimum proportion of its assets in companies classified as sustainable investments within the Equity Allocation, there is no commitment to a minimum share of investments in transitional and enabling activities.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?



Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

Bond Allocation

Not applicable.

Equity Allocation

A minimum of 1% of the fund's assets are expected to be invested in companies classified as sustainable investments,. There is no commitment to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

The EU Taxonomy does not comprehensively cover all industries and sectors, or even all environmental objectives. This financial product invests in companies classified as sustainable investments within sectors that may not be covered by the EU Taxonomy currently. Accordingly, the investment manager uses its own methodology to determine whether certain investments are environmentally sustainable in accordance with the SFDR sustainable investment test.



What is the minimum share of socially sustainable investments?

Bond Allocation

Not applicable.

Equity Allocation

A minimum of 1% of the fund's assets are expected to be classified as sustainable investments. There is no commitment to a minimum share of socially sustainable investments.



What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

This fund holds cash and money market instruments for ancillary liquidity. These are included in the "#2 Other" category. No minimum environmental or social safeguards are applied to such investments.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable



Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_globalbrandshorizon2029_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
Global Core Equity Fund[1]	549300MRLBNGYVMW7M15

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☒ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

[1] Effective from 28 September 2026, the fund will fall within the scope of Article 8 under the SFDR product category, and this Sustainability Annex will apply.

What environmental and/or social characteristics are promoted by this financial product?

The fund promotes the environmental characteristic of climate change mitigation by excluding investments in certain types of fossil fuels. In addition, the fund promotes the social characteristic of avoiding investments in certain activities which can cause harm to human health and wellbeing.

The fund also supports the above environmental and social characteristics by making a minimum commitment to sustainable investments with a positive contribution to specific environmental or social objectives. These objectives are further described under the question '*What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?*'.

The fund has not designated a reference benchmark for the purpose of attaining its environmental or social characteristics.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The sustainability indicators used to measure the attainment of the environmental and social characteristics promoted are:

- The fund's exposure, in percentage market value, to issuers that violate any of the exclusion criteria
- The fund's percentage market value allocated to sustainable investments.

Additional details on the fund's exclusions criteria are provided below in response to the question, "*What investment strategy does this financial product follow?*"

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

The investment manager relies on its affiliate Calvert Research and Management ("Calvert"), to perform an assessment of each investment in the fund to determine whether it qualifies as a sustainable investment. This assessment aims to identify companies with evidence of making a positive contribution to a specific environmental or social objective, through either of the following two pathways:

1. Generating a significant proportion of their revenues from products or services that directly address environmental or social needs including, but not limited to, alternative energy, pollution prevention, nutrition, or connectivity, as an indicator of positive impact alignment; or
2. Benefiting the environment and/or society through operating responsibly and efficiently, based on metrics that represent a company's performance on the following areas of impact (provided as a non-exhaustive, illustrative list):
    i. Direct environmental impact (e.g., carbon emissions, waste emissions, water use);
    ii. Supply chain impact (e.g., indirect carbon emissions, raw materials sourcing, lifecycle carbon);
    iii. Workplace practices (e.g., diversity, inclusion, gender pay equity).

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

Calvert seeks to ensure that the sustainable investments of the fund do not cause significant harm to relevant environmental or social sustainable investment objectives by:

- Testing whether the investment meets the thresholds set by Calvert for each of the mandatory principal adverse impact ("**PAI**") indicators (see the response to the question, "*How have the indicators for adverse impacts on sustainability factors been taken into account?*" below for the details of this process); and
- Ensuring that the sustainable investments of the fund are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (see the response to the question, "*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*" below for the details of this process).

How have the indicators for adverse impacts on sustainability factors been taken into account?

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

Calvert tests all of the fund's sustainable investments against the PAIs which are mandatory to consider under the SFDR. Calvert does this using a combination of quantitative and qualitative tests, using available third party and proprietary data for each PAI indicator.

Calvert seeks data that is most closely aligned with each individual PAI to construct the PAI assessment methodology. In some cases third party data is limited and if issuers or specific issues are not covered by a vendor for a particular PAI Calvert may supplement with best available proxy indicators or qualitative analysis. Calvert applies the following types of thresholds for the PAIs to sustainable investments in order to determine if the investment may be causing significant harm:

1. Absolute thresholds: i.e., company performance breaches a threshold that is set based on a quantitative metric or a qualitative score-based assessment, considering a universe of large, listed companies;
2. Peer group-relative thresholds: i.e., company performance breaches a quantitative threshold that is set based on considering the aggregate performance of the sub-set of companies within a sector that cause the most harm in a specific area, such as carbon emissions or waste emissions; and
3. Controversy-based thresholds: i.e., company controversy performance is qualitatively assessed to be on the worst part of a scale of potential harmful impact.

For certain environmental PAIs, an exemption is made for companies that derive a significant amount of revenues from activities designed to directly address those specific areas of environmental harm. Thresholds are reviewed annually based on a large investable universe.

In cases where the PAI methodology suggests a sustainable investment may be causing significant harm, Calvert may conduct additional desktop research to verify the accuracy of the data point and that there are no intervening factors that cast doubt over the validity of the significant harm analysis. If Calvert concludes that the issuer is not causing significant harm based on this analysis, the rationale for that decision will then be documented.

Intervening factors that may lead to a conclusion that an issuer is not causing significant harm include:

i. the significant harm assessment is tied to inaccurate vendor data that, once corrected, would no longer breach a significant harm threshold;
ii. the significant harm assessment results from a company being classified in a peer group which Calvert believes is not appropriate due to company-specific characteristics, or to unique or extenuating circumstances specific to the jurisdiction in which the company operates; or
iii. the issuer has demonstrated steps and actions to address the potential significant harm such as through the adoption of time-bound targets and goals or dedicated remediation activities and there are clear meaningful signs of improvement and positive change;

PAI assessments for all holdings will be reviewed at least quarterly.

Where Calvert determines that a held issuer is causing significant harm according to one or multiple PAIs, the investment will be deemed not sustainable and it will not be counted towards the sustainable investment allocation of the fund.

Calvert's use of proxy indicators will be kept under review and will be replaced by more specific PAI indicators from third-party data providers, when Calvert determines that sufficiently reliable data has become available.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

For the portion of the fund's assets allocated to sustainable investments, Calvert monitors business practices on an ongoing basis, through data on ESG controversies and standards screening sourced from third party providers. Calvert will make assessments on controversy cases, informed by information from relevant ESG data providers, that it views as being severe, and on failures to comply with the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multi-National Enterprises or the ILO Fundamental Principles.

Companies that are deemed by Calvert to have severe violations of the global norms listed above, would not be considered eligible as sustainable investments.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund considers all of the mandatory PAI on sustainability factors which are relevant to the investment for the portion allocated to sustainable investments, as described above in response to the question, "*How have the indicators for adverse impacts on sustainability factors been taken into account*?"

The portion of the fund that is not made of sustainable investments considers the PAI only in part through the fund's exclusionary criteria, as follows:

- The fund excludes issuers which derive a certain percentage of revenue from thermal coal mining and extraction, or a portion of revenue from coal-fired power generation. The fund therefore considers the PAI indicator 4: exposure to companies active in the fossil fuel sector.
- The fund excludes issuers which derive any revenue from controversial weapons. The fund therefore considers the PAI indicator 14: exposure to controversial weapons.

The fund will make information available on how it has incorporated the PAIs in its periodic reports to investors.



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

Exclusions
The fund promotes the environmental characteristic of climate change mitigation and social characteristic of avoiding investments in certain activities which can cause harm to human health and wellbeing, by excluding companies which:

Derive any revenue from any of the following activities:

- Controversial weapons manufacturing or retail; or,
- Tobacco manufacturing or production

Derive more than 5% revenue from any of the following activities:

- Civilian firearms manufacturing or retail;
- Thermal coal mining or extraction; or
- Arctic Oil & Gas

Derive more than 10% revenue from any of the following activities:

- Tobacco distribution or retail;
- Gambling

Derive more than 20% revenue from any of the following activities:

- Coal-fired power generation

Sustainable Investments
The fund will invest at least 10% of its assets in companies classified as sustainable investments.

The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager. The investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with the investment team to conduct regular portfolio/performance reviews and systemic checks to ensure compliance with portfolio investment objectives and environmental and social characteristics, taking into account changing market conditions, information and strategy developments.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the investment strategy are:

- The fund will only invest in companies that pass the exclusion criteria; and
- The fund will invest at least 10% of its assets in companies classified as sustainable investments.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable

- ***What is the policy to assess good governance practices of the investee companies?***

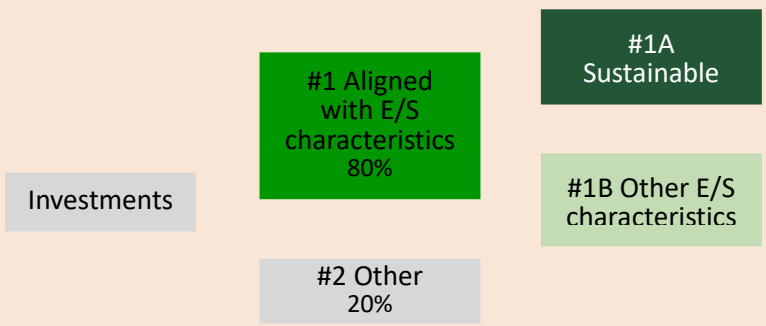
Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

As part of the fund's holistic approach to considering sustainability research and factors, the investment manager of the fund assesses governance practices of investee companies, including but not limited to looking at the management structures, employee relations, remuneration of staff, and tax compliance. The investment manager may use third party data to support this analysis. The investment manager is specifically focusing on long-term value creation.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned** with E/S characteristics covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The exclusions (as described above) will be applied to at least 80% of the portfolio, of which the fund also expects to allocate a minimum of 10% of its assets to sustainable investments.

A maximum of 20% of the fund's assets may be invested in cash as ancillary liquidity, exchange traded funds (ETFs), and derivatives for hedging purposes, which do not align with any environmental or social characteristics.

These percentages are measured according to the value of the investments.

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

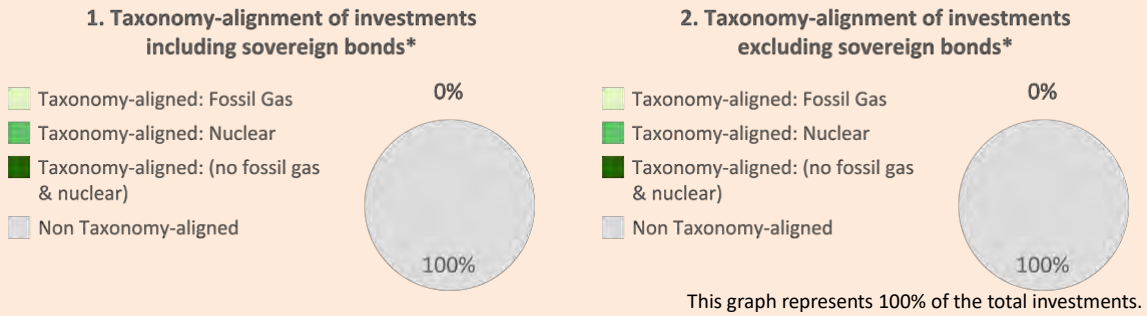
- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?*[2]**

☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



This graph represents 100% of the total investments.

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

- ***What is the minimum share of investments in transitional and enabling activities?***

Although the fund commits to invest in sustainable investments within the meaning of the SFDR, there is no commitment to a minimum share of investments in transitional and enabling activities.

[2] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund intends to make a minimum of 10% of sustainable investments as defined under the SFDR. There is no commitment to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

Although some of these sustainable investments may be EU Taxonomy aligned, due to lack of available data regarding the EU Taxonomy alignment of the underlying securities, Calvert has not been able to confirm whether these investments are in fact EU Taxonomy aligned and accordingly will not consider them as such in calculations until this data is reported on or otherwise becomes more reliable.

What is the minimum share of socially sustainable investments?

As noted above, the fund intends to make a minimum of 10% of sustainable investments as defined under the SFDR. There is no commitment to a minimum share of socially sustainable investments.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The fund may hold up to 20% in cash as ancillary liquidity, exchange traded funds (ETFs), and derivatives for hedging purposes. This is included in the "#2 Other" category and is not subject to environmental and/or social screening or any minimum environmental or social safeguards.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.

Where can I find more product specific information online?

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_coreequity_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
Global Endurance Fund	549300M2W4IZFV5OHT61

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

- The fund promotes the environmental characteristic of limiting environmental externalities by excluding investments in thermal coal; and
- the fund promotes the social characteristic of avoiding investments in certain activities which can cause harm to human health and wellbeing, including tobacco and certain weapons, comprising civilian firearms, cluster munitions and anti-personnel mines.

Further detail on the nature of these exclusions is set out below (in response to the question "*What investment strategy does this financial product follow?*").

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the fund.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The sustainability indicator is the percentage of companies in the fund which breach the exclusionary screens. The sustainability indicator will therefore be that 0% of the fund's investments are in violation of the fund's Restriction Screening Policy.

Compliance with the exclusions is monitored on an ongoing basis through an automated process, comprising pre- and post-trade guideline monitoring and exception-based screening.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

Not applicable.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

Not applicable.

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Not applicable.

— *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Not applicable.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund considers principal adverse impacts ("**PAI**") on sustainability factors only in part, as follows:

The fund excludes issuers which receive a certain percentage of their revenue from thermal coal mining and extraction. The fund therefore partly considers the PAI indicator (4) exposure to companies active in the fossil fuel sector.

The fund excludes issuers which are involved in manufacturing the core weapon system of cluster munitions and anti-personnel mines. The fund therefore partly considers the PAI indicator (14) exposure to controversial weapons.

Where the investment manager considers the following PAI indicators to be materially relevant to, or impacted by, the activities of the issuer, it will also consider the following PAI**s** on sustainability factors. This will be done by the investment manager (a) integrating ESG analysis within the research process and/or (b) engaging with management of investee companies. The PAIs considered are the following:

PAI indicator (1): Greenhouse gas emissions (GHG).
PAI indicator (3): GHG intensity.
PAI indicator (5): Non-Renewable energy consumption and production; and
PAI indicator (6): Energy consumption intensity per high impact climate sector.

As a result, the fund contributes to mitigating the fund's adverse impacts on these sustainability factors.

The fund will make information available on how it has incorporated the PAIs into the fund in its periodic reports to investors.

What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The investment process integrates analysis of sustainability by using ESG factors as a lens for additional fundamental research, which can contribute to investment decision-making. The investment manager seeks to understand how environmental and social initiatives within companies can create value by strengthening durable competitive advantages, creating growth opportunities, driving profitability, and/or aligning with secular growth trends.

The investment manager generally engages with company management teams to discuss their ESG practices, with the aim of identifying how sustainability themes present opportunities and risks that can be material to the value of the security over the long term.

Binding restriction screens are applied to the fund in accordance with the fund's Restriction Screening Policy.

The fund's Restriction Screening Policy is to restrict investments in corporate issuers whose core business activity, determined in accordance with the methodology set out below, involves:

- Tobacco;
- Thermal coal; or
- Weapons, comprising civilian firearms, cluster munitions and anti-personnel mines.

The methodology used to determine the core business activity for the purpose of the above-described screening is as follows:

1. Revenue (as defined by external third-party data):
    - more than 5% of its recent-year revenue (or estimated revenue) from Tobacco;
    - more than 10% of its recent-year revenue (or estimated revenue) from Thermal Coal;
    - more than 10% of its recent-year revenue (or estimated revenue) from the Manufacture of Civilian Firearms and ammunition; or

2. Involvement as identified by an external third-party data provider through corporate ownership, in manufacturing the core weapon system, or components/services of the core weapon system that are considered tailor-made and essential for the lethal use of the weapon, or cluster munitions and anti-personnel mines.

   Investments that are held by the fund but which breach one of the above exclusionary screens after they are acquired for the fund will be sold. Such sales will take place over a time period to be determined by the investment manager, taking into account the best interests of the shareholders of the fund.

Further to the above, the investment manager may, in its discretion, select to apply additional ESG-related investment restrictions over time that it believes are consistent with its investment objectives.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The restriction screens are the binding elements of the investment strategy used to select the investments to achieve the environmental / social characteristics promoted.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

- ***What is the policy to assess good governance practices of the investee companies?***

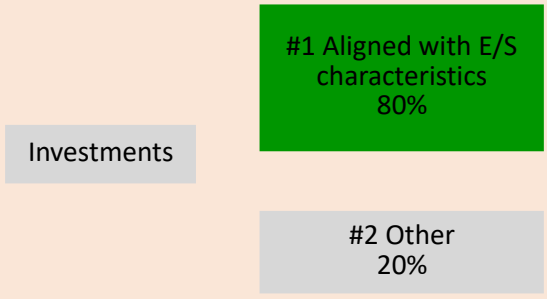
Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

As part of the fund's holistic approach to considering sustainability research and factors, the investment manager of the fund assesses governance practices of investee companies, including but not limited to looking at the management structures, employee relations, remuneration of staff, and tax compliance of such companies. In particular, the investment manager uses a proprietary, systematic evaluation of governance policies, specifically focusing on compensation alignment on long-term value creation.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Category #1 investments (i.e. those aligned with E/S characteristics) comprise all investments that are screened against the fund's Restriction Screening Policy. Category #2 investments are those investments that are not screened against the fund's Restriction Screening Policy.

The entirety of the fund, apart from cash and derivatives held for efficient portfolio management and hedging purposes, are screened against the fund's Restriction Screening Policy. This comprises at least 80% of the fund. Accordingly, at least 80% of the fund are Category #1 investments and the remaining 20% of the fund (comprising cash and derivatives held for portfolio management and hedging purposes) are Category #2 investments.

These percentages are measured according to the value of the investments.

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

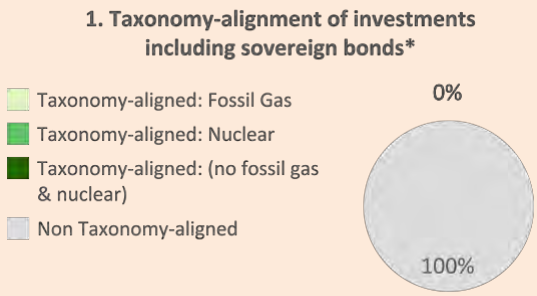
- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?*[1]**

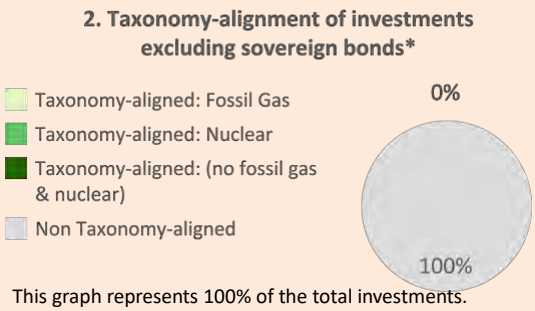
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





This graph represents 100% of the total investments.

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

- ***What is the minimum share of investments in transitional and enabling activities?***

As the fund does not commit to invest any sustainable investment within the meaning of the EU Taxonomy, the minimum share of investments in transitional and enabling activities within the meaning of the EU Taxonomy is therefore also set at 0%.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?



Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund promotes environmental and social characteristics but does not commit to making any sustainable investments. As a consequence, the fund does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.



What is the minimum share of socially sustainable investments?

Not applicable.



What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

20% of the fund, comprising cash and derivatives held for efficient portfolio management and hedging purposes, are Category "#2 Other" investments. These instruments are not subject to environmental and/or social screening or any minimum environmental or social safeguards.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.



Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_counterpointglobal_aggregated_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
Global Insight Fund	549300HWFDYTO3S36V14

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

- The fund promotes the environmental characteristic of limiting environmental externalities by excluding investments in thermal coal; and
- the fund promotes the social characteristic of avoiding investments in certain activities which can cause harm to human health and wellbeing, including tobacco and certain weapons, comprising civilian firearms, cluster munitions and anti-personnel mines.

Further detail on the nature of these exclusions is set out below (in response to the question "*What investment strategy does this financial product follow?*").

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the fund.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The sustainability indicator is the percentage of companies in the fund which breach the exclusionary screens. The sustainability indicator will therefore be that 0% of the fund's investments are in violation of the fund's Restriction Screening Policy.

Compliance with the exclusions is monitored on an ongoing basis through an automated process, comprising pre- and post-trade guideline monitoring and exception-based screening.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

Not applicable.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

Not applicable.

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Not applicable.

— *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Not applicable.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund considers principal adverse impacts ("**PAI**") on sustainability factors only in part, as follows:

The fund excludes issuers which receive a certain percentage of their revenue from thermal coal mining and extraction. The fund therefore partly considers the PAI indicator (4) exposure to companies active in the fossil fuel sector.

The fund excludes issuers which are involved in manufacturing the core weapon system of cluster munitions and anti-personnel mines. The fund therefore partly considers the PAI indicator (14) exposure to controversial weapons.

Where the investment manager considers the following PAI indicators to be materially relevant to, or impacted by, the activities of the issuer, it will also consider the following PAI**s** on sustainability factors. This will be done by the investment manager (a) integrating ESG analysis within the research process and/or (b) engaging with management of investee companies. The PAIs considered are the following:

PAI indicator (1): Greenhouse gas emissions (GHG).
PAI indicator (3): GHG intensity.
PAI indicator (5): Non-Renewable energy consumption and production; and
PAI indicator (6): Energy consumption intensity per high impact climate sector.

As a result, the fund contributes to mitigating the fund's adverse impacts on these sustainability factors.

The fund will make information available on how it has incorporated the PAIs into the fund in its periodic reports to investors.

What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The investment process integrates analysis of sustainability by using ESG factors as a lens for additional fundamental research, which can contribute to investment decision-making. The investment manager seeks to understand how environmental and social initiatives within companies can create value by strengthening durable competitive advantages, creating growth opportunities, driving profitability, and/or aligning with secular growth trends.

The investment manager generally engages with company management teams to discuss their ESG practices, with the aim of identifying how sustainability themes present opportunities and risks that can be material to the value of the security over the long term.

Binding restriction screens are applied to the fund in accordance with the fund's Restriction Screening Policy.

The fund's Restriction Screening Policy is to restrict investments in corporate issuers whose core business activity, determined in accordance with the methodology set out below, involves:

- Tobacco.
- Thermal coal; or
- Weapons, comprising civilian firearms, cluster munitions and anti-personnel mines.

The methodology used to determine the core business activity for the purpose of the above-described screening is as follows:

1. Revenue (as defined by external third-party data):
    - more than 5% of its recent-year revenue (or estimated revenue) from Tobacco;

- more than 10% of its recent-year revenue (or estimated revenue) from Thermal Coal;
- more than 10% of its recent-year revenue (or estimated revenue) from the Manufacture of Civilian Firearms and ammunition; or

2. Involvement as identified by an external third-party data provider through corporate ownership, in manufacturing the core weapon system, or components/services of the core weapon system that are considered tailor-made and essential for the lethal use of the weapon, or cluster munitions and anti-personnel mines.

Investments that are held by the fund but which breach one of the above exclusionary screens after they are acquired for the fund will be sold. Such sales will take place over a time period to be determined by the investment manager, taking into account the best interests of the shareholders of the fund.

Further to the above, the investment manager may, in its discretion, select to apply additional ESG-related investment restrictions over time that it believes are consistent with its investment objectives.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The restriction screens are the binding elements of the investment strategy used to select the investments to achieve the environmental / social characteristics promoted.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

- ***What is the policy to assess good governance practices of the investee companies?***

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

As part of the fund's holistic approach to considering sustainability research and factors, the investment manager of the fund assesses governance practices of investee companies, including but not limited to looking at the management structures, employee relations, remuneration of staff, and tax compliance of such companies. In particular, the investment manager uses a proprietary, systematic evaluation of governance policies, specifically focusing on compensation alignment on long-term value creation.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
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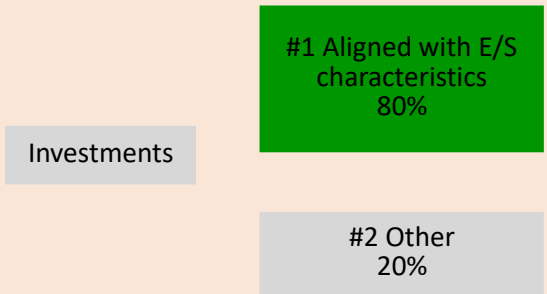


#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Category #1 investments (i.e. those aligned with E/S characteristics) comprise all investments that are screened against the fund's Restriction Screening Policy. Category #2 investments are those investments that are not screened against the fund's Restriction Screening Policy.

The entirety of the fund, apart from cash and derivatives held for efficient portfolio management and hedging purposes, are screened against the fund's Restriction Screening Policy. This comprises at least 80% of the fund. Accordingly, at least 80% of the fund are Category #1 investments and the remaining 20% of the fund (comprising cash and derivatives held for portfolio management and hedging purposes) are Category #2 investments.

These percentages are measured according to the value of the investments.

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?*[1]**

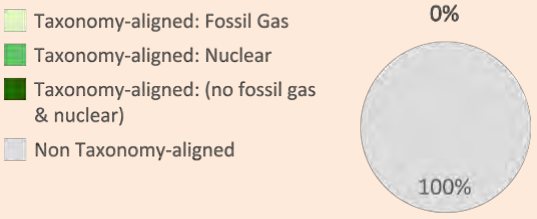
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

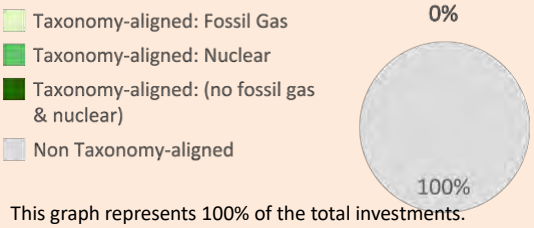
☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*

1. Taxonomy-alignment of investments including sovereign bonds*



2. Taxonomy-alignment of investments excluding sovereign bonds*



This graph represents 100% of the total investments.

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

- ***What is the minimum share of investments in transitional and enabling activities?***

As the fund does not commit to invest any sustainable investment within the meaning of the EU Taxonomy, the minimum share of investments in transitional and enabling activities within the meaning of the EU Taxonomy is therefore also set at 0%.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?



Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund promotes environmental and social characteristics but does not commit to making any sustainable investments. As a consequence, the fund does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.



What is the minimum share of socially sustainable investments?

Not applicable.



What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

20% of the fund, comprising cash and derivatives held for efficient portfolio management and hedging purposes, are Category "#2 Other" investments. These instruments are not subject to environmental and/or social screening or any minimum environmental or social safeguards.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.



Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_counterpointglobal_aggregated_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
Global Opportunity Fund	5493000BFE8KBAX1S309

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

- The fund promotes the environmental characteristic of limiting environmental externalities by excluding investments in coal.
- The fund promotes the social characteristic of avoiding investments in certain activities which can cause harm to human health and wellbeing, including tobacco and certain weapons, comprising civilian firearms, cluster munitions and anti-personnel mines.

These exclusions are implemented in line with the fund's Restriction Screening Policy, which is set out below in response to the question "*What investment strategy does this financial product follow?*".

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the fund.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The sustainability indicator is the percentage of companies in the fund which breach the exclusionary screens. The sustainability indicator will therefore be that 0% of the fund's investments are in violation of the fund's Restriction Screening Policy.

Compliance with the exclusions is monitored on an ongoing basis through an automated process, comprising pre- and post-trade guideline monitoring and exception-based screening.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

Not applicable.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

Not applicable.

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Not applicable.

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

— *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Not applicable.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund considers principal adverse impacts ("**PAI**") on sustainability factors only in part, as follows:

- The fund excludes issuers which receive a certain percentage of their revenue from coal mining and extraction. The fund therefore partly considers the PAI indicator (4) exposure to companies active in the fossil fuel sector.
- The fund excludes issuers which are involved in manufacturing the core weapon system of cluster munitions and anti-personnel mines. The fund therefore partly considers the PAI indicator (14) exposure to controversial weapons.

Where the investment manager considers the following PAI indicators to be materially relevant to, or impacted by, the activities of the issuer, it will also consider the following PAIs on sustainability factors. This will be done by the investment manager (a) integrating ESG analysis within the research process and/or (b) engaging with management of investee companies. The PAIs considered are the following:

- PAI indicator (1): Greenhouse gas emissions (GHG);
- PAI indicator (2): Carbon footprint;
- PAI indicator (3): GHG intensity;
- PAI indicator (5): Non-Renewable energy consumption and production; and
- PAI indicator (6): Energy consumption intensity per high impact climate sector.

As a result, the fund contributes to mitigating the fund's adverse impacts on these sustainability factors.

The fund will make information available on how it has incorporated the PAIs in its periodic reports to investors.



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The investment process integrates analysis of sustainability with respect to disruptive change, financial strength, environmental and social externalities and governance (also referred to as ESG).

Binding restriction screens are applied to the fund in accordance with the fund's Restriction Screening Policy.

The fund's Restriction Screening Policy is to restrict investments in corporate issuers whose core business activity, determined in accordance with the methodology set out below, involves:

- Tobacco;
- Thermal coal; or
- Weapons, comprising civilian firearms, cluster munitions and anti-personnel mines.

The methodology used to determine core business activity for the purpose of the above-described screening is as follows:

1) Revenue (as defined by external third-party data):

- more than 5% of its recent-year revenue (or estimated revenue) from Tobacco;
- more than 10% of its recent-year revenue (or estimated revenue) from Thermal Coal;
- more than 10% of its recent-year revenue (or estimated revenue) from the Manufacture of Civilian Firearms and ammunition; or

2) Involvement as identified by an external third-party data provider through corporate ownership, in manufacturing the core weapon system, or components/services of the core weapon system that are considered tailor-made and essential for the lethal use of the weapon, or cluster munitions and anti-personnel mines.

Investments that are held by the fund but become restricted after they are acquired for the fund, due to their involvement in one of the previously mentioned restricted business activities, will be sold. Such sales will take place over a time period to be determined by the investment manager of the fund, taking into account the best interests of the shareholders of the fund.

The investment manager may decide to implement additional ESG-related restrictions to the fund over time that it believes are consistent with its investment objectives, and such new restrictions will be disclosed in the fund's SFDR website disclosure:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_globalopportunity_en.pdf.

This section solely refers to the fund's strategy as it relates to SFDR. Please see the "Fund Descriptions" section of the Prospectus for information on the fund's broader investment strategy.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The restriction screens are the binding elements of the investment strategy used to select the investments to achieve the environmental / social characteristics promoted.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

- ***What is the policy to assess good governance practices of the investee companies?***

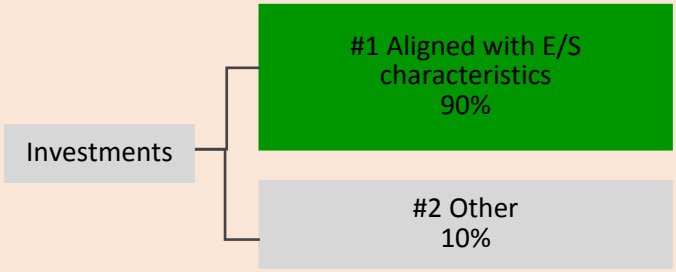
Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

As part of the fund's holistic approach to ESG, the investment manager of the fund assesses governance practices of investee companies, including but not limited to looking at the management structures, employee relations, remuneration of staff, and tax compliance of such companies. This is framed by a set of questions applied consistently across companies. Topics include, but are not limited to, management incentives aligned with the long-term interest of shareholders, capital allocation, independent and engaged boards, and transparency of accounting.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Category #1 investments (i.e. those aligned with E/S characteristics) comprise all investments that are screened against the fund's Restriction Screening Policy. Category #2 investments are those investments that are not screened against the fund's Restriction Screening Policy.

The entirety of the fund, apart from cash and derivatives held for efficient portfolio management purposes, are screened against the fund's Restriction Screening Policy. This comprises 90% of the fund. Accordingly, at least 90% of the fund are Category #1 investments and the remaining 10% of the fund (comprising cash and derivatives held for hedging purposes) are Category #2 investments.

These percentages are measured according to the value of the investments.

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

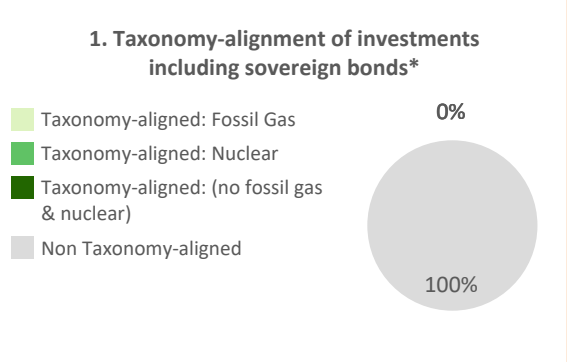
● ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?***[1]

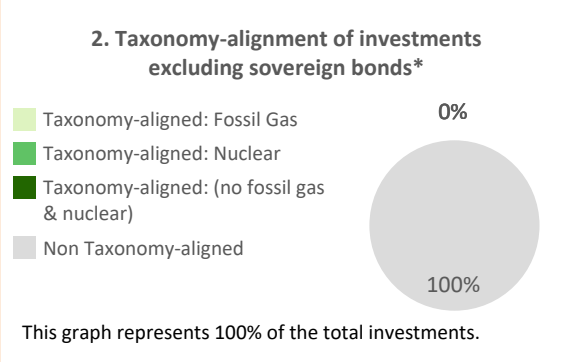
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





This graph represents 100% of the total investments.

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

● ***What is the minimum share of investments in transitional and enabling activities?***

As the fund does not commit to invest any sustainable investment within the meaning of the EU Taxonomy, the minimum share of investments in transitional and enabling activities within the meaning of the EU Taxonomy is therefore also set at 0%.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund promotes environmental and social characteristics but does not commit to making any sustainable investments. As a consequence, the fund does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

What is the minimum share of socially sustainable investments?

Not applicable.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Up to 10% of the fund, comprising cash and derivatives held for efficient portfolio management purposes, are Category "#2 Other" investments. These instruments are not subject to environmental and/or social screening or any minimum environmental or social safeguards.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.

Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_globalopportunity_aggregated_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
Global Opportunity Horizon 2030 Fund	2549009OI86GGPU2DH38

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

The fund gradually transitions its asset allocation from investing 90% of its assets in bonds (excluding cash) at launch ("**Bond Allocation**"), to investing up to 100% of its assets (excluding cash) in equities at the end of a four-year investment period ("**Equity Allocation**").

The environmental and social characteristics are as follows:

Bond Allocation:

- the fund promotes the social characteristic of limiting negative social externalities by avoiding investments in sovereign issuers that significantly violate social rights or are subject to certain international sanctions.

Equity Allocation:

The fund promotes the environmental characteristic of limiting environmental externalities by excluding investments in coal.

The fund promotes the social characteristic of avoiding investments in certain activities which can cause harm to human health and wellbeing, including tobacco and certain weapons, comprising civilian firearms, cluster munitions and anti-personnel mines.

These exclusions are implemented in line with the fund's Restriction Screening Policy, which is set out below in response to the question *"What investment strategy does this financial product follow?*".

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the fund.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The sustainability indicators used to measure the attainment of the fund's environmental and social characteristics are as follows:

Bond Allocation:

Social characteristics

The fund's exposure, in percentage market value, to countries that violate the fund's Restriction Screening Policy.

Equity Allocation:

The sustainability indicator is the percentage of companies in the fund which breach the exclusionary screens. The sustainability indicator will therefore be that 0% of the fund's investments are in violation of the fund's Restriction Screening Policy.

Compliance with the exclusions is monitored on an ongoing basis through an automated process, comprising pre- and post-trade guideline monitoring and exception-based screening.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

Not applicable.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

Not applicable.

How have the indicators for adverse impacts on sustainability factors been taken into account?

Not applicable.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Not applicable.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

Bond Allocation

The fund excludes any sovereign issuers where there is evidence of them having caused significant harm from social violations, which the investment manager defines in relation to the bottom-10% ranked countries on an indicator reflecting the fulfillment of social rights, as further explained below in response to the question, *"What investment strategy does this financial product follow?"*. The fund therefore considers in part the PAI 16: investee countries subject to social violations.

Equity Allocation

The fund considers principal adverse impacts ("**PAI**") on sustainability factors only in part, as follows:

- The fund excludes issuers which receive a certain percentage of their revenue from coal mining and extraction. The fund therefore partly considers the PAI indicator (4) exposure to companies active in the fossil fuel sector.

- The fund excludes issuers which are involved in manufacturing the core weapon system of cluster munitions and anti-personnel mines. The fund therefore partly considers the PAI indicator (14) exposure to controversial weapons.

Where the investment manager considers the following PAI indicators to be materially relevant to, or impacted by, the activities of the issuer, it will also consider the following PAIs on sustainability factors. This will be done by the investment manager (a) integrating ESG analysis within the research process and/or (b) engaging with management of investee companies. The PAIs considered are the following:

- PAI indicator (1): Greenhouse gas emissions (GHG);

- PAI indicator (2): Carbon footprint;

- PAI indicator (3): GHG intensity;

- PAI indicator (5): Non-Renewable energy consumption and production; and

- PAI indicator (6): Energy consumption intensity per high impact climate sector.

As a result, the fund contributes to mitigating the fund's adverse impacts on these sustainability factors.

The fund will make information available on how it has incorporated the PAIs in its periodic reports to investors.



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The fund gradually transitions its asset allocation from the Bond Allocation to the Equity Allocation.

Bond Allocation

The investment manager seeks to invest using a flexible discretionary strategy that selects bonds that appear to offer the best return from their risk level while considering the fund's overall target asset allocation.

The fund's Restriction Screening Policy is to restrict investments in sovereign issuers which:

- are in the bottom-10% ranked countries for social violations, based on the investment manager's custom indicator; or
- are subject to sanctions from the United Nations or the European Union.

The social violations custom indicator is calculated by the investment manager taking into consideration a country's performance on issues including, but not limited to, the application of human rights and civil liberties, the quality of contract enforcement and security, freedom of expression, association and free media, as assessed by underlying data from the World Bank.

Equity Allocation

The investment process integrates analysis of sustainability with respect to disruptive change, financial strength, environmental and social externalities and governance (also referred to as ESG).

Binding restriction screens are applied to the fund in accordance with the fund's Restriction Screening Policy.

The fund's Restriction Screening Policy is to restrict investments in corporate issuers whose core business activity, determined in accordance with the methodology set out below, involves:

- Tobacco;
- Thermal coal; or
- Weapons, comprising civilian firearms, cluster munitions and anti-personnel mines.

The methodology used to determine core business activity for the purpose of the above-described screening is as follows:

1) Revenue (as defined by external third-party data):

- more than 5% of its recent-year revenue (or estimated revenue) from Tobacco;
- more than 10% of its recent-year revenue (or estimated revenue) from Thermal Coal;
- more than 10% of its recent-year revenue (or estimated revenue) from the Manufacture of Civilian Firearms and ammunition; or

2) Involvement as identified by an external third-party data provider through corporate ownership, in manufacturing the core weapon system, or components/services of the core weapon system that are considered tailor-made and essential for the lethal use of the weapon, or cluster munitions and anti-personnel mines.

Investments that are held by the fund but become restricted after they are acquired for the fund, due to their involvement in one of the previously mentioned restricted business activities, will be sold. Such sales will take place over a time period to be determined by the investment manager of the fund, taking into account the best interests of the shareholders of the fund.

The investment manager may decide to implement additional ESG-related restrictions to the fund over time that it believes are consistent with its investment objectives, and such new restrictions will be disclosed in the fund's SFDR website disclosure.

This section solely refers to the fund's strategy as it relates to SFDR. Please see the "Fund Descriptions" section of the Prospectus for information on the fund's broader investment strategy.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The binding elements of the investment strategy are:

Bond Allocation

- the exclusionary criteria, which are used to select the investments to achieve the social characteristic promoted by the fund; and

Equity Allocation

- the restriction screens are the binding elements of the investment strategy used to select the investments to achieve the environmental / social characteristics promoted.

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

Not applicable.

What is the policy to assess good governance practices of the investee companies?

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

Bond Allocation

The investment manager assesses investee sovereign issuers' government effectiveness, political stability, control of corruption, and regulatory quality, among other factors. This is done through the monitoring of data on governance-related, as well as on other environmental and/or social factors and controversies, sourced from third party providers, and through in-house research.

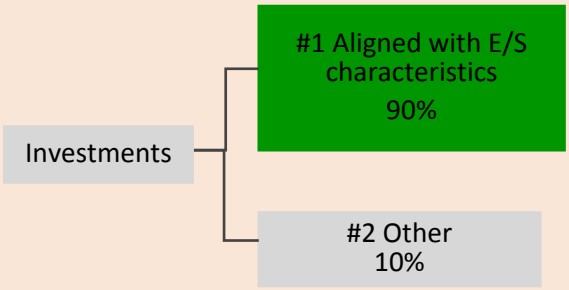
Equity Allocation

As part of the fund's holistic approach to ESG, the investment manager of the fund assesses governance practices of investee companies, including but not limited to looking at the management structures, employee relations, remuneration of staff, and tax compliance of such companies. This is framed by a set of questions applied consistently across companies. Topics include, but are not limited to, management incentives aligned with the long-term interest of shareholders, capital allocation, independent and engaged boards, and transparency of accounting.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Category #1 investments (i.e. those aligned with E/S characteristics) comprise all investments that are screened against the fund's Restriction Screening Policy. Category #2 investments are those investments that are not screened against the fund's Restriction Screening Policy.

The entirety of the fund, apart from cash and derivatives held for efficient portfolio management purposes, are screened against the fund's Restriction Screening Policy. This comprises 90% of the fund. Accordingly, at least 90% of the fund are Category #1 investments and the remaining 10% of the fund (comprising cash and derivatives held for hedging purposes) are Category #2 investments.

These percentages are measured according to the value of the investments.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

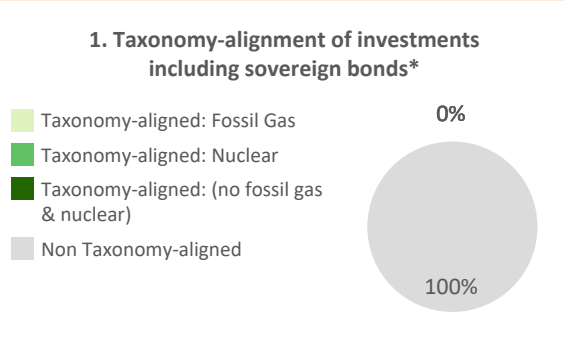
- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?[1]***

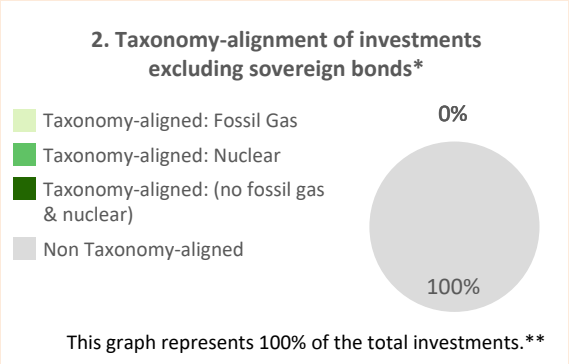
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





This graph represents 100% of the total investments.**

** For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

***The proportion of total investments shown in this graph is purely indicative and may vary over time. As the fund does not commit to making sustainable investments aligned with the EU Taxonomy, the proportion of any sovereign exposure in the fund's portfolio will not impact the proportion of sustainable investments aligned with the EU Taxonomy included in the graph.*

- ***What is the minimum share of investments in transitional and enabling activities?***

As the fund does not commit to invest any sustainable investment within the meaning of the EU Taxonomy, the minimum share of investments in transitional and enabling activities within the meaning of the EU Taxonomy is therefore also set at 0%.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund promotes environmental and social characteristics but does not commit to making any sustainable investments. As a consequence, the fund does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

What is the minimum share of socially sustainable investments?

Not applicable.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Up to 10% of the fund, comprising cash and derivatives held for efficient portfolio management purposes, are Category "#2 Other" investments. These instruments are not subject to environmental and/or social screening or any minimum environmental or social safeguards.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable

Where can I find more product specific information online?

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_globalopportunityhorizon2030_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
Global Permanence Fund	549300BNIZDA1BSKNE57

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

- The fund promotes the environmental characteristic of limiting environmental externalities by excluding investments in thermal coal; and
- the fund promotes the social characteristic of avoiding investments in certain activities which can cause harm to human health and wellbeing, including tobacco and certain weapons, comprising civilian firearms, cluster munitions and anti-personnel mines.

Further detail on the nature of these exclusions is set out below (in response to the question "*What investment strategy does this financial product follow?*").

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the fund.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The sustainability indicator is the percentage of companies in the fund which breach the exclusionary screens. The sustainability indicator will therefore be that 0% of the fund's investments are in violation of the fund's Restriction Screening Policy.

Compliance with the exclusions is monitored on an ongoing basis through an automated process, comprising pre- and post-trade guideline monitoring and exception-based screening.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

Not applicable.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

Not applicable.

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

How have the indicators for adverse impacts on sustainability factors been taken into account?

Not applicable.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Not applicable.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund considers principal adverse impacts ("**PAI**") on sustainability factors only in part, as follows:

The fund excludes issuers which receive a certain percentage of their revenue from thermal coal mining and extraction. The fund therefore partly considers the PAI indicator (4) exposure to companies active in the fossil fuel sector.

The fund excludes issuers which are involved in manufacturing the core weapon system of cluster munitions and anti-personnel mines. The fund therefore partly considers the PAI indicator (14) exposure to controversial weapons.

Where the investment manager considers the following PAI indicators to be materially relevant to, or impacted by, the activities of the issuer, it will also consider the following PAI**s** on sustainability factors. This will be done by the investment manager (a) integrating ESG analysis within the research process and/or (b) engaging with management of investee companies. The PAIs considered are the following:

PAI indicator (1): Greenhouse gas emissions (GHG).
PAI indicator (3): GHG intensity.
PAI indicator (5): Non-Renewable energy consumption and production; and
PAI indicator (6): Energy consumption intensity per high impact climate sector.

As a result, the fund contributes to mitigating the fund's adverse impacts on these sustainability factors.

The fund will make information available on how it has incorporated the PAIs into the fund in its periodic reports to investors.

What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The investment process integrates analysis of sustainability by using ESG factors as a lens for additional fundamental research, which can contribute to investment decision-making. The investment manager seeks to understand how environmental and social initiatives within companies can create value by strengthening durable competitive advantages, creating growth opportunities, driving profitability, and/or aligning with secular growth trends.

The investment manager generally engages with company management teams to discuss their ESG practices, with the aim of identifying how sustainability themes present opportunities and risks that can be material to the value of the security over the long term.

Binding restriction screens are applied to the fund in accordance with the fund's Restriction Screening Policy.

The fund's Restriction Screening Policy is to restrict investments in corporate issuers whose core business activity, determined in accordance with the methodology set out below, involves:

- Tobacco.
- Thermal coal; or
- Weapons, comprising civilian firearms, cluster munitions and anti-personnel mines.

The methodology used to determine the core business activity for the purpose of the above-described screening is as follows:

1. Revenue (as defined by external third-party data):
    - more than 5% of its recent-year revenue (or estimated revenue) from Tobacco;
    - more than 10% of its recent-year revenue (or estimated revenue) from Thermal Coal;

- more than 10% of its recent-year revenue (or estimated revenue) from the Manufacture of Civilian Firearms and ammunition; or

2. Involvement as identified by an external third-party data provider through corporate ownership, in manufacturing the core weapon system, or components/services of the core weapon system that are considered tailor-made and essential for the lethal use of the weapon, or cluster munitions and anti-personnel mines.

   Investments that are held by the fund but which breach one of the above exclusionary screens after they are acquired for the fund will be sold. Such sales will take place over a time period to be determined by the investment manager, taking into account the best interests of the shareholders of the fund.

Further to the above, the investment manager may, in its discretion, select to apply additional ESG-related investment restrictions over time that it believes are consistent with its investment objectives.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The restriction screens are the binding elements of the investment strategy used to select the investments to achieve the environmental / social characteristics promoted.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

- ***What is the policy to assess good governance practices of the investee companies?***

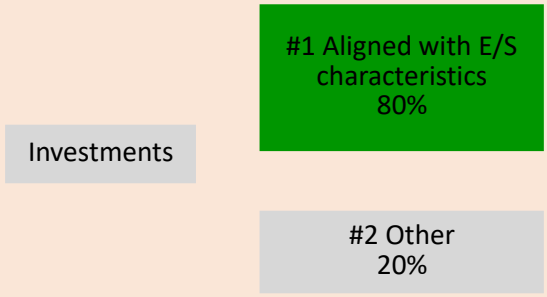
Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

As part of the fund's holistic approach to considering sustainability research and factors, the investment manager of the fund assesses governance practices of investee companies, including but not limited to looking at the management structures, employee relations, remuneration of staff, and tax compliance of such companies. In particular, the investment manager uses a proprietary, systematic evaluation of governance policies, specifically focusing on compensation alignment on long-term value creation.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Category #1 investments (i.e. those aligned with E/S characteristics) comprise all investments that are screened against the fund's Restriction Screening Policy. Category #2 investments are those investments that are not screened against the fund's Restriction Screening Policy.

The entirety of the fund, apart from cash and derivatives held for efficient portfolio management and hedging purposes, are screened against the fund's Restriction Screening Policy. This comprises at least 80% of the fund. Accordingly, at least 80% of the fund are Category #1 investments and the remaining 20% of the fund (comprising cash and derivatives held for portfolio management and hedging purposes) are Category #2 investments.

These percentages are measured according to the value of the investments.

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

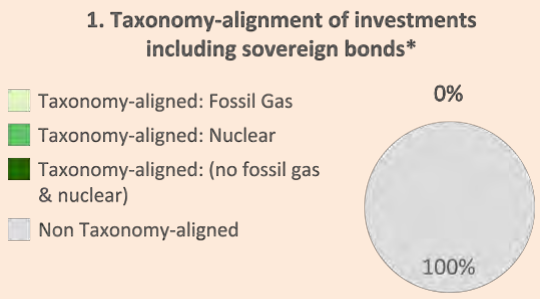
- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?***[1]

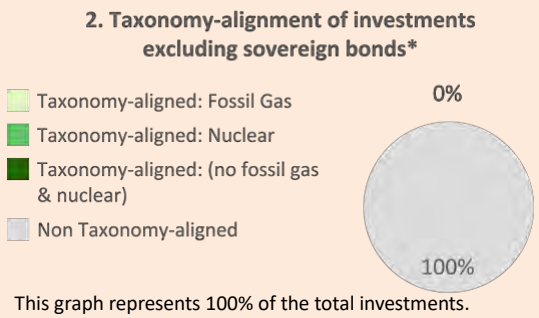
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





This graph represents 100% of the total investments.

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

- ***What is the minimum share of investments in transitional and enabling activities?***

As the fund does not commit to invest any sustainable investment within the meaning of the EU Taxonomy, the minimum share of investments in transitional and enabling activities within the meaning of the EU Taxonomy is therefore also set at 0%.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?



Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund promotes environmental and social characteristics but does not commit to making any sustainable investments. As a consequence, the fund does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.



What is the minimum share of socially sustainable investments?

Not applicable.



What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

20% of the fund, comprising cash and derivatives held for efficient portfolio management and hedging purposes, are Category "#2 Other" investments. These instruments are not subject to environmental and/or social screening or any minimum environmental or social safeguards.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.



Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_counterpointglobal_aggregated_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
Global Quality Fund	549300KY7ZHUDESLHQ60

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10 % of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

The fund promotes the environmental characteristic of climate change mitigation by excluding investments in: (i) companies involved in certain fossil fuel related activities; and (ii) companies in certain energy intensive sectors. For the avoidance of any doubt, the fund does not seek to make investments that contribute to climate change mitigation within the meaning of the EU Taxonomy.

In addition, the fund considers social characteristics by excluding investment in companies that have any tie to controversial weapons. [1]

In addition, the fund commits to invest a proportion of its assets in companies classified as sustainable investments through an assessment comprising three tests (as per SFDR).

The fund has not designated a reference benchmark for the purpose of attaining its environmental or social characteristics.

Further details on the binding exclusions applied by the fund may be found under section "*What investment strategy does this financial product follow?*"

What sustainability indicators are used to measure the attainment of each of the environmental or socia characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

1. Environmental characteristics

Compliance with the environmental exclusionary screens is measured by the exclusionary criteria and the percentage of the fund's investments which breach the exclusionary screens.

2. Social characteristics

Compliance with the social exclusionary screen is measured by the exclusionary criteria and the percentage of the fund's investments which breach the exclusionary screen.

3. Sustainable investments

Compliance with the sustainable investment commitment is measured by the percentage of the fund's investments which are classified as sustainable investments and the attainment of the fund's minimum commitment.

What are the objectives of the sustainable investments that the financial product partially intends t make and how does the sustainable investment contribute to such objectives?

As noted above, the fund commits to invest a proportion of its assets in companies classified as sustainable investments through an assessment comprising three tests (as per SFDR).

The positive contribution to an environmental or social objective test applied by the investment manager seeks to ensure that companies classified as sustainable investments are classified based on their net positive alignment with the UN SDGs. This is primarily determined using net alignment scores obtained from third-party data providers.

The UN SDGs include environmental (e.g. SDG 13: Climate Action) and social (e.g. SDG 3: Good Health and Well-Being) objectives. The third-party data providers' net alignment scores indicate whether companies in the providers' coverage universe have a net positive alignment with each of the UN SDGs through their products and services (e.g. a healthcare company's essential medical products may be positively aligned with SDG 3: Good Health and Well-Being) and/or their operational alignment (e.g. a company with a robust carbon reduction plan may be positively aligned with SDG 13: Climate Action). More information on the UN SDGs can be found at: https://www.undp.org/sustainable-development-goals. The investment manager recognises that the UN SDGs were written by Governments for Governments and therefore data that seeks to align corporate actions to the SDGs will not be perfectly representative.

[1] Until 27 September 2026, the fund will exclude companies whose core business activity involves weapons or civilian firearms.

In the first instance, the investment manager classifies a company as having a positive contribution to an environmental or social objective as simultaneously meeting three criteria using the third-party data: 1) having a net positive aggregate alignment score across all the SDGs; 2) having sufficient net positive alignment with at least one individual SDG; and 3) not having a material net mis-alignment with any of the SDGs.

In limited cases, and where it is satisfied that it is appropriate to do so based on its internal research, engagement with the company and/or other data sources, the investment manager may treat a company as failing or passing its positive contribution test, contrary to the position indicated by the third-party SDG net alignment scores. The investment manager may do this when, for example, it considers the third-party SDG net alignment data to be out of date or incorrect.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

The do no significant harm ("DNSH") test applied by the investment manager seeks to ensure that companies classified as sustainable investments do not cause significant harm to any of the mandatory, SFDR-defined principal adverse impact ("PAI") indicators. This is primarily determined using data obtained from third-party providers.

How have the indicators for adverse impacts on sustainability factors been taken into account?

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

In the first instance, the fund uses data from third-party providers to assess the mandatory PAI indicators. The fund may use reasonable proxies for those PAIs for which the investment manager considers that the data is not widely or reliably available (currently these are the 'Unadjusted gender pay gap', 'Activities negatively affecting biodiversity sensitive areas' and 'Emissions to water' PAI indicators). These proxies will be kept under review and will be replaced by data from third-party providers when the investment manager determines that sufficiently reliable data has become available.

To determine whether significant harm is caused, initial thresholds for each mandatory PAI indicator are generally set in one of the following ways:

- For binary indicators (e.g. 'Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises'), a binary pass/fail test is applied;

- For indicators based on quantifiable numerical data (e.g. 'GHG intensity of investee companies'), the initial threshold set by the investment manager is based on either:
    - A relative level where the worst performers within the broader investable universe (which is limited to issuers for which data is available, subject to the exceptions noted below), are deemed to fail the initial test; or
    - An absolute level where companies which perform above/below a defined level (as appropriate) are deemed to fail the initial test.

For each mandatory PAI indicator, where data is not available, a company is deemed to fail the initial test and cannot be classified as a sustainable investment. However, in cases where the third-party data provider determines that a particular PAI indicator is not meaningful given the nature or the industry of the company, and therefore does not provide data on that PAI indicator, the company is deemed to pass the initial test on the basis that the company's activities are unlikely to be causing significant harm to the environmental or social theme covered by that PAI indicator. The investment manager will keep the third-party data providers' 'not meaningful' assessment under periodic review.

In limited cases, and where it is satisfied that it is appropriate to do so based on its internal research, engagement with the company and/or other data sources, the investment manager may treat a company as failing or passing its DNSH test, contrary to the position indicated by the third-party data. The investment manager may do this when, for example, it considers the third-party data to be out of date or incorrect, or where the investment manager considers that a company is taking appropriate and credible remedial actions to rectify its failings on a PAI, subject to the investment manager's ongoing review and tracking of the company's remedial actions.

As part of its long-term investment approach, the investment manager seeks to engage with companies to encourage them towards better ESG practices and to minimise or mitigate the principal adverse impacts of their activities on a materiality basis (i.e. if the investment manager considers a particular PAI indicator to be potentially financially material to the long-term sustainability of high returns on capital).

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

As part of the investment manager's DNSH test, companies will not be classified as sustainable investments if they fail to comply with the themes and values promoted by the OECD Guidelines for Multinational Enterprises or the UN Global Compact, or if they lack processes and compliance mechanisms to monitor compliance with the themes and values promoted by these global norms.

As noted above, the assessment is based on information obtained from third-party data providers or, where the investment manager considers it appropriate, internal research, engagement with the company and/or other data sources.

The investment manager uses the OECD Guidelines for Multinational Enterprises and the UN Global Compact as reasonable proxies.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The mandatory PAI indicators in the SFDR rules are considered by the investment manager (in the manner set out above) for the purposes of classifying some of the fund's investments as sustainable investments.

In addition, the environmental and social characteristics promoted by the fund incorporate consideration of the following PAIs through binding exclusions:

- PAI indicator 4: exposure to companies active in the fossil fuel sector;
- PAI indicator 14: exposure to controversial weapons;

As noted above, as part of its long-term investment approach, the investment manager seeks to engage with companies to encourage them towards better ESG practices and to minimise or mitigate the principal adverse impacts of their activities on a materiality basis (i.e. if the investment manager considers a particular PAI indicator to be potentially financially material to the long-term sustainability of high returns on capital).

The fund will make information available on how it has incorporated the PAIs in its periodic report to investors.



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The fund will seek to achieve its investment objective by investing primarily (at least 70% of total net assets) in equities of companies in the world's developed countries.

The fund may also invest, on an ancillary basis (up to 30% of total net assets), in equities of companies located in emerging markets, including China A-shares (through Stock Connect). The fund may invest up to 10% of its net assets in China A-shares (through Stock Connect).

Investment in equities of companies may also include preference shares, debt securities convertible into common shares or preferences shares, and other equity-related instruments.

The investment manager seeks to invest in a concentrated portfolio of high quality businesses with strong management that can achieve sustainably high returns on operating capital. The investment manager believes that long term returns can best be achieved through compounding and minimising downside participation and that high quality companies can generate superior returns for their owners over the long term. The search for high quality companies focuses on identifying companies with strong franchises, 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 manager aims to buy these stocks at attractive valuations relative to their cash-flow based fundamental values. The fund's investment process focuses on high quality companies with sustainably high returns on operating capital.

As an integrated part of the investment process, the investment manager assesses relevant factors potentially material to long-term sustainably high returns on operating capital including ESG factors and seeks to engage with companies as part of this. Subject to the fund's investment objective and its binding Article 8 characteristics (as explained below), the investment manager retains discretion over which investments are selected. In exercising this discretion, ESG factors are not the sole determinant of whether an investment can be made or a holding can remain in the fund's portfolio, but instead the investment manager considers potentially material risks or opportunities in any of the ESG areas which could potentially threaten or enhance the high returns on operating capital of a company.

The investment manager monitors business practices on an ongoing basis, through data on ESG controversies and standards screening that the investment manager sources from third party providers, including UN Global Compact violations, as well as its own engagement with companies and research. The investment manager reviews securities of issuers where it believes a significant breach of the above standards and principles has occurred and typically excludes such issuers where, after conducting our research and/or engagement, the investment manager believes the breach is material to the sustainability of returns on operating capital, poses significant financial and reputational risk and the issuer has not committed to appropriate remedial action. Such exclusions are determined by the investment manager in its discretion rather than by reliance on third party analysis. The analysis may be supported by third party ESG controversies analysis and business involvement metrics.

1. Environmental characteristics

The fund promotes the environmental characteristic of climate change mitigation by excluding investments in any company that the investment manager determines:

Fossil fuel-related activities: has involvement in fossil fuel activities, based on classifications from the investment manager's third-party data provider, where the company:

- has any tie to thermal coal: production, distribution, reserves, or power generation;

- has any tie to oil and gas reserves;

- generates revenue above the thresholds set by the investment manager from the following oil and gas-related business activities:

  (a) extraction, production, refining, drilling, exploration, pipelines, transportation, petrochemicals, installed natural gas and liquid fuel capacity, or power generation from liquid fuels or natural gas (>0% revenue);

  (b) oil and gas services, distribution, or retail activities (>10% revenue).

Sector or industry classification: has been assigned the following sectors or industries under the MSCI Global Industry Classification Standards ("MSCI GICS"): energy, construction materials, utilities (excluding renewable electricity and water utilities), or metals and mining.

2. Social characteristics

The fund considers social characteristics by excluding investment in companies that have any tie to controversial weapons, as defined by the investment manager's third-party data provider. [2]

Investments that are held by the fund but become restricted because they breach the exclusionary criteria set out above after they are acquired for the fund will be sold. Such sales will take place over a time period to be determined by the investment manager, taking into account the best interests of the Shareholders of the fund.

Further to the above, the investment manager may, in its discretion, elect to apply additional ESG-related investment restrictions over time that it believes are consistent with its investment objectives. Such additional restrictions will be disclosed in the fund's SFDR Website Disclosure.

3. Sustainable investments

As noted above, the fund commits to invest a proportion of its assets in companies classified as sustainable investments through an assessment comprising three tests (as per SFDR):

i. **good governance:** this test seeks to ensure that all companies are considered by the investment manager to follow good governance practices to be included in the fund's portfolio;

ii. **do no significant harm:** this test seeks to ensure that companies classified as sustainable investments do not cause significant harm to any of the mandatory, SFDR-defined principal adverse impact indicators; and

iii. **positive contribution to environmental or social objective:** this test seeks to ensure that companies classified as sustainable investments are classified based on their net positive alignment with the UN SDGs.

The fund is actively managed by the investment manager on an ongoing basis in accordance with its investment strategy. The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager and the management company. The investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with the portfolio management team of this fund to conduct regular portfolio/performance reviews and systemic checks to ensure compliance with portfolio investment objectives, investment and client guidelines, taking into account changing market conditions, information and strategy developments.

The environmental and social characteristics which the fund seeks to promote are incorporated within the investment guidelines and subject to ongoing monitoring by the investment manager. Morgan Stanley Investment Management's Portfolio Surveillance team also codes the investment guidelines into the firm's surveillance system. The Portfolio Surveillance team uses an automated process to monitor adherence to investment guidelines, including pre- and post-trade guideline monitoring and exception-based screening, and informs the portfolio management team of this fund of any possible guideline violations.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The binding elements of the investment strategy are:

- The exclusionary criteria, which are used to select the investments to achieve the environmental and social characteristics promoted by the fund; and
- The fund's commitment to invest at least 10% of its assets in companies classified as sustainable investments.

[2] Until 27 September 2026, the fund will exclude companies which derive:
- more than 10% of revenue from production, wholesale or retail of firearms and ammunition intended for civilian use;
- more than 10% of revenue from production of conventional, biological or chemical, nuclear weapons and related activities as defined by the third-party data provider; and
- any revenue from the production of depleted uranium weapons or through indirect ownership as defined by the third-party data provider.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

- ***What is the policy to assess good governance practices of the investee companies?***

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The investment process is focused on identifying high quality companies that can sustain their high returns on operating capital over the long term. Effective governance is important and governance criteria are therefore embedded within the investment process and considered as part of initial research and portfolio selection. On-going monitoring is facilitated through engagement with the company as well as by using, where appropriate, company data, third party data and governance-related controversy screens.

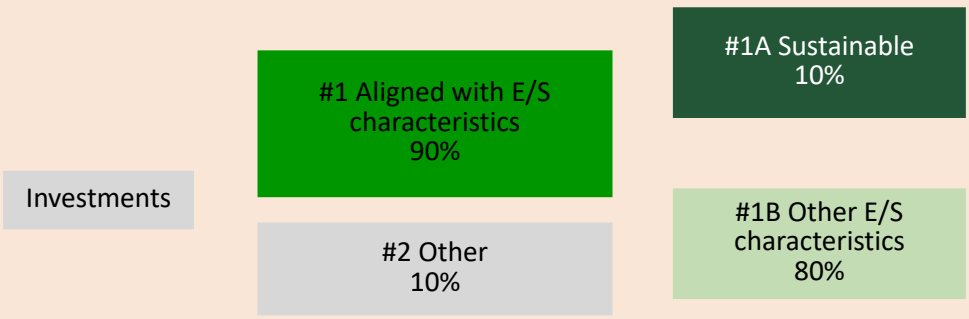
As part of its assessment, in order to meet the SFDR regulatory requirements, the investment manager also has regard to third-party proxy indicators as considerations relating to four specific aspects of governance: sound management structures, employee relations, remuneration of staff and tax compliance. All companies in the fund are assessed against these indicators. A company has to be considered by the investment manager to have good governance practices overall to be included within the portfolio. In reaching this determination, the investment manager may take into account any remedial actions being undertaken by a company on a particular governance issue.

The investment manager also engages with companies on issues potentially material to the sustainability of company returns on operating capital. Direct engagement with companies on potentially financially material ESG risks and opportunities, and other issues, plays a role in informing the investment manager on the soundness of company management and whether it can maintain high returns on operating capital while growing the business over the long term. Dialogue with companies on engagement topics can be prolonged and require multiple engagements.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned** with E/S characteristics covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The environmental and social exclusions are expected to apply to at least 90% of the portfolio. The investment manager anticipates that the remainder of the fund will be made up of investments held for ancillary liquidity, including cash and money market instruments, with this proportion not expected to comprise more than 10% of the fund's assets. No minimum environmental or social safeguards are applied to such investments.

Under exceptional circumstances, the percentage of the fund's assets that are made up of investments held for ancillary liquidity may temporarily fluctuate above the stated level for certain reasons including but not limited to market conditions or client inflows/outflows.

The fund also expects a minimum of 10% of its assets to be classified as sustainable investments.

All percentages are measured according to the value of the investments.

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to invest a minimum proportion of its assets in companies classified as sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

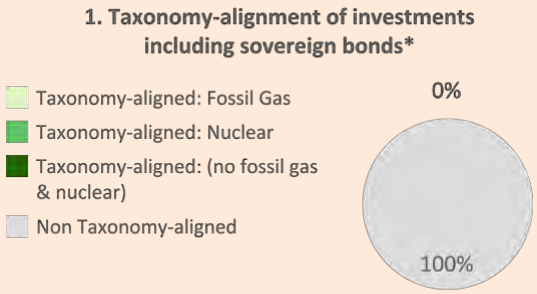
- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?*[3]**

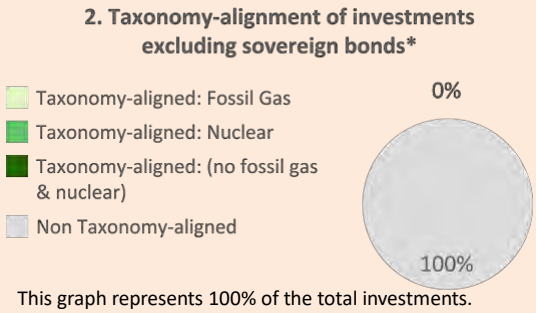
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





This graph represents 100% of the total investments.

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

- ***What is the minimum share of investments in transitional and enabling activities?***

Although the fund commits to invest a minimum proportion of its assets in companies classified as sustainable investments, there is no commitment to a minimum share of investments in transitional and enabling activities.

[3] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

A minimum of 10% of the fund's assets are expected to be invested in companies classified as sustainable investments. There is no commitment to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

The EU Taxonomy does not comprehensively cover all industries and sectors, or even all environmental objectives. This financial product invests in companies classified as sustainable investments within sectors that may not be covered by the EU Taxonomy currently. Accordingly, the investment manager uses its own methodology to determine whether certain investments are environmentally sustainable in accordance with the SFDR sustainable investment test.

What is the minimum share of socially sustainable investments?

As noted above, a minimum of 10% of the fund's assets are expected to be invested in companies classified as sustainable investments. There is no commitment to a minimum share of socially sustainable investments.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

This fund may hold cash and money market instruments for ancillary liquidity. These are included in the "#2 Other" category. No minimum environmental or social safeguards are applied to such investments.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable

Where can I find more product specific information online?

More product-specific information can be found on the website:
https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_globalquality_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
Global Quality Select Fund	549300O8II6STSHJE485

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 20 % of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

The fund promotes the environmental characteristic of climate change mitigation by excluding investments in: (i) companies involved in certain fossil fuel related activities; (ii) companies in certain energy intensive sectors; (iii) companies for which greenhouse gas emissions intensity data and/or estimates are not available and/or cannot be estimated; and (iv) by applying a GHG emissions intensity filter. The fund promotes this characteristic by also seeking to achieve a GHG emissions intensity for the portfolio that is significantly lower than that of the reference universe (which term is used only for the purposes of comparing GHG emissions intensity and comprises companies within the MSCI AC World Index).

For the avoidance of any doubt, the fund does not seek to make investments that contribute to climate change mitigation within the meaning of the EU Taxonomy.

In addition, the fund considers social characteristics by applying binding exclusions on: (i) companies whose core business activity involves weapons, civilian firearms, tobacco, alcohol, adult entertainment or gambling; and (ii) that have any tie to controversial weapons.

In addition, the fund commits to invest a proportion of its assets in companies classified as sustainable investments through an assessment comprising three tests (as per SFDR).

The fund has not designated a reference benchmark for the purpose of attaining its environmental or social characteristics.

Further details on the binding exclusions applied by the fund may be found under section “What investment strategy does this financial product follow?”.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

1. Environmental characteristics

The table below describes the sustainability indicator, as well as details on the metric and the methodology applied, which the investment manager uses to measure and monitor compliance with the GHG emissions intensity characteristic.

Sustainability Indicator	Metric	Methodology
GHG emissions intensity of company sales (metric tonnes of GHG per $1m of sales).	GHG emissions intensity of company sales as measured by Scope 1 and Scope 2 emissions. Scope 1 emissions: emissions generated from sources that are controlled by the company that issues the underlying securities. Scope 2 emissions: emissions from the consumption of purchased electricity, steam, or other sources of energy generated upstream from the company that issues the underlying securities.	A weighted average GHG emissions intensity calculation is made for the portfolio and compared against the reference universe. The fund aims to have a GHG emissions intensity that is significantly lower than that of the reference universe. The GHG emissions intensity limit is applied to the portfolio and not individual holdings.

Compliance with the environmental exclusionary screens is measured by the exclusionary criteria and the percentage of the fund’s investments which breach the exclusionary screens.

2. Social characteristics
Compliance with the social exclusionary screens is measured by the exclusionary criteria and the percentage of the fund’s investments which breach the exclusionary screens.

3. Sustainable investments

Compliance with the sustainable investment commitment is measured by the percentage of the fund’s investments which are classified as sustainable investments and the attainment of the fund’s minimum commitment.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

As noted above, the fund commits to invest a proportion of its assets in companies classified as sustainable investments through an assessment comprising three tests (as per SFDR).

The positive contribution to an environmental or social objective test applied by the investment manager seeks to ensure that companies classified as sustainable investments are classified based on their net positive alignment with the UN SDGs. This is primarily determined using net alignment scores obtained from third-party data providers.

The UN SDGs include environmental (e.g. SDG 13: Climate Action) and social (e.g. SDG 3: Good Health and Well-Being) objectives. The third-party data providers' net alignment scores indicate whether companies in the providers' coverage universe have a net positive alignment with each of the UN SDGs through their products and services (e.g. a healthcare company's essential medical products may be positively aligned with SDG 3: Good Health and Well-Being) and/or their operational alignment (e.g. a company with a robust carbon reduction plan may be positively aligned with SDG 13: Climate Action). More information on the UN SDGs can be found at: https://www.undp.org/sustainable-development-goals. The investment manager recognises that the UN SDGs were written by Governments for Governments and therefore data that seeks to align corporate actions to the SDGs will not be perfectly representative.

In the first instance, the investment manager classifies a company as having a positive contribution to an environmental or social objective as simultaneously meeting three criteria using the third-party data: 1) having a net positive aggregate alignment score across all the SDGs; 2) having sufficient net positive alignment with at least one individual SDG; and 3) not having a material net mis-alignment with any of the SDGs.

In limited cases, and where it is satisfied that it is appropriate to do so based on its internal research, engagement with the company and/or other data sources, the investment manager may treat a company as failing or passing its positive contribution test, contrary to the position indicated by the third-party SDG net alignment scores. The investment manager may do this when, for example, it considers the third-party SDG net alignment data to be out of date or incorrect.

- ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

The do no significant harm ("DNSH") test applied by the investment manager seeks to ensure that companies classified as sustainable investments do not cause significant harm to any of the mandatory, SFDR-defined principal adverse impact ("PAI") indicators. This is primarily determined using data obtained from third-party providers.

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

In the first instance, the fund uses data from third-party providers to assess the mandatory PAI indicators. The fund may use reasonable proxies for those PAIs for which the investment manager considers that the data is not widely or reliably available (currently these are the 'Unadjusted gender pay gap', 'Activities negatively affecting biodiversity sensitive areas' and 'Emissions to water' PAI indicators). These proxies will be kept under review and will be replaced by data from third-party providers when the investment manager determines that sufficiently reliable data has become available.

To determine whether significant harm is caused, initial thresholds for each mandatory PAI indicator are generally set in one of the following ways:

- For binary indicators (e.g. 'Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises'), a binary pass/fail test is applied;

- For indicators based on quantifiable numerical data (e.g. 'GHG intensity of investee companies'), the initial threshold set by the investment manager is based on either:
    - A relative level where the worst performers within the broader investable universe (which is limited to issuers for which data is available, subject to the exceptions noted below), are deemed to fail the initial test; or

- An absolute level where companies which perform above/below a defined level (as appropriate) are deemed to fail the initial test.

For each mandatory PAI indicator, where data is not available, a company is deemed to fail the initial test and cannot be classified as a sustainable investment. However, in cases where the third-party data provider determines that a particular PAI indicator is not meaningful given the nature or the industry of the company, and therefore does not provide data on that PAI indicator, the company is deemed to pass the initial test on the basis that the company's activities are unlikely to be causing significant harm to the environmental or social theme covered by that PAI indicator. The investment manager will keep the third-party data providers' 'not meaningful' assessment under periodic review.

In limited cases, and where it is satisfied that it is appropriate to do so based on its internal research, engagement with the company and/or other data sources, the investment manager may treat a company as failing or passing its DNSH test, contrary to the position indicated by the third-party data. The investment manager may do this when, for example, it considers the third-party data to be out of date or incorrect, or where the investment manager considers that a company is taking appropriate and credible remedial actions to rectify its failings on a PAI, subject to the investment manager's ongoing review and tracking of the company's remedial actions.

As part of its long-term investment approach, the investment manager seeks to engage with companies to encourage them towards better ESG practices and to minimise or mitigate the principal adverse impacts of their activities on a materiality basis (i.e. if the investment manager considers a particular PAI indicator to be potentially financially material to the long-term sustainability of high returns on capital).

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

As part of the investment manager's DNSH test, companies will not be classified as sustainable investments if they fail to comply with the themes and values promoted by the OECD Guidelines for Multinational Enterprises or the UN Global Compact, or if they lack processes and compliance mechanisms to monitor compliance with the themes and values promoted by these global norms.

As noted above, the assessment is based on information obtained from third-party data providers or, where the investment manager considers it appropriate, internal research, engagement with the company and/or other data sources.

The investment manager uses the OECD Guidelines for Multinational Enterprises and the UN Global Compact as reasonable proxies.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The mandatory PAI indicators in the SFDR rules are considered by the investment manager (in the manner set out above) for the purposes of classifying some of the fund's investments as sustainable investments.

In addition, the environmental and social characteristics promoted by the fund incorporate consideration of the following PAIs through binding exclusions:

- PAI indicator 3: GHG intensity of investee companies (through restrictions based on Scope 1 and 2 GHG intensity);
- PAI indicator 4: exposure to companies active in the fossil fuel sector;
- PAI indicator 14: exposure to controversial weapons;

As noted above, as part of its long-term investment approach, the investment manager seeks to engage with companies to encourage them towards better ESG practices and to minimise or mitigate the principal adverse impacts of their activities on a materiality basis (i.e. if the investment manager considers a particular PAI indicator to be potentially financially material to the long-term sustainability of high returns on capital).

The fund will make information available on how it has incorporated the PAIs in its periodic report to investors.



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The fund will seek to achieve its investment objective by investing primarily (at least 70% of total net assets) in equities of companies in the world's developed countries.

The fund may also invest, on an ancillary basis (up to 30% of total net assets), in equities of companies located in emerging markets, including China A-shares (through Stock Connect). The fund may invest up to 10% of its net assets in China A-shares (through Stock Connect).

Investment in equities of companies may also include preference shares, debt securities convertible into common shares or preferences shares, and other equity-related instruments.

The investment manager seeks to invest in a concentrated portfolio of high quality, strong franchises characterised by sustainably high returns on operating capital, hard to replicate intangible assets (including brands, networks, licences and patents), and pricing power. The investment manager seeks to identify capable management teams able to allocate capital effectively to grow the franchise and sustain or improve the return on operating capital. The fund's investment process focuses on high quality companies with sustainably high returns on operating capital.

As an integrated part of the investment process, the investment manager assesses relevant factors potentially material to long-term sustainably high returns on operating capital including ESG factors and seeks to engage with companies as part of this. Subject to the fund's investment objective and its binding Article 8 characteristics (as explained below), the investment manager retains discretion over which investments are selected. In exercising this discretion, ESG factors are not the sole determinant of whether an investment can be made or a holding can remain in the fund's portfolio, but instead the investment manager considers potentially material risks or opportunities in any of the ESG areas which could potentially threaten or enhance the high returns on operating capital of a company.

The investment manager monitors business practices on an ongoing basis, through data on ESG controversies and standards screening that the investment manager sources from third party providers, including UN Global Compact violations, as well as its own engagement with companies and research. The investment manager reviews securities of issuers where it believes a significant breach of the above standards and principles has occurred and typically excludes such issuers where, after conducting our research and/or engagement, the investment manager believes the breach is material to the sustainability of returns on operating capital, poses significant financial and reputational risk and the issuer has not committed to appropriate remedial action. Such exclusions are determined by the investment manager in its discretion rather than by reliance on third party analysis. The analysis may be supported by third party ESG controversies analysis and business involvement metrics.

1. Environmental characteristics

The fund promotes the environmental characteristic of climate change mitigation by excluding investments in any company that the investment manager determines:

Fossil fuel-related activities: has involvement in fossil fuel activities, based on classifications from the investment manager's third-party data provider, where the company:

- has any tie to thermal coal: production, distribution, reserves, or power generation;

- has any tie to oil and gas reserves;

- generates revenue above the thresholds set by the investment manager from the following oil and gas-related business activities:

(a) extraction, production, refining, drilling, exploration, pipelines, transportation, petrochemicals, installed natural gas and liquid fuel capacity, or power generation from liquid fuels or natural gas (>0% revenue);

(b) oil and gas services, distribution, or retail activities (>10% revenue).

- *Sector or industry classification:* has been assigned the following sectors or industries under the MSCI Global Industry Classification Standards ("MSCI GICS"): energy, construction materials, utilities (excluding renewable electricity and water utilities), or metals and mining; or

- *Data availability:* for which GHG emissions intensity data and/or estimates are not available and/or cannot be estimated.

The remaining issuers are then ranked according to their GHG emissions intensity estimates data and/or estimates in tons CO_2e / $M revenue, and those with the highest intensity are excluded from the reference universe, with the view to ensuring that these binding criteria should collectively result in a reduction of the fund's reference universe by at least 20% in a significantly engaging manner.

For the purpose of this fund, GHG emissions shall be defined as Scope 1 and 2 emissions. Further, the term GHG shall be as defined by the GHG protocol and include carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF_6) and nitrogen trifluoride (NF_3) calculated in metric tonnes of CO_2 equivalent.

The fund promotes the environmental characteristic of climate change mitigation by also seeking to achieve a GHG emissions intensity for the portfolio that is significantly lower than that of the reference universe.

2. Social characteristics

The fund considers social characteristics by applying the following binding screens:

- The fund's investments shall not knowingly include any company assigned the following sectors or industries under the MSCI Global Industry Classification Standards: tobacco, casinos & gaming, brewers, or distillers & vintners.
- The fund's investments shall not knowingly include any company which has revenues above the thresholds defined by the investment manager (as set out below) related to the following business activities, classified by the investment manager's third-party data provider:

a. Tobacco: Production, distribution, retail, licensor or supplier of tobacco products (>5% revenue);
b. Alcohol and related activities (as defined by the third-party data provider) (>10% revenue);
c. Adult Entertainment: production, distribution or retail of adult entertainment products or services (>10% revenue);
d. Gambling: gambling operations, including online or mobile gambling, and supporting activities (>10% revenue);
e. Civilian Firearms: production, wholesale or retail of firearms and ammunition intended for civilian use (>10% revenue); or
f. Weapons: production of conventional, biological or chemical, nuclear weapons and related activities as defined by the third-party data provider (>10% revenue).

- The fund will not invest in any company that has any tie to controversial weapons as defined by the investment manager's third-party data provider.

Investments that are held by the fund but become restricted because they breach the exclusionary criteria set out above after they are acquired for the fund will be sold. Such sales will take place over a time period to be determined by the investment manager, taking into account the best interests of the Shareholders of the fund.

Further to the above, the investment manager may, in its discretion, elect to apply additional ESG-related investment restrictions over time that it believes are consistent with its investment objectives. Such additional restrictions will be disclosed in the fund's SFDR Website Disclosure.

3. Sustainable investments

As noted above, the fund commits to invest a proportion of its assets in companies classified as sustainable investments through an assessment comprising three tests (as per SFDR):

i. **good governance:** this test seeks to ensure that all companies are considered by the investment manager to follow good governance practices to be included in the fund's portfolio;
ii. **do no significant harm:** this test seeks to ensure that companies classified as sustainable investments do not cause significant harm to any of the mandatory, SFDR-defined principal adverse impact indicators; and
iii. **positive contribution to environmental or social objective:** this test seeks to ensure that companies classified as sustainable investments are classified based on their net positive alignment with the UN SDGs.

The fund is actively managed by the investment manager on an ongoing basis in accordance with its investment strategy. The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager and the management company. The investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with the portfolio management team in respect of this fund to conduct regular portfolio/performance reviews and systemic checks to ensure compliance with portfolio investment objectives, investment and client guidelines, taking into account changing market conditions, information and strategy developments.

The environmental and social characteristics which the fund seeks to promote are incorporated within the investment guidelines and subject to ongoing monitoring by the investment manager. Morgan Stanley Investment Management's Portfolio Surveillance team also codes the investment guidelines into the firm's surveillance system. The Portfolio Surveillance team uses an automated process to monitor adherence to investment guidelines, including pre- and post-trade guideline monitoring and exception-based screening, and informs the portfolio management team in respect of this fund of any possible guideline violations.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The binding elements of the investment strategy are:

- The exclusionary criteria and the fund's aim to have a significantly lower GHG emissions intensity than the reference universe, which are used to select the investments to achieve the environmental and social characteristics promoted by the fund; and
- The fund's commitment to invest at least 20% of its assets in companies classified as sustainable investments.

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

The binding GHG-based emissions intensity criteria should collectively result in a reduction of the reference universe by at least 20%.

What is the policy to assess good governance practices of the investee companies?

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The investment process is focused on identifying high quality companies that can sustain their high returns on operating capital over the long term. Effective governance is important and governance criteria are therefore embedded within the investment process and considered as part of initial research and portfolio selection. On-going monitoring is facilitated through engagement with the company as well as by using, where appropriate, company data, third party data and governance-related controversy screens.

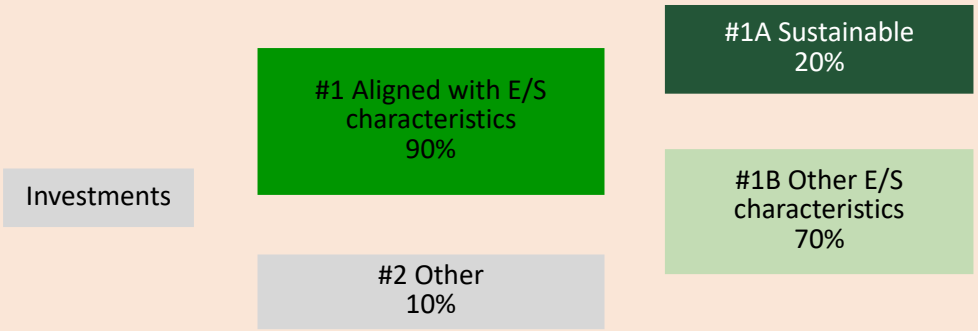
As part of its assessment, in order to meet the SFDR regulatory requirements, the investment manager also has regard to third-party proxy indicators as considerations relating to four specific aspects of governance: sound management structures, employee relations, remuneration of staff and tax compliance. All companies in the fund are assessed against these indicators. A company has to be considered by the investment manager to have good governance practices overall to be included within the portfolio. In reaching this determination, the investment manager may take into account any remedial actions being undertaken by a company on a particular governance issue.

The investment manager also engages with companies on issues potentially material to the sustainability of company returns on operating capital. Direct engagement with companies on potentially financially material ESG risks and opportunities, and other issues, plays a role in informing the investment manager on the soundness of company management and whether it can maintain high returns on operating capital while growing the business over the long term. Dialogue with companies on engagement topics can be prolonged and require multiple engagements.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned** with E/S characteristics covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The environmental and social exclusions are expected to apply to at least 90% of the portfolio. The investment manager anticipates that the remainder of the fund will be made up of investments held for ancillary liquidity, including cash and money market instruments, with this proportion not expected to comprise more than 10% of the fund's assets. No minimum environmental or social safeguards are applied to such investments.

Under exceptional circumstances, the percentage of the fund's assets that are made up of investments held for ancillary liquidity may temporarily fluctuate above the stated level for certain reasons including but not limited to market conditions or client inflows/outflows.

The fund also expects a minimum of 20% of its assets to be classified as sustainable investments.

All percentages are measured according to the value of the investments.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to invest a minimum proportion of its assets in companies classified as sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

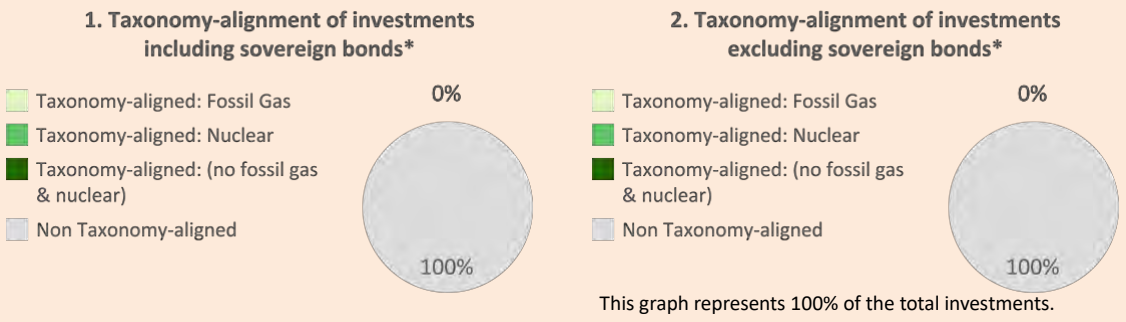
- ● ☐ ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?***[1]

  Yes:

  ☐ In fossil gas ☐ In nuclear energy

- ☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



This graph represents 100% of the total investments.

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

- ● ***What is the minimum share of investments in transitional and enabling activities?***

Although the fund commits to invest a minimum proportion of its assets in companies classified as sustainable investments, there is no commitment to a minimum share of investments in transitional and enabling activities.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

A minimum of 20% of the fund's assets are expected to be invested in companies classified as sustainable investments. There is no commitment to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

The EU Taxonomy does not comprehensively cover all industries and sectors, or even all environmental objectives. This financial product invests in companies classified as sustainable investments within sectors that may not be covered by the EU Taxonomy currently. Accordingly, the investment manager uses its own

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

methodology to determine whether certain investments are environmentally sustainable in accordance with the SFDR sustainable investment test.



What is the minimum share of socially sustainable investments?

As noted above, a minimum of 20% of the fund's assets are expected to be invested in companies classified as sustainable investments. There is no commitment to a minimum share of socially sustainable investments.



What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

This fund may hold cash and money market instruments for ancillary liquidity. These are included in the "#2 Other" category. No minimum environmental or social safeguards are applied to such investments.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable



Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_globalqualityselect_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
Global Stars Fund	254900JNN56RTBNF6T31

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

The fund promotes the environmental characteristic of limiting negative externalities by excluding investments in companies whose core business activity involves thermal coal mining or thermal coal-based power generation.

In addition, the fund considers social characteristics by applying binding exclusions on: (i) companies whose core business activity involves tobacco; and (ii) companies that have any tie to controversial weapons.[1]

The fund has not designated a reference benchmark for the purpose of attaining its environmental or social characteristics.

Further details on the binding exclusions applied by the fund may be found under section "*What investment strategy does this financial product follow?*".

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Compliance with the environmental and social exclusionary screens is measured by the exclusionary criteria and the percentage of the fund's investments which breach the exclusionary screens.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

Not applicable

How have the indicators for adverse impacts on sustainability factors been taken into account?

Not applicable

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

[1] Until 27 September 2026, the fund will exclude companies whose core business activity involves weapons or civilian firearms.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund considers principal adverse impacts on sustainability factors only in part, as follows:

- The fund excludes investments in companies whose core business activity involves thermal coal mining or thermal coal-based power generation. The fund therefore partly considers PAI indicator 4: exposure to companies active in the fossil fuel sector;

- The fund excludes investments in companies that have any tie to controversial weapons. The fund therefore considers PAI indicator 14: exposure to controversial weapons.

The fund will make information available on how it has incorporated the PAIs in its periodic report to investors.



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The fund will seek to achieve its investment objective by investing at least 70% of total net assets in equities of companies located throughout the world, including developed and emerging market countries. The fund may invest up to 20% of its total net assets in China A-shares (through Stock Connect).

Investment in equities of companies may also include preference shares, debt securities convertible into common shares or preference shares, and other equity-related securities.

The fund may invest up to 30% of total net assets in equities not meeting the criteria of the fund's primary investments, and other types of securities.

The fund may use derivatives for reducing risks (hedging) and costs, and for investment purposes.

The investment manager seeks to invest in a concentrated portfolio of high quality companies it believes are “Stars”, which for this purpose are growth-oriented compounders characterised by difficult to replicate intangible assets (including but not limited to, intellectual property, brands or network effects) with bright prospects, i.e. a large growth opportunity, and high returns on incremental operating capital employed. The investment manager also seeks to identify capable management teams able to allocate incremental capital effectively to grow the franchise, maintain the intangible assets and maintain or improve returns on operating capital.

As part of the investment process, the investment manager assesses relevant factors potentially material to companies' growth potential and their ability to generate high returns on incremental operating capital over the long term. This may include factors relating to investment in intangible assets, capability of management, potential for disruption, current and anticipated industry competition and ESG factors. The investment manager may also engage with companies on such issues.

The investment manager will monitor data from its third-party provider on companies’ alignment with the United Nations Global Compact (UNGC) principles. Should the third-party data provider identify a company in the fund or a potential investment candidate as failing the UNGC principles, the investment manager will typically exclude such companies where, after conducting its own research and/or engagement, it believes the breach is material to the sustainability of returns on operating capital, poses significant financial and reputational risk and the issuer has not committed to appropriate remedial action. Such exclusions are determined by the investment manager in its sole discretion considering the materiality of the violation and its potential impact on the investment performance of the fund rather than by reliance on third-party data alone.

1. Environmental characteristics

The fund promotes the environmental characteristic of limiting negative externalities by excluding investments in companies whose core business activity involves thermal coal mining or thermal coal-based power generation, as defined by the investment manager's third-party data provider. The investment manager has defined the revenue thresholds as set out below:

- Thermal coal mining: (>5% revenue);
- Thermal coal-based power generation: (>5% revenue).

In addition, the fund's investments shall not knowingly include any company assigned the Coal & Consumable Fuels sub-industry under the MSCI Global Industry Classification Standards (MSCI GICS).

2. Social characteristics

The fund considers social characteristics by applying the following binding screens:

- the fund's investments shall not knowingly include any company which generates more than 5% revenue from the production of tobacco products, as classified by the investment manager's third-party data provider[2];

- the fund's investments shall not knowingly include any company assigned the Tobacco industry under the MSCI GICS.

- the fund shall also not invest in any company that has any tie to controversial weapons as defined by the investment manager's third-party data provider.

Investments that are held by the fund but become restricted because they breach the exclusionary criteria set out above after they are acquired for the fund will be sold. Such sales will take place over a time period to be determined by the investment manager, taking into account the best interests of the Shareholders of the fund.

Further to the above, the investment manager may, in its discretion, elect to apply additional ESG-related investment restrictions over time that it believes are consistent with its investment objectives. Such additional restrictions will be disclosed in the fund's SFDR Website Disclosure.

The fund is actively managed by the investment manager on an ongoing basis in accordance with its investment strategy. The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager and the management company. The investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with the portfolio management team of this fund to conduct regular portfolio/performance reviews and systemic checks to ensure compliance with portfolio investment objectives, investment and client guidelines, taking into account changing market conditions, information and strategy developments.

The environmental and social characteristics which the fund seeks to promote are incorporated within the investment guidelines and subject to ongoing monitoring by the investment manager. Morgan Stanley Investment Management's Portfolio Surveillance team also codes the investment guidelines into the firm's surveillance system. The Portfolio Surveillance team uses an automated process to monitor adherence to investment guidelines, including pre- and post-trade guideline monitoring and exception-based screening, and informs the portfolio management team of this fund of any possible guideline violations.

[2] Until 27 September 2026, the fund will exclude companies which derive:
- more than 10% of revenue from production, wholesale or retail of firearms and ammunition intended for civilian use;
- more than 10% of revenue from production of conventional, biological or chemical, nuclear weapons and blinding laser, incendiary or non-detectable fragments weapons and related activities as defined by the third-party data provider; and
- any revenue from the production of depleted uranium weapons or through indirect ownership as defined by the third-party data provider.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product

The binding elements of the investment strategy used to select the investments to achieve the environmental and social characteristics promoted by the fund are the exclusionary criteria.

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

Not applicable.

What is the policy to assess good governance practices of the investee companies?

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

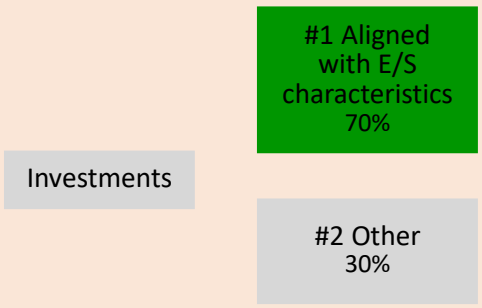
The investment process is focused on identifying high quality, growth-oriented companies that can grow at high returns on incremental capital over a multi-year period. The investment manager believes that management competence and focus is key to the success of a growth-oriented quality compounder. As such, effective governance is important and governance criteria are therefore embedded within the investment process and considered as part of initial research, stock selection, and ongoing monitoring.

As part of its assessment, in order to meet the SFDR regulatory requirements, the investment manager also has regard to third-party proxy indicators as considerations relating to four specific aspects of governance: sound management structures, employee relations, remuneration of staff and tax compliance. All companies in the fund are assessed against these indicators. A company has to be considered by the investment manager to have good governance practices overall to be included within the portfolio. In reaching this determination, the investment manager may take into account any remedial actions being undertaken by a company on a particular governance issue.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The environmental and social exclusions are expected to apply to at least 70% of the portfolio. The investment manager anticipates that the remainder of the fund will be made up of investments held for ancillary liquidity, including cash and money market instruments, as well as derivatives as described in the investment policy, with this proportion not expected to comprise more than 30% of the fund's assets. No minimum environmental or social safeguards are applied to such investments.

Under exceptional circumstances, the percentage of the fund's assets that are made up of investments held for ancillary liquidity may temporarily fluctuate above the stated level for certain reasons including but not limited to market conditions or client inflows/outflows.

All percentages are measured according to the value of the investments.

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Not applicable.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

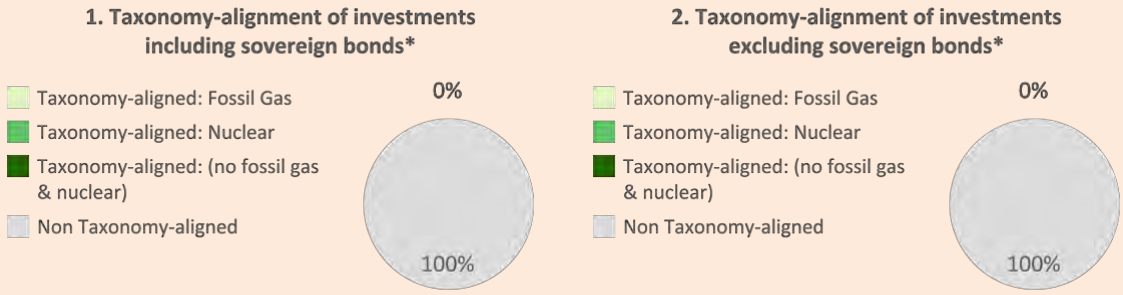
- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?*[3]**

☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



** For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

***The proportion of total investments shown in this graph is purely indicative and may vary over time. As the Fund does not commit to making sustainable investments aligned with the EU Taxonomy, the proportion of any sovereign exposure in the Fund's portfolio will not impact the proportion of sustainable investments aligned with the EU Taxonomy included in the graph.*

[3] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

- ***What is the minimum share of investments in transitional and enabling activities?***

Not applicable.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?



Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

Not applicable.



What is the minimum share of socially sustainable investments?

Not applicable.



What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

This fund may hold cash and money market instruments for ancillary liquidity, and derivatives as described in the investment policy. These are included in the "#2 Other" category. No minimum environmental or social safeguards are applied to such investments.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable



Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_globalstars_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
Japanese Equity Fund	549300Q8BUGJZ05GQE69

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

ESG tilt: The fund promotes environmental and social characteristics by aiming to maintain a higher ESG score at portfolio level than the sustainability indicator comparison benchmark, according to a proprietary ESG scoring methodology developed by the investment manager.

Exclusions: The fund also promotes:

- the environmental characteristic of contributing towards climate change mitigation by excluding companies involved in thermal coal mining and generation; and
- the social characteristic of avoiding investments in certain activities which can cause harm to human health and wellbeing.

Additionally, the fund contributes to environmental and social themes by avoiding investments in issuers which have experienced severe ESG controversies (and no appropriate remedial action has taken place), or which have failed to adhere to certain international norms.

Further detail regarding the investment manager's ESG scoring methodology and on the nature of these exclusions is set out in response to the question '*What investment strategy does this financial product follow?*'.

No reference benchmark has been designated for the purpose of attaining the environmental and social characteristics promoted by the fund.

Unless otherwise noted, references to the investment manager refer to the investment manager of the fund and/or any sub-investment manager engaged for management of the fund (as appropriate).

The fund's sustainability indicator comparison benchmark is the MSCI Japan Index.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

ESG tilt: The sustainability indicator is the aggregate portfolio level ESG score of the fund against that of the sustainability indicator comparison benchmark.

Exclusions: The sustainability indicator used to measure the attainment of the fund's environmental and social characteristics is the proportion of the fund invested in securities that violate any of the exclusion criteria. The relevant sustainability indicator is therefore that 0% of the fund's investments are in violation of the fund's exclusion criteria.

The indicators are measured using third-party data and, with respect to ESG scoring, the investment manager's qualitative evaluation of investee companies.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

Not applicable.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

Not applicable.

How have the indicators for adverse impacts on sustainability factors been taken into account?

Not applicable.

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Not applicable.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund considers some of the principal adverse impacts ("**PAI**") indicators on sustainability factors through the fund's exclusions, as follows:

- The fund excludes companies which receive a certain percentage of their revenue from thermal coal mining and generation. The fund therefore partly considers PAI indicator 4: exposure to companies active in the fossil fuel sector.
- The fund excludes companies which have committed violations of the UN Global Compact principles and Organisation for Economic Cooperation and Development ("OECD") Guidelines for Multinational Enterprises. The fund therefore considers PAI indicator 10: violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises.
- The fund excludes companies which have any exposure to controversial weapons. The fund therefore considers the PAI indicator 14: exposure to controversial weapons.

In addition, the investment manager also engages with companies on the following PAIs on a materiality basis (i.e., if the investment manager considers a particular PAI indicator to be materially relevant to, or impacted by, the activities of the issuer):

- PAI indicator 1: GHG emissions;
- PAI indicator 2: carbon footprint;
- PAI indicator 3: GHG intensity of investee companies;
- PAI indicator 5: share of non-renewable energy consumption and production;
- PAI indicator 6: energy consumption intensity per high impact climate sector; and
- PAI indicator 13: board gender diversity. The fund will make information available on how it has considered PAIs in its periodic reports to investors.

The fund will make information available on how it has incorporated the PAIs into the fund in its periodic reports to investors.



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The fund primarily invests in the equity securities of companies that are located, or conduct most of their business, in Japan; and which meet the investment manager's ESG criteria while integrating ESG characteristics by maintaining higher sustainability scores at the portfolio level than the sustainability indicator comparison benchmark. As part of the investment manager's bottom-up research process, and in its engagement with companies, the investment manager incorporates an assessment of sustainability-related risks into the assessment process to determine impacts on the value of a security or portfolio. These criteria may include, but are not limited to, ESG themes such as climate change, human rights and diversity, health and safety, governance, and disclosure, which the investment manager considers as "material ESG issues".

ESG tilt: The fund aims to maintain a higher ESG score at portfolio level than the sustainability indicator comparison benchmark, according to a proprietary ESG scoring methodology developed by the investment manager. The investment manager monitors the attainment of the environmental and social characteristics promoted by the fund by monitoring the fund's ESG score against that of the sustainability indicator comparison benchmark. The proprietary ESG scoring methodology developed by the investment manager is based on external ESG data provided by third party vendors as well as the investment manager's qualitative evaluation of investee companies. To determine the customized ESG score for a company, an industry-adjusted score, provided by a third-party data provider as determined by the investment manager, is used as a quantitative base to reflect the company's ESG performance relative to the standards and performance of the company's industry peers. The investment manager then adjusts this score based on their own qualitative assessment and expectations of how a company's ESG activities may improve corporate value, considering the following criteria:

- Attitude to Engagement;
- ESG Commitment;
- ESG Disclosure;
- Business Strategy including ESG;
- Business Risks from an ESG viewpoint; and
- Expectation for change.

The ESG scores of the fund's investments are then aggregated at the portfolio level and monitored daily against the ESG score for the sustainability indicator comparison benchmark, which may be subject to similar adjustment by the investment manager based on its own qualitative assessment as described above.

Exclusions: The fund applies a binding screening process to exclude companies:

- which generate 10% or more of their revenue from thermal coal mining and/ or 10% or more of their revenue from thermal coal power generation;
- which generate 5% or more of their revenues from the supply of key products necessary for the production of tobacco products, such as filters, or which directly manufacture tobacco products;
- which generate 5% or more of their revenue from producing adult entertainment;
- which generate 5% or more of their revenues from producing civilian firearms;
- which manufacture whole weapons systems, intended use components, or are a majority owner, or majority owned by, a controversial weapons company, including cluster munitions;
- which derive 5% or more of their revenue from gambling activities;
- which have experienced severe ESG controversies where appropriate remedial action has not been taken in the view of the investment manager; or
- which fail to adhere to international norms, including the UN Guiding Principles, UN Global Compact, the OECD Guidelines for Multinational Enterprises and the International Labour Organization's fundamental principles.

The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager, the sub-investment manager and the management company. The sub-investment manager's Risk Management team, which is independent from the investment team, monitors compliance with the Investment Guidelines of the fund on a daily basis. The Risk Management team reports its monitoring results on a semi-annual basis to the sub-investment manager's Risk Management Committee and proactively engages with the investment team, if necessary.

Various functions within the investment manager and management company monitor compliance with the strategy on a continuous basis. The management company's Investment Oversight team and the investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with investment teams to conduct regular portfolio/performance reviews and systematic checks to ensure compliance with portfolio investment objectives, investment and client guidelines, taking into account changing market conditions, information and strategy developments.

Investments that are held by the fund but become restricted under the exclusions listed above after they are acquired for the fund will be sold. Such sales will take place over a time period to be determined by the investment manager, taking into account the best interests of the shareholders of the fund.

The investment manager monitors business practices on an ongoing basis, through data on ESG controversies and standards screening that the investment manager sources from third party providers, including UN Global Compact violations, as well as its own engagement with company management and research. The analysis may be supported by third party ESG controversies analysis and business involvement metrics.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the investment strategy used to select the investments to achieve the E/S characteristics promoted are the following:

- The fund aiming to maintain a higher ESG score at portfolio level than the sustainability indicator comparison benchmark
- The exclusionary criteria applied by the fund

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

- ***What is the policy to assess good governance practices of the investee companies?***

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The investment manager recognizes that it is important for a company to pursue business management by giving adequate consideration to shareholder profits and the sustainable enhancement of corporate value and that, for this purpose, it is essential for the company's corporate governance to work appropriately. The investment manager therefore considers, for all investee companies within the fund, whether investee companies maintain sound management structures. For this purpose the investment manager considers issues such as the effectiveness and composition of the board of directors, and regards it as desirable that boards of directors include an outside director in an independent position in order to more certainly ensure the transparency, objectivity and appropriateness of decisions made and of the process of decision-making of the board.

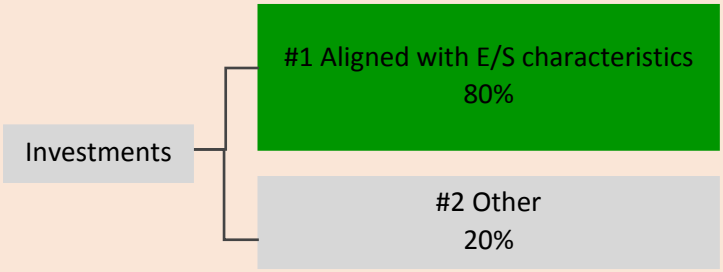
Consideration is given, also, to employee relations, fair remuneration of staff and tax compliance, in order to ensure that investee companies follow good governance practice.

This is done through the monitoring of data on governance-related issues, as well as on other environmental and/or social factors and controversies, sourced from third party providers, through in-house research, and through engagement with the management of selected issuers on corporate governance and disclosure issues.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The exclusionary screens and ESG tilt apply to at least 80% of the fund's assets, which will be used to attain the fund's environmental and social characteristics. The remaining investments of the fund are comprised of cash and cash equivalents, or derivatives used for hedging purposes, which will not be used to attain the fund's environmental or social characteristics.

These percentages are measured according to the value of the investments.

As noted above, the ESG tilt is applied at a portfolio level (and not at the level of individual holdings), meaning that individual holdings may have lower ESG scores than the average of the portfolio as a whole or the average for the sustainability indicator comparison benchmark.

The fund will not make any investments that meet either the "Sustainable Investment" test in the EU Sustainable Finance Disclosure Regulation ("SFDR") rules, nor will the investments of the fund take into the account the EU criteria for environmentally sustainable economic activities under the EU Taxonomy Regulation.

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

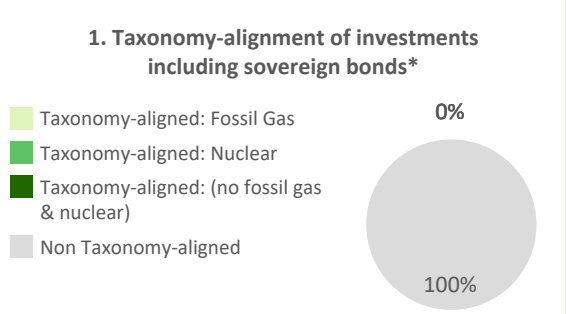
- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?*[1]**

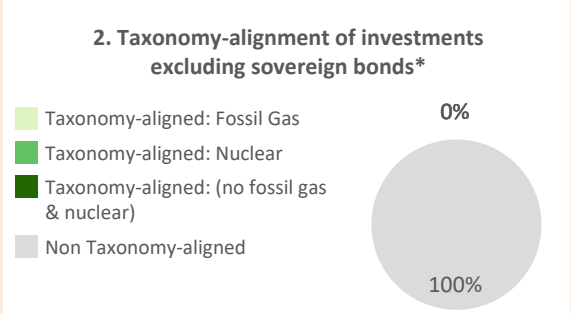
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

- ***What is the minimum share of investments in transitional and enabling activities?***

As the fund does not commit to invest any sustainable investment within the meaning of the EU Taxonomy, the minimum share of investments in transitional and enabling activities within the meaning of the EU Taxonomy is therefore also set at 0%.

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund promotes environmental and social characteristics but does not commit to making any sustainable investments. As a consequence, the fund does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

What is the minimum share of socially sustainable investments?

Not applicable.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

This fund may have investments in hedging instruments and may hold cash and cash equivalents held as ancillary liquidity. These are included in the "#2 Other" category and are not subject to any minimum environmental or social safeguards.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.

Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_japaneseequity_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
Japanese Small-Mid Cap Equity Fund	254900YCNT4U7C2VHY64

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

ESG tilt: The fund promotes environmental and social characteristics by aiming to maintain a higher ESG score at portfolio level than the sustainability indicator comparison benchmark, according to a proprietary ESG scoring methodology developed by the investment manager.

Exclusions: The fund also promotes:

- the environmental characteristic of contributing towards climate change mitigation by excluding companies involved in thermal coal mining and generation; and
- the social characteristic of avoiding investments in certain activities which can cause harm to human health and wellbeing.

Additionally, the fund contributes to environmental and social themes by avoiding investments in issuers which have experienced severe ESG controversies (and no appropriate remedial action has taken place), or which have failed to adhere to certain international norms.

Further detail regarding the investment manager's ESG scoring methodology and on the nature of these exclusions is set out in response to the question '*What investment strategy does this financial product follow?*'.

No reference benchmark has been designated for the purpose of attaining the environmental and social characteristics promoted by the fund.

Unless otherwise noted, references to the investment manager refer to the investment manager of the fund and/or any sub-investment manager engaged for management of the fund (as appropriate).

The fund's sustainability indicator comparison benchmark is the MSCI Japan Small Cap Index.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

ESG tilt: The sustainability indicator is the aggregate portfolio level ESG score of the fund against that of the sustainability indicator comparison benchmark.

Exclusions: The sustainability indicator used to measure the attainment of the fund's environmental and social characteristics is the proportion of the fund invested in securities that violate any of the exclusion criteria. The relevant sustainability indicator is therefore that 0% of the fund's investments are in violation of the fund's exclusion criteria.

The indicators are measured using third-party data and, with respect to ESG scoring, the investment manager's qualitative evaluation of investee companies.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

Not applicable.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

Not applicable.

How have the indicators for adverse impacts on sustainability factors been taken into account?

Not applicable.

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Not applicable.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund considers some of the principal adverse impacts ("**PAI**") indicators on sustainability factors through the fund's exclusions, as follows:

- The fund excludes companies which receive a certain percentage of their revenue from thermal coal mining and generation. The fund therefore partly considers PAI indicator 4: exposure to companies active in the fossil fuel sector.
- The fund excludes companies which have committed violations of the UN Global Compact principles and Organisation for Economic Cooperation and Development ("OECD") Guidelines for Multinational Enterprises. The fund therefore considers PAI indicator 10: violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises.
- The fund excludes companies which have any exposure to controversial weapons. The fund therefore considers the PAI indicator 14: exposure to controversial weapons.

In addition, the investment manager also engages with companies on the following PAIs on a materiality basis (i.e., if the investment manager considers a particular PAI indicator to be materially relevant to, or impacted by, the activities of the issuer):

- PAI indicator 1: GHG emissions;
- PAI indicator 2: carbon footprint;
- PAI indicator 3: GHG intensity of investee companies;
- PAI indicator 5: share of non-renewable energy consumption and production;
- PAI indicator 6: energy consumption intensity per high impact climate sector; and
- PAI indicator 13: board gender diversity. The fund will make information available on how it has considered PAIs in its periodic reports to investors.

The fund will make information available on how it has incorporated the PAIs into the fund in its periodic reports to investors.



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The fund primarily invests in the equity securities of companies that are located, or conduct most of their business, in Japan; and which meet the investment manager's ESG criteria while integrating ESG characteristics by maintaining higher sustainability scores at the portfolio level than the sustainability indicator comparison benchmark. As part of the investment manager's bottom-up research process, and in its engagement with companies, the investment manager incorporates an assessment of sustainability-related risks into the assessment process to determine impacts on the value of a security or portfolio. These criteria may include, but are not limited to, ESG themes such as climate change, human rights and diversity, health and safety, governance, and disclosure, which the investment manager considers as "material ESG issues".

ESG tilt: The fund aims to maintain a higher ESG score at portfolio level than the sustainability indicator comparison benchmark, according to a proprietary ESG scoring methodology developed by the investment manager. The investment manager monitors the attainment of the environmental and social characteristics promoted by the fund by monitoring the fund's ESG score against that of the sustainability indicator comparison benchmark. The proprietary ESG scoring methodology developed by the investment manager is based on external ESG data provided by third party vendors as well as the investment manager's qualitative evaluation of investee companies. To determine the customized ESG score for a company, an industry-adjusted score, provided by a third-party data provider as determined by the investment manager, is used as a quantitative base to reflect the company's ESG performance relative to the standards and performance of the company's industry peers. The investment manager then adjusts this score based on their own qualitative assessment and expectations of how a company's ESG activities may improve corporate value, considering the following criteria:

- Attitude to Engagement;
- ESG Commitment;
- ESG Disclosure;
- Business Strategy including ESG;
- Business Risks from an ESG viewpoint; and
- Expectation for change.

The ESG scores of the fund's investments are then aggregated at the portfolio level and monitored daily against the ESG score for the sustainability indicator comparison benchmark, which may be subject to similar adjustment by the investment manager based on its own qualitative assessment as described above.

Exclusions: The fund applies a binding screening process to exclude companies:

- which generate 10% or more of their revenue from thermal coal mining and/ or 10% or more of their revenue from thermal coal power generation;

- which generate 5% or more of their revenues from the supply of key products necessary for the production of tobacco products, such as filters, or which directly manufacture tobacco products;
- which generate 5% or more of their revenue from producing adult entertainment;
- which generate 5% or more of their revenues from producing civilian firearms;
- which manufacture whole weapons systems, intended use components, or are a majority owner, or majority owned by, a controversial weapons company, including cluster munitions;
- which derive 5% or more of their revenue from gambling activities;
- which have experienced severe ESG controversies where appropriate remedial action has not been taken in the view of the investment manager; or
- which fail to adhere to international norms, including the UN Guiding Principles, UN Global Compact, the OECD Guidelines for Multinational Enterprises and the International Labour Organization's fundamental principles.

The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager, the sub-investment manager and the management company. The sub-investment manager's Risk Management team, which is independent from the investment team, monitors compliance with the Investment Guidelines of the fund on a daily basis. The Risk Management team reports its monitoring results on a semi-annual basis to the sub-investment manager's Risk Management Committee and proactively engages with the investment team, if necessary.

Various functions within the investment manager and management company monitor compliance with the strategy on a continuous basis. The management company's Investment Oversight team and the investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with investment teams to conduct regular portfolio/performance reviews and systematic checks to ensure compliance with portfolio investment objectives, investment and client guidelines, taking into account changing market conditions, information and strategy developments.

Investments that are held by the fund but become restricted under the exclusions listed above after they are acquired for the fund will be sold. Such sales will take place over a time period to be determined by the investment manager, taking into account the best interests of the shareholders of the fund.

The investment manager monitors business practices on an ongoing basis, through data on ESG controversies and standards screening that the investment manager sources from third party providers, including UN Global Compact violations, as well as its own engagement with company management and research. The analysis may be supported by third party ESG controversies analysis and business involvement metrics.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The binding elements of the investment strategy used to select the investments to achieve the E/S characteristics promoted are the following:

- The fund aiming to maintain a higher ESG score at portfolio level than the sustainability indicator comparison benchmark
- The exclusionary criteria applied by the fund

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

Not applicable.

What is the policy to assess good governance practices of the investee companies?

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The investment manager recognizes that it is important for a company to pursue business management by giving adequate consideration to shareholder profits and the sustainable enhancement of corporate value and

that, for this purpose, it is essential for the company's corporate governance to work appropriately. The investment manager therefore considers, for all investee companies within the fund, whether investee companies maintain sound management structures. For this purpose the investment manager considers issues such as the effectiveness and composition of the board of directors, and regards it as desirable that boards of directors include an outside director in an independent position in order to more certainly ensure the transparency, objectivity and appropriateness of decisions made and of the process of decision-making of the board.

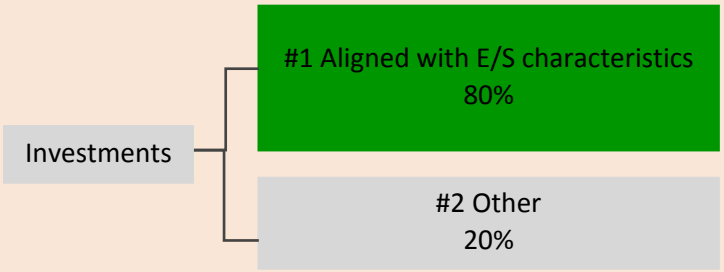
Consideration is given, also, to employee relations, fair remuneration of staff and tax compliance, in order to ensure that investee companies follow good governance practice.

This is done through the monitoring of data on governance-related issues, as well as on other environmental and/or social factors and controversies, sourced from third party providers, through in-house research, and through engagement with the management of selected issuers on corporate governance and disclosure issues.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The exclusionary screens and ESG tilt apply to at least 80% of the fund's assets, which will be used to attain the fund's environmental and social characteristics. The remaining investments of the fund are comprised of cash and cash equivalents, or derivatives used for hedging purposes, which will not be used to attain the fund's environmental or social characteristics.

These percentages are measured according to the value of the investments.

As noted above, the ESG tilt is applied at a portfolio level (and not at the level of individual holdings), meaning that individual holdings may have lower ESG scores than the average of the portfolio as a whole or the average for the sustainability indicator comparison benchmark.

The fund will not make any investments that meet either the "Sustainable Investment" test in the EU Sustainable Finance Disclosure Regulation ("SFDR") rules, nor will the investments of the fund take into the account the EU criteria for environmentally sustainable economic activities under the EU Taxonomy Regulation.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

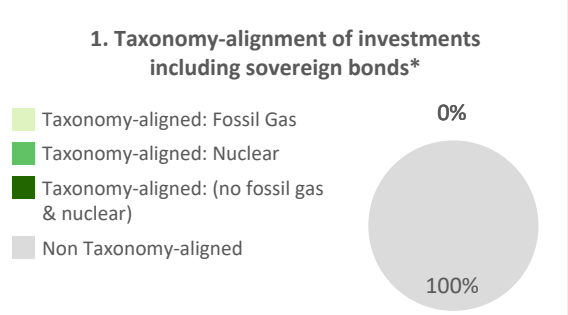
● ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?***[1]

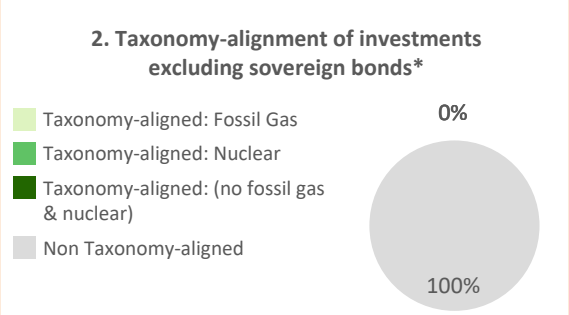
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





This graph represents 100% of the total investments.

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

● ***What is the minimum share of investments in transitional and enabling activities?***

As the fund does not commit to invest any sustainable investment within the meaning of the EU Taxonomy, the minimum share of investments in transitional and enabling activities within the meaning of the EU Taxonomy is therefore also set at 0%.

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund promotes environmental and social characteristics but does not commit to making any sustainable investments. As a consequence, the fund does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

What is the minimum share of socially sustainable investments?

Not applicable.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

This fund may have investments in hedging instruments and may hold cash and cash equivalents held as ancillary liquidity. These are included in the "#2 Other" category and are not subject to any minimum environmental or social safeguards.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.

Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_japaneseequity_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
NextGen Emerging Markets Fund	5493005TO95BBNXCKP66

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

The fund avoids investments in certain industries with the potential to cause harm to the environment and to human health and wellbeing, such as tobacco and weapons, by applying binding exclusions. The fund also promotes the environmental characteristic of contributing towards climate change mitigation by seeking to achieve a lower carbon footprint than the MSCI Frontier Emerging Markets Index in aggregate at the portfolio level.

Further detail is set out below (in response to the question, "*What investment strategy does this financial product follow?*").

The fund does not use a reference benchmark to attain its environmental or social characteristics.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The following sustainability indicators are used to measure the attainment of the fund's environmental and social characteristics:

Objective	Sustainability indicators
1. ESG exclusions	The application of the exclusionary screens to the fund's investments is measured by the percentage of the fund's investments which breach the exclusionary screens. The relevant sustainability indicator is therefore that 0% of the fund's equity investments are in violation of the fund's exclusionary screens.
2. Lower carbon footprint than MSCI Frontier Emerging Markets Index at an aggregate portfolio level	Weighted Average Carbon Intensity of portfolio compared against MSCI Frontier Emerging Markets Index.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

Not applicable.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

Not applicable.

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Not applicable.

— *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Not applicable.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund considers some of the principal adverse impacts ("**PAI**") on sustainability factors through the fund's exclusionary criteria as follows:

- The fund excludes issuers whose core business is in thermal coal mining and extraction and thermal coal power generation. The fund therefore partly considers PAI indicator number 4: exposure to companies active in the fossil fuel sector.
- The fund excludes issuers which derive any revenue from controversial weapons manufacturing or retail. The fund therefore considers PAI indicator number 14: exposure to controversial weapons.
- The fund excludes issuers which have committed violations of the UN Global Compact, the UN Guiding Principles on Business and Human Rights, or which have experienced the most severe controversies, which have not been remediated relating to violations of the OECD Guidelines for Multinational Enterprises. The fund therefore considers PAI indicator number 10: violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises.

Lastly, the fund considers engagement and stewardship with issuers across all relevant mandatory PAI indicators in the SFDR rules on a materiality basis (i.e., if the investment manager considers a particular PAI indicator to be materially relevant to, or impacted by, the activities of the issuer).

The fund will make information available on how it has incorporated the PAIs in its periodic reports to investors.



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

ESG exclusions: The fund avoids investments in certain industries with the potential to cause harm to the fund's environmental and social characteristics by applying binding exclusions. For the purposes of our restriction policy, the fund's universe is defined as the MSCI indices of the following countries, among others: Albania, Algeria, Argentina, Bahrain, Bangladesh, Bolivia, Botswana, Brazil, Bulgaria, Chile, Colombia, Costa Rica, Cote d'Ivoire, Croatia, Czech Republic, Dominican Republic, Ecuador, Egypt, Estonia, Ethiopia, Georgia, Ghana, Greece, Guatemala, Guinea, Haiti, Honduras, Hungary, Iceland, India, Indonesia, Jamaica, Jordan, Kazakhstan, Kenya, Kuwait, Laos, Latvia, Lebanon, Lithuania, Malaysia, Mauritius, Mexico, Mongolia, Morocco, Mozambique, Namibia, Nigeria, Oman, Pakistan, Panama, Paraguay, Peru, Poland, Philippines, Qatar, Romania, Russia, Rwanda, Saudi Arabia, Serbia, Senegal, Slovenia, Slovakia, South Africa, Sri Lanka, Tanzania, Trinidad & Tobago, Thailand, Turkey, Turkmenistan, Ukraine, United Arab Emirates, Uganda, Uruguay, Uzbekistan, Vietnam, and Zambia. The countries within the investment universe may change from time to time.

In particular, the fund excludes investments in the following:

i. i. companies whose core business, as defined by 10% revenue using the MSCI Business Involvement Screening Research Tool (MSCI BISR Tool), is thermal coal mining extraction, thermal coal- based power generation, adult entertainment or tobacco;
ii. companies with more than 5% revenue from arctic oil and gas, oil sands, and gambling; and
iii. companies with any exposure to civilian firearms or controversial weapons.
iv. companies which have experienced the most severe controversies which have not been remediated or which have committed violations of the UN Global Compact, the UN Guiding Principles on Business and Human Rights, or the OECD Guidelines for Multinational Enterprises.

Carbon footprint: the fund promotes the environmental characteristic of contributing towards climate change mitigation by seeking to achieve a lower carbon footprint than the MSCI Frontier Emerging Markets Index in aggregate at the portfolio level.

Investments that are held by the fund but become restricted because they breach the investment restrictions set out above after they are acquired for the fund will be sold. Such sales will take place over a time period to be determined by the investment manager, considering the best interests of the Shareholders of the fund.

Further to the above, the investment manager may, in its discretion, elect to apply additional ESG-related investment restrictions over time that it believes are consistent with its investment objectives. Such additional restrictions will be disclosed in the fund's SFDR Website Disclosure.

Subject to the fund's investment objective and its binding Article 8 characteristics (as explained above), the investment team retains discretion over which investments are selected for inclusion in the fund.
The fund is actively managed by the investment manager on an ongoing basis in accordance with its investment strategy. The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager and the management company. The investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with the investment team to conduct regular portfolio/performance reviews and systemic checks to ensure compliance with portfolio investment objectives, investment and client guidelines, taking into account changing market conditions, information and strategy developments.

In addition to the ESG considerations described in this summary on a binding basis, the fund integrates ESG considerations in the investment decision-making process to support its environmental and social characteristics on a non-binding basis, based on the investment manager's in-house research and methodologies and on third-party data.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The binding elements of the investment strategy used to select the investments to achieve the environmental / social characteristics promoted are the following:

- The exclusionary criteria applied by the fund.
- The fund seeking to achieve a lower carbon footprint than the MSCI Frontier Emerging Markets Index in aggregate at the portfolio level.

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

Not applicable.

What is the policy to assess good governance practices of the investee companies?

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

All investee companies within the fund are assessed on their governance which is embedded in the investment process and considered as part of initial research and stock selection. The team also engages with companies and boards directly on issues material to governance, among other issues. An investment has to be considered by the investment manager to have good governance to be included within the portfolio.

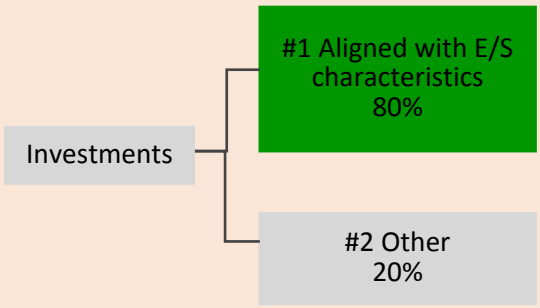
As an input to its governance assessment, the investment team has also chosen several third-party binary (pass/fail) proxy indicators to assess issuer management structures, employee relations, remuneration of staff and tax compliance, to the extent they are covered by third party providers. In the event that an issuer fails

under one of these proxy indicators, the default position is that the issuer will be excluded from the fund. The investment manager may include issuers that fail on one or more of these proxy indicators where (i) it considers that the third party data is inaccurate or out of date; or (ii) it considers that, upon review, the issuer is exhibiting good governance practices overall (such that the results of the proxy indicator tests do not in fact indicate a material impact on good governance). In reaching this determination, the investment manager may take into account any remedial actions being undertaken by the company.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Category #1 investments (i.e. those aligned with environmental and/or social characteristics) comprise all investments that are screened against the binding exclusions. Category #2 investments are those investments that are not screened against the fund's exclusions including derivatives held for portfolio management purposes and cash and equivalents.

As explained above, the fund's aim to maintain a lower carbon footprint than the MSCI Emerging Markets Index is applied at a portfolio level (and not at the level of individual holdings, some of which may on an individual basis have a higher carbon intensity than the portfolio level average or target).

The fund does not intend to make any sustainable investments within the meaning of the SFDR).

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

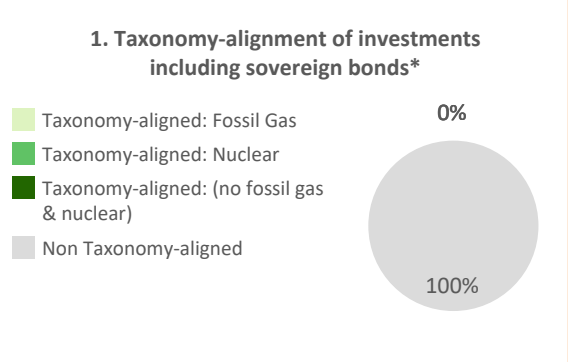
● ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?***[1]

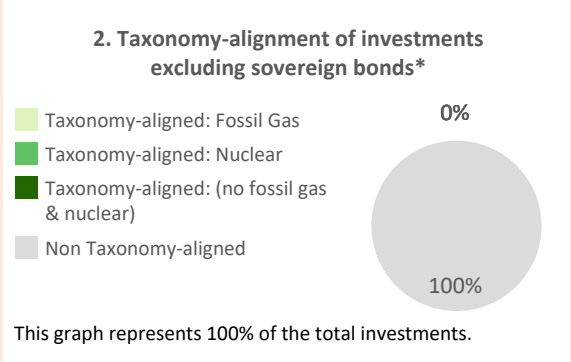
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





This graph represents 100% of the total investments.

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

● ***What is the minimum share of investments in transitional and enabling activities?***

As the fund does not commit to invest any sustainable investment within the meaning of the EU Taxonomy, the minimum share of investments in transitional and enabling activities within the meaning of the EU Taxonomy is therefore also set at 0%.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund promotes environmental and social characteristics but does not commit to making any sustainable investments. As a consequence, the fund does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

What is the minimum share of socially sustainable investments?

Not applicable.

What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

Category "#2 Other" investments may be comprised of cash and derivatives held for efficient portfolio management and/or liquidity purposes. These instruments are not subject to environmental and/or social screening or any minimum environmental or social safeguards.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.

Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_nextgenemergingmarkets_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
QuantActive Global Infrastructure Fund	549300FWCN1WWNKTBN70

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

The fund promotes environmental and social characteristics of limiting its negative environmental and social externalities and selecting securities with superior ESG profiles through its exposure to securities which will be assessed against a set of universal environmental, social and governance ("ESG") topics.

The fund uses the Institutional Shareholder Services (ISS) ESG Corporate Rating ("ISS ESG Rating") to attain the promoted environmental and social characteristics:

A "Prime" status is granted to rated entities that are identified as having an ESG performance in line with or above a defined industry-specific grade and who meet performance expectations and are therefore seen as well-positioned to mitigate negative and generate positive social and environmental impacts, as capitalize on opportunities offered by transformations towards sustainable development. The fund promotes the social characteristic of avoiding investments in certain activities which can cause harm to human health and wellbeing or be damaging to social cohesion. The fund also excludes certain companies which have experienced notable sustainability-related controversies, or which are in violation of international norms.

Further detail on the ISS ESG Rating and the nature of these exclusions is set out below (in response to the question "*What investment strategy does this financial product follow?*").

The fund has not designated a reference benchmark for the purposes of attaining its social characteristics.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The following sustainability indicators are used to measure the attainment of the fund's environmental and social characteristics:

The fund will use the weighting of equity securities with a "Prime Adjusted" status, against the ISS ESG Corporate Rating of its investment universe, at each rebalancing date to measure the attainment of the environmental or social characteristics described below, where "Prime Adjusted" means the equity securities with an ESG score equal or above Prime threshold minus 0.5 as explained above.

The application of the exclusionary screens to the fund's investments is measured by the percentage of the fund's investments which breach the exclusionary screens. The relevant sustainability indicator is therefore that 0% of the fund's investments are in violation of the fund's exclusionary screens.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

Not applicable

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

Not applicable

How have the indicators for adverse impacts on sustainability factors been taken into account?

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

Not applicable

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Not applicable

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

As described under *What investment strategy does this financial product follow?* below, the fund does not knowingly invest companies that fail to comply with the UN Global Compact or the ILO fundamental principles, unless the investment manager considers that the company is taking appropriate steps for material remediation and improvement. The fund therefore considers, PAI indicator number 10: violations of the UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises.

The fund will make information available on how it has incorporated the PAIs into the fund in its periodic reports to investors.



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The investment manager utilizes a discretionary factor-based bottom-up approach to screen the investment universe to identify those securities whose performance demonstrate strong factor correlations. Additional layers of filtering are applied to further reduce the universe to ensure a concentrated portfolio of higher conviction positions. The portfolio is further adjusted based on the ESG Corporate Rating from ISS with higher allocation to those companies receiving a more favourable score and lower allocations to those companies receiving a lower score.

ESG Weighting:

The ISS ESG Corporate Rating has been developed by Institutional Shareholder Services, which is a leading provider of corporate governance and responsible investment solutions, market intelligence, fund services and events as well as editorial content for institutional investors and corporations, globally (3400+ clients, 2600+

employees across 29 locations). The ISS ESG Corporate Rating provides relevant, material and forward-looking environmental, social and governance (ESG) data and performance assessments.

The fund will use the weighting of equity securities with a "Prime Adjusted" status to measure the attainment of the environmental or social characteristics described above, where "Prime Adjusted" designates the equity securities with an ESG score equal or above Prime threshold minus 0.5. The ISS ESG rating scale applies range from 1.0 (worst) to 4.0 (best). Additionally, ISS assigns "Prime" thresholds for companies with a rating above 2.0 or 2.5 depending on their respective sector to identify companies who are well-equipped to mitigate negative and generate positive social and environmental impacts, and seize opportunities related to sustainable development and associated societal transformations. On this basis, "Prime Adjusted" thresholds are set as "Prime" thresholds minus 0.5, in range from 1.5 to 2.0 depending on their respective sector, to identify companies with an ESG performance in line with or above a defined industry-specific grade.

- Based on an overall pool of over 700 indicators, ISS ESG Rating applies approximately 100 social, environmental, and governance-related indicators per rated entity, covering topics such as employee matters, supply chain management, business ethics, corporate governance, environmental management or even eco-efficiency. ISS ratings are awarded sector by sector via a "Best-in-Class" approach. This approach favours the highest rated companies from an extra-financial point of view within their sector of activity, without favouring or excluding a sector;

- Differentiated weighting scenarios ensure that the most material topics for a given line of business/ industry are taken into account.

The investment manager adjusts the weighting of the selected securities, excluding new issues (which do not benefit from an ISS rating), according to the ESG Corporate Rating of ISS. The objective is to increase the allocation to values with the best ISS scores vis-à-vis their respective sector, while the allocation to values with the lowest scores is reduced. This step aims to improve, at each rebalancing date, the weighted ISS ESG Rating of the investment portfolio compared to the ISS ESG Rating of the fund's investment universe.

Social exclusions:

The fund shall not knowingly invest in any company which derives more than 10% of company revenue from any one of the following activities:
- manufacturing or production of tobacco;
- manufacturing or production of controversial weapons and civilian firearms;
- operating gambling activity; and
- operating adult entertainment

In addition, the fund shall not knowingly invest in the following companies:
- companies that do not have at least one female board member.

International norms exclusions:

The fund shall not knowingly invest in the following companies:
- companies that have experienced a notable sustainability-related controversy related to their operations and/or products, where the severity of the social or environmental impact of the controversy is above a certain threshold based on third party data, unless the investment manager considers that the company is taking appropriate steps for material remediation and improvement; or

- companies that fail to comply with the UN Global Compact or the ILO fundamental principles, unless the investment manager considers that the company is taking appropriate steps for material remediation and improvement.

The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager and the management company. the investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with the investment teams to conduct regular portfolio/performance reviews and systemic checks to ensure compliance with portfolio investment objectives, investment and client guidelines, taking into account changing market conditions, information and strategy developments.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted are the following:

- The weighted ISS ESG Rating of the investment portfolio will be higher than the rating of the investment universe at each rebalancing date.
- The exclusionary criteria applied by the fund.

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

Not applicable.

What is the policy to assess good governance practices of the investee companies?

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

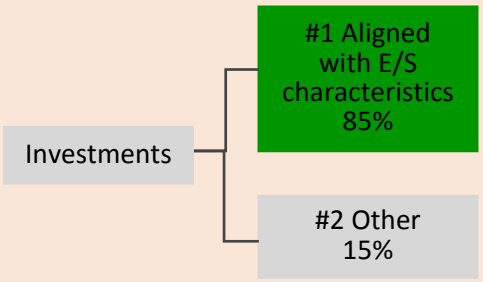
Please see response to the question What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

In addition, within the "G" pillar of ISS ESG Rating methodology, companies' management structures are evaluated, including, for instance, the independence of the board of directors, the presence of relevant independent board committees, as well as remuneration policies. Employee relations are considered in the Corporate Rating's "S" pillar which include a company's management approach and performance relative to fundamental principles and rights at work as well as labour conditions. Responsible tax practices and a company's broader engagement with governments in terms of political spending and lobbying activities form part of the "S" pillar as well.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

At least 85% of the fund's assets will be aligned with the environmental and social characteristics promoted by the fund ("#1 Aligned with E/S Characteristics"). The fund is authorised to invest a maximum of 15% of the assets in hedging and/or cash instruments including unfiltered assets for diversification ("#2 Others").

These percentages are measured according to the value of the investments.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

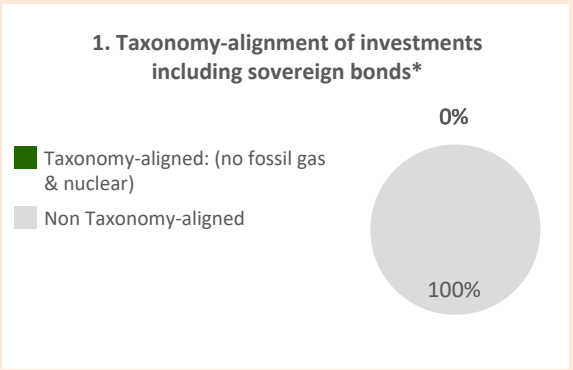
- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?***[1]

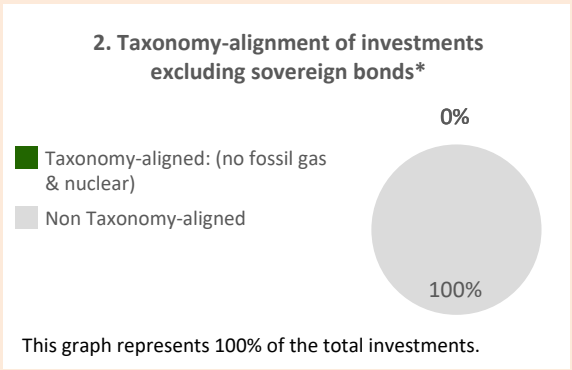
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

- ***What is the minimum share of investments in transitional and enabling activities?***

As the fund does not commit to invest any sustainable investment within the meaning of the EU Taxonomy, the minimum share of investments in transitional and enabling activities within the meaning of the EU Taxonomy is therefore also set at 0%.

[1]Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund promotes environmental and social characteristics but does not commit to making any sustainable investments. As a consequence, the fund does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

What is the minimum share of socially sustainable investments?

Not applicable

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The fund may make investments in hedging and/or cash instruments as well as unfiltered investments for diversification purposes: i.e. securities do not benefit from an ESG ISS rating. These are included in the "#2 Other" category. These instruments are not subject to environmental and/or social screening or any minimum environmental or social safeguards.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable

Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_globalinfrastructure_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
Sustainable Emerging Markets Equity Fund	T65E8GUFX6U708NUAP89

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 35_% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☒ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

The fund promotes environmental and social characteristics in the following ways.

Firstly, a minimum of 40% of the fund's portfolio is thematically aligned towards sustainable development in one of the investment manager's chosen environmental and social sub-themes, which may include but are not limited to:

- responsible energy transition;
- sustainable production and circular economy;
- decent work and innovation;
- access and affordability and
- responsible corporates

The fund may add new themes relating to environmental and social development as validated and supported by additional sustainable metrics, in which case updates shall be made to relevant disclosures as soon as practical.

Secondly, the fund avoids investments in certain industries with the potential to cause harm to the environmental and social characteristics described above by applying binding exclusions. Further detail on the nature of these exclusions is set out below (in response to the question, "What investment strategy does this financial product follow?").

Thirdly, having regard to the carbon reduction objectives of the Paris Agreement the fund promotes the environmental characteristic of contributing towards climate change mitigation by seeking to achieve a significantly lower carbon footprint than the MSCI Emerging Markets Index in aggregate at the portfolio level.

Finally, the fund invests a minimum of 35% of its portfolio in sustainable investments.

No reference benchmark has been designated for the purpose of attaining the environmental and social characteristics promoted by the fund.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The following sustainability indicators are used to measure the attainment of the fund's environmental and social characteristics:

Objective	Sustainability indicators
1. Thematic alignment to sustainable development	The investment manager will seek to ensure that a minimum of 40% of the fund's assets are invested in the investment manager's chosen environmental and social sub-themes. The relevant criteria and sustainability indicators differ by sub-theme and include metrics such as revenue alignment, waste recycled and average wages. Please see *What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?* below for details on the sustainability indicators that are used.
2. ESG exclusions	The application of the exclusionary screens to the fund's investments is measured by the percentage of the fund's investments which breach the exclusionary screens. The relevant sustainability indicator is therefore that 0% of the fund's investments are in violation of the fund's exclusionary screens.
3. Significantly lower carbon footprint than the MSCI Emerging Markets Index at an aggregate portfolio level	Weighted Average Carbon Intensity of portfolio compared against the MSCI Emerging Markets Index

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The sustainable investments made by the fund will contribute to at least one of the environmental or social sub-themes listed above. The investment manager uses metrics to ensure that the sustainable investments contribute to at least one of these themes, for example:

(i) by considering quantifiable positive metrics such as aligned revenues (being revenues from activities aligned with a theme, e.g. revenues from renewable energy generation in the case of the responsible energy theme) and aligned business activities and/or operations; and

(ii) other relevant metrics such as (but not limited to) policies, initiatives, established targets, expenditures, customer composition metrics, and diversity metrics.

Each metric has a threshold or benchmark that the company must meet in order to be considered aligned with a sustainability theme, e.g. at least 20% for aligned revenues. Further detail regarding the relevant metrics for each sub-theme is set out under *What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?* below.

We obtain data on these metrics from company reporting and/or third party sources.

- ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

The fund's sustainable investments aim not to cause significant harm to any relevant environmental or social objectives by screening investments for: (i) minimum social safeguards and (ii) Principal Adverse Impact ("**PAI**") indicator screens. Companies that pass both data screens, and have a measurable positive contribution to environmental or social objectives are considered sustainable investments.

With respect to the PAI screen, the investment manager considers all mandatory PAI indicators that are relevant to the investment where data is available. The investment manager uses all available data sources including company reported and third party vendors and have thresholds for each PAI indicator.

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

All companies in the portfolio are screened for do no significant harm using both minimum social safeguards and principal adverse impact indicators. As part of the do no significant harm test for sustainable investments, the fund assesses the mandatory PAI indicators that are (i) relevant to the investment, and (ii) deemed material to a particular issuer, based on the investment manager's assessment of materiality.

For each mandatory PAI the fund sets thresholds specific to that PAI to determine whether significant harm is caused.

PAI indicators are sourced from company reported data, third-party data and the investment team's engagements with company management. The investment manager will use third party information, but may supplement individual data points based on company engagements or company websites.

The investment manager may use reasonable proxy indicators sourced from third parties to address the current lack of data for certain PAI indicators. The investment manager's use of proxy indicators will be kept under review and will be replaced by PAI data from third-party data providers, when the investment manager determines that sufficiently reliable data has become available.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The fund's investments are screened for minimum social safeguards, before going through the PAI screen described above.

The investment manager uses third party data sources to undertake minimum social safeguards screening. The screening undertaken includes identification of companies which are subject to UNGC and OECD controversy and compliance flags, as well as flags for compliance with international norms. In addition, the fund excludes investments in issuers that fail to comply with the UN Global Compact, or the OECD Guidelines for Multinational Enterprises.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund considers all of the mandatory PAI indicators on sustainability factors which are relevant to the investment for the portion allocated to sustainable investments, as described above. The portion of the fund that is not made of sustainable investments considers certain PAI through the fund's exclusionary criteria as follows:

- The fund excludes issuers whose core business is in thermal coal mining and extraction, thermal coal power generation and fossil fuels. The fund therefore partly considers PAI indicator number 4: exposure to companies active in the fossil fuel sector.
- The fund excludes issuers which derive any revenue from controversial weapons manufacturing or retail. The fund therefore considers PAI indicator number 14: exposure to controversial weapons.
- The fund excludes issuers which fail to comply with the UN Global Compact, or the OECD Guidelines for Multinational Enterprises. The fund therefore considers PAI indicator number 10: violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises.

Lastly, the fund considers engagement and stewardship with issuers across all relevant mandatory PAI indicators in the SFDR rules on a materiality basis, meaning if the investment manager considers a particular PAI indicator to be materially relevant to, or impacted by, the activities of the issuer, the investment manager will engage on that PAI.

The fund will make information available on how it has incorporated the PAIs in its periodic reports to investors.



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

Thematic alignment to sustainable development: The fund commits to having a minimum 40% of the portfolio thematically aligned to sustainable development in as defined below. These themes and metrics are subject to change without notice.

Sub-theme	Description	Metrics
Responsible Energy Transition	Companies that provide goods or services which support the energy transition	Companies must have either aligned revenues equal to or greater than 20% or aligned capital or operational expenditures equal to or greater than 20% dedicated to the transition to cleaner energy sources including but not limited renewable energy, energy efficiency, energy storage, carbon capture utilization and storage, and other green energy technology solutions.
Sustainable Production & Circular Economy	Companies that are either integrating circular economy principles and sustainable production practices as a core part of their operations and/or across its supply chain; or whose products and services enable achievement of circular economy goals	Companies with aligned revenues equal to or greater than 20%, or meaningful operational alignment of waste or water recycled or meaningful operational alignment of packaging / product designed to be recyclable, compostable, reusable or contain recycled content or other relevant circular economy or sustainable production metrics
Access & Affordability	Companies increase access to and affordability of goods and services, such as food, medicines, health care, banking, insurance, and education	Companies with aligned revenues equal to or greater than 20% or meaningful operational alignment from affordable and/or equitable financial services, consumer goods and services, healthcare goods and services, and/or basic goods and services, or other access and affordability metrics.
Decent Work & Innovation	Companies which are creating high quality jobs, developing human capital, and investing in research and development and innovation.	Companies with operational alignment as measured by wages above country living wages, gender or ethnic diversity metrics, meaningful international sales or research and development expenditures as a % of sales or other decent work and innovation metrics.
Responsible Corporates	Companies operating sustainably and ethically with a commitment to environmental and social responsibility	Responsible corporates must be willing to engage, have relevant policies and initiatives aimed at improving ESG risks/ opportunities and demonstrate compliance with international social norms and governance standards as determined by the investment manager's assessment.

ESG exclusions: The fund seeks to avoid investments in certain industries with the potential to cause harm to the fund's environmental and social characteristics by applying binding exclusions. In particular, the fund excludes investments in the following:

- companies that derive 50% or more revenues from coal, oil and natural gas based-electricity generation or exploration, extraction, manufacturing or distribution of fossil gaseous fuels. For the avoidance of doubt, biogas, biomethane, renewable and low carbon hydrogen or other gas that is considered renewable would not be excluded from the fund's universe;
- companies that derive 10% or more revenues from conventional weapons, adult entertainment, fossil fuels, tobacco, alcohol, or exploration, extraction, distribution and/or refining of oil fuels.
- companies with more than 5% revenue from Arctic oil and gas, oil sands, and gambling;

- companies that derive 1% of more of revenues from exploration, mining, extraction, distribution or refining of thermal and metallurgical coal;
- companies with any exposure to civilian firearms, controversial weapons or companies that produce tobacco;
- the MSCI EM index's highest carbon emitters (top 10 emitters for absolute emissions and top 20 emitters for emissions intensity); and
- companies that fail to comply with the UN Global Compact, or the OECD Guidelines for Multinational Enterprises

Such exclusions incorporate the PAB exclusions. The investment manager screens for the above business involvement using the MSCI Business Involvement Screening Research (MSCI BISR) tool.

The investment manager may apply additional ESG-related investment restrictions over time that it believes are consistent with the fund's investment objectives and its environmental and social characteristics. Further information on the investment manager's approach to such exclusions, and/or any additional restrictions applied to the fund will be disclosed in the fund's SFDR Website Disclosure, where necessary.

Carbon footprint: the fund seeks to achieve a significantly lower carbon footprint than the MSCI Emerging Markets Index in aggregate at the portfolio level.

Sustainable investments: The fund also invests a minimum of 35% of its portfolio in companies defined as sustainable investments, which are aligned with the sustainability themes described above in response to the question "What environmental and/or social characteristics are promoted by this financial product?", and which the investment manager has determined to do no significant harm to any relevant environmental or social objectives as described above.

The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager and the management company. the investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with the investment teams to conduct regular portfolio/performance reviews and systemic checks to ensure compliance with portfolio investment objectives, investment and client guidelines, taking into account changing market conditions, information and strategy developments.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The binding elements of the investment strategy used to select the investments to achieve the environmental / social characteristics promoted are the following:

- 40% minimum of the portfolio thematically aligned to sustainable development sub-themes
- The exclusionary criteria applied by the fund
- The fund seeking to achieve a significantly lower carbon footprint than the MSCI Emerging Markets Index in aggregate at the portfolio level
- 35% minimum of the portfolio invested in companies defined as sustainable investments

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

The fund commits to a 20% or more reduction of the investable universe (achieved through the binding exclusions described above), prior to sourcing potential investments.

What is the policy to assess good governance practices of the investee companies?

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

All investee companies within the fund are assessed on their governance which is embedded in the investment process and considered as part of initial research and stock selection. The team also engages with companies and boards directly on issues material to governance, among other issues. An investment has to be considered by the investment manager to have good governance to be included within the portfolio.

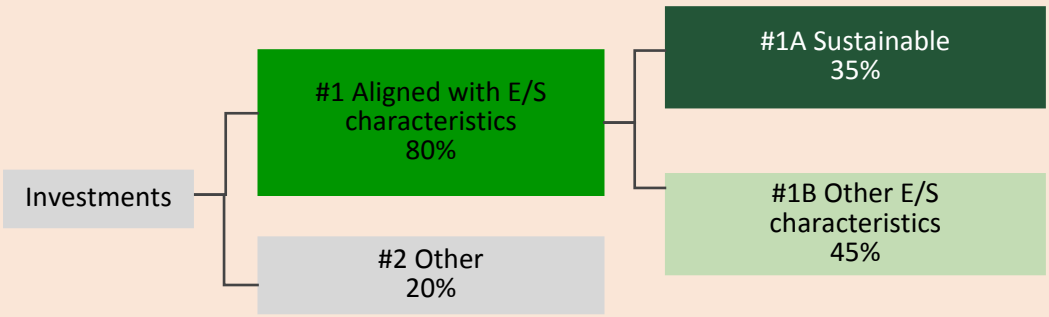
As an input to its governance assessment, the investment team has also chosen several third-party binary (pass/fail) proxy indicators to assess issuer management structures, employee relations, the remuneration of staff and tax compliance, to the extent they are covered by third party providers. In the event that an issuer

fails under one of these proxy indicators, the default position is that the issuer will be excluded from the fund. The investment manager may include issuers that fail on one or more of these proxy indicators where (i) it considers that the third party data is inaccurate or out of date; or (ii) it considers that, upon review, the issuer is exhibiting good governance practices overall (such that the results of the proxy indicator tests do not in fact indicate a material impact on good governance). In reaching this determination, the investment manager may take into account any remedial actions being undertaken by the company.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned** with E/S characteristics covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

A minimum of 80% of the fund's investments will be aligned with environmental and social characteristics; this includes the fund's 40% investments aligned with sustainable themes. The fund will allocate a minimum of 35% of its assets to sustainable investments. Among these, the fund commits to make 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time.

As explained above, the fund's aim to maintain a lower carbon footprint than the MSCI Emerging Markets Index is applied at a portfolio level (and not at the level of individual holdings, some of which may on an individual basis have a higher carbon intensity than the portfolio level average or target).

The remaining 20% of the fund's investments may not be aligned with environmental and/or social characteristics.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Not applicable

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

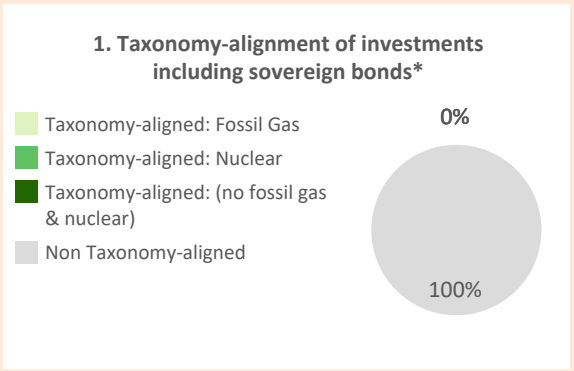
- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?[1]***

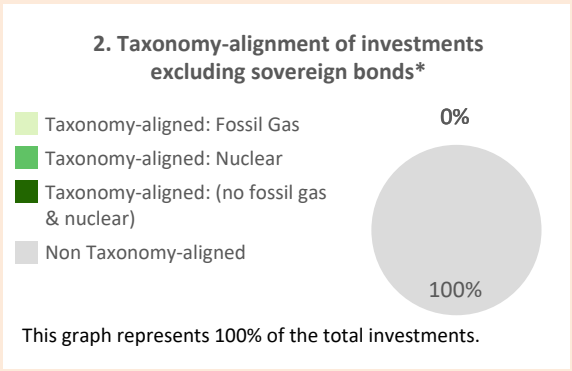
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





This graph represents 100% of the total investments.

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

- ***What is the minimum share of investments in transitional and enabling activities?***

As the fund does not commit to invest any sustainable investment within the meaning of the EU Taxonomy, the minimum share of investments in transitional and enabling activities within the meaning of the EU Taxonomy is therefore also set at 0%.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund intends to make a minimum of 35% of sustainable investments, as defined under the SFDR. Among these, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time. These sustainable investments will represent at least 35% of the portfolio holdings on an aggregated basis.

The EU Taxonomy does not comprehensively cover all industries and sectors, or even all environmental objectives. Accordingly, the investment manager uses its own methodology to determine whether certain

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

investments are sustainable in accordance with the SFDR sustainable investment test, and then partly invests in the fund in such assets.



What is the minimum share of socially sustainable investments?

The fund intends to make a minimum of 35% of sustainable investments. Among these, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time. These sustainable investments will represent at least 35% of the portfolio holdings on an aggregated basis.



What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The "#2 Other" category is expected to be made up of (i) companies with no sustainable theme or where a materiality analysis and/or dedicated engagement has not been completed, (ii) hedging instruments and/or (iii) cash held for ancillary liquidity. These investments are not subject to minimum environmental or social safeguards.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable



Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_sustainableemergingmarketsequity_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
Tailwinds Fund	254900DUO6ANON66OY60

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
It will make a minimum of **sustainable investments with an environmental objective: __%**	It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

The fund promotes the following environmental and social characteristics:

- limiting environmental externalities by excluding investments in coal; and
- avoiding investments in certain activities which can cause harm to human health and wellbeing, including tobacco and certain weapons, comprising civilian firearms, cluster munitions and anti-personnel mines

The fund has not designated a reference benchmark for the purpose of attaining its environmental or social characteristics.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The sustainability indicator is the percentage of companies in the fund which breach the exclusionary screens. The sustainability indicator will therefore be that 0% of the fund's investments are in violation of the fund's Restriction Screening Policy.

Compliance with the exclusions is monitored on an ongoing basis through an automated process, comprising pre- and post-trade guideline monitoring and exception-based screening.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

Not applicable.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

Not applicable.

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

Not applicable.

— *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Not applicable.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund considers principal adverse impacts ("PAI") on sustainability factors only in part, as follows:

The fund excludes issuers which receive a certain percentage of their revenue from thermal coal mining and extraction. The fund therefore partly considers the PAI indicator (4) exposure to companies active in the fossil fuel sector.

The fund excludes issuers which are involved in manufacturing the core weapon system of cluster munitions and anti-personnel mines. The fund therefore partly considers the PAI indicator (14) exposure to controversial weapons.

Where the investment manager considers the following PAI indicators to be materially relevant to, or impacted by, the activities of the issuer, it will also consider the following PAIs on sustainability factors. This will be done by the Investment Advisor (a) integrating ESG analysis within the research process and/or (b) engaging with management of investee companies. The PAIs considered are the following:

PAI indicator (1): Greenhouse gas emissions (GHG).
PAI indicator (3): GHG intensity.
PAI indicator (5): Non-Renewable energy consumption and production; and
PAI indicator (6): Energy consumption intensity per high impact climate sector.

As a result, the fund contributes to mitigating the fund's adverse impacts on these sustainability factors.

The fund will make information available on how it has incorporated the PAIs into the fund in its periodic reports to investors.

What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The Portfolio invests primarily in securities of companies located in the United States and internationally that are benefiting from or driving Sustainability Research Tailwinds. These Tailwinds include Economic Empowerment, Health, Access Democratization, Inclusive Communities, Resource Efficiency, Downstream Efficiency, Data Security, Effective Institutions, Stakeholder Cultures, and Structural Longtermism. Further descriptions of these Tailwinds provided:

- Economic Empowerment: Platforms enabling socio-economic empowerment and entrepreneurialism that enable increased business formation, allowing more individuals access to economic independence.
- Health: Healthcare innovation driving wellness by improving patient outcomes by the discovery of new therapies, improving patient behavior, increasing efficiency in the healthcare system, or extending healthcare access across the globe
- Access Democratization: Consumer democratization of access supporting consumer empowerment. By broadening individual access to knowledge, opportunities, services, or capital, employees and consumers are empowered to make better decisions which may lead to improved societal outcomes.
- Inclusive Communities: Communities and tools enabling belonging and inclusion, including deeper human connection, communication, collaboration and understanding, which is not just societally altruistic but can also create a loyal community that can be the foundation for an enduring business.
- Resource Efficiency: Upstream opportunities enabling efficiencies and/or reduced waste in manufacturing and supply chains, transportation, energy production, or agriculture, resulting in improved environmental outcomes.
- Downstream Efficiency: Waste management and circularity minimizing environmental costs; Enabling improved building construction and energy consumption; and carbon sequestration, all resulting in improved environmental outcomes.
- Data Security: Cyber security protecting data and privacy allow for both individual and enterprise safety of digital assets from unauthorized exploitation of data, systems, networks and technologies.

- Effective Institutions: Public institution effectiveness and safety. Tools and platforms that increased societal security, transparency, and efficiency at all levels of government, law enforcement and global development organizations lead to more efficiency and safer communities.
- Stakeholder Cultures: Ecosystem focus strengthening uniqueness durability and stakeholder alignment. When corporates align incentives between different stakeholders including employees, shareholders and the broader society, everyone wins.
- Structural Longtermism: Structures supporting long-term value creation. Corporates with Boards of Directors, governance structures, and compensation schemes aligned for long-term value creation are more adaptable, positioning themselves to benefit from change rather then be disrupted by it, leading to better outcomes for their employees, their consumers, and broader society.

At least 50% of the fund investments will have a material revenue or capital expenditure alignment (10% or greater) with at least one of the ten Tailwinds above.

Binding restriction screens are applied to the fund in accordance with the fund's Restriction Screening Policy.

The fund's Restriction Screening Policy is to restrict investments in corporate issuers whose core business activity, determined in accordance with the methodology set out below, involves:

- Tobacco;
- Coal; or
- Weapons, comprising civilian firearms, cluster munitions and anti-personnel mines.

The methodology used to determine the core business activity for the purpose of the above-described screening is as follows:

1. Revenue (as defined by external third-party data):
    - more than 5% of its recent-year revenue (or estimated revenue) from Tobacco;
    - more than 10% of its recent-year revenue (or estimated revenue) from Thermal Coal;
    - more than 10% of its recent-year revenue (or estimated revenue) from the Manufacture of Civilian Firearms and ammunition; or
2. Involvement as identified by an external third-party data provider through corporate ownership, in manufacturing the core weapon system, or components/services of the core weapon system that are considered tailor-made and essential for the lethal use of the weapon, or cluster munitions and anti-personnel mines.

No minimum reduction rate has been defined in relation to the fund's scope of investments. However, the investment manager anticipates that the application of the exclusions described above will reduce the scope of the fund's investment universe by 1 - 5%.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the investment strategy used to select the investments to achieve the E/S characteristics promoted are the following:

- The fund will only invest in corporates that comply with the exclusionary screens detailed within the investment strategy section above.

Investments that are held by the fund but which breach one of the above exclusionary screens after they are acquired for the fund will be sold. Such sales will take place over a time period to be determined by the investment manager, taking into account the best interests of the shareholders of the fund.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

- ***What is the policy to assess good governance practices of the investee companies?***

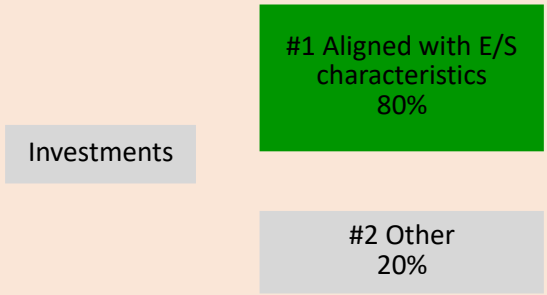
Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

As part of the fund's holistic approach to ESG, the investment manager of the fund assesses governance practices of investee companies, including but not limited to looking at the management structures, employee relations, remuneration of staff, and tax compliance of such companies. This is framed by a set of questions applied consistently across companies. Topics include, but are not limited to, management incentives aligned with the long-term interest of shareholders, capital allocation, independent and engaged boards, and transparency of accounting.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Category #1 investments (i.e. those aligned with E/S characteristics) comprise all investments that are screened against the fund's Restriction Screening Policy. Category #2 investments are those investments that are not screened against the fund's Restriction Screening Policy.

The entirety of the fund, apart from cash and derivatives held for efficient portfolio management and hedging purposes, are screened against the fund's Restriction Screening Policy. This comprises at least 80% of the fund. Accordingly, at least 80% of the fund are Category #1 investments and the remaining 20% of the fund (comprising cash and derivatives held for portfolio management and hedging purposes) are Category #2 investments.

These percentages are measured according to the value of the investments.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

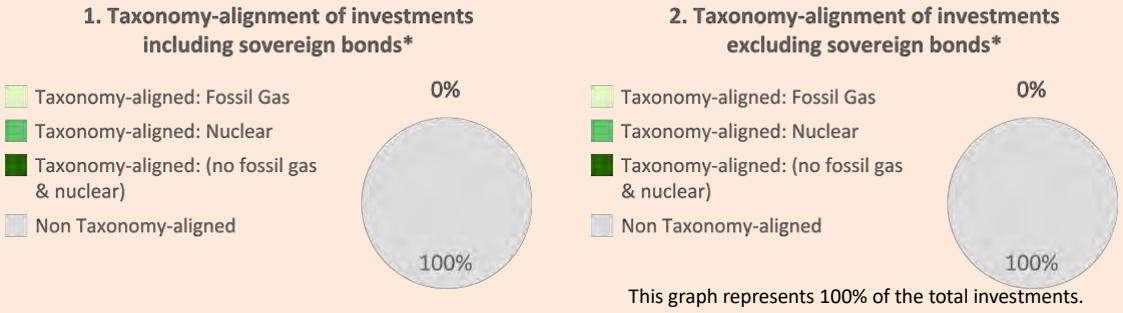
● ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?***[1]

☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



This graph represents 100% of the total investments.

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

● ***What is the minimum share of investments in transitional and enabling activities?***

As the fund does not commit to invest any sustainable investment within the meaning of the EU Taxonomy, the minimum share of investments in transitional and enabling activities within the meaning of the EU Taxonomy is therefore also set at 0%.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund promotes environmental and social characteristics but does not commit to making any sustainable investments. As a consequence, the fund does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

What is the minimum share of socially sustainable investments?

Not applicable.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

20% of the fund, comprising cash and derivatives held for efficient portfolio management and hedging purposes, are Category "#2 Other" investments. These instruments are not subject to environmental and/or social screening or any minimum environmental or social safeguards.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.

Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_tailwinds_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
US Advantage Fund	2NPFP4LYIICQVCUT1Q64

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

- The fund promotes the environmental characteristic of limiting environmental externalities by excluding investments in thermal coal; and
- the fund promotes the social characteristic of avoiding investments in certain activities which can cause harm to human health and wellbeing, including tobacco and certain weapons, comprising civilian firearms, cluster munitions and anti-personnel mines.

Further detail on the nature of these exclusions is set out below (in response to the question "*What investment strategy does this financial product follow?*").

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the fund.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The sustainability indicator is the percentage of companies in the fund which breach the exclusionary screens. The sustainability indicator will therefore be that 0% of the fund's investments are in violation of the fund's Restriction Screening Policy.

Compliance with the exclusions is monitored on an ongoing basis through an automated process, comprising pre- and post-trade guideline monitoring and exception-based screening.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

Not applicable.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

Not applicable.

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

Not applicable.

— *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Not applicable.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund considers principal adverse impacts ("**PAI**") on sustainability factors only in part, as follows:

The fund excludes issuers which receive a certain percentage of their revenue from thermal coal mining and extraction. The fund therefore partly considers the PAI indicator (4) exposure to companies active in the fossil fuel sector.

The fund excludes issuers which are involved in manufacturing the core weapon system of cluster munitions and anti-personnel mines. The fund therefore partly considers the PAI indicator (14) exposure to controversial weapons.

Where the investment manager considers the following PAI indicators to be materially relevant to, or impacted by, the activities of the issuer, it will also consider the following PAI**s** on sustainability factors. This will be done by the investment manager (a) integrating ESG analysis within the research process and/or (b) engaging with management of investee companies. The PAIs considered are the following:

PAI indicator (1): Greenhouse gas emissions (GHG).
PAI indicator (3): GHG intensity.
PAI indicator (5): Non-Renewable energy consumption and production; and
PAI indicator (6): Energy consumption intensity per high impact climate sector.

As a result, the fund contributes to mitigating the fund's adverse impacts on these sustainability factors.

The fund will make information available on how it has incorporated the PAIs into the fund in its periodic reports to investors.

What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The investment process integrates analysis of sustainability by using ESG factors as a lens for additional fundamental research, which can contribute to investment decision-making. The investment manager seeks to understand how environmental and social initiatives within companies can create value by strengthening durable competitive advantages, creating growth opportunities, driving profitability, and/or aligning with secular growth trends.

The investment manager generally engages with company management teams to discuss their ESG practices, with the aim of identifying how sustainability themes present opportunities and risks that can be material to the value of the security over the long term.

Binding restriction screens are applied to the fund in accordance with the fund's Restriction Screening Policy.

The fund's Restriction Screening Policy is to restrict investments in corporate issuers whose core business activity, determined in accordance with the methodology set out below, involves:

- Tobacco.
- Thermal coal; or
- Weapons, comprising civilian firearms, cluster munitions and anti-personnel mines.

The methodology used to determine the core business activity for the purpose of the above-described screening is as follows:

1. Revenue (as defined by external third-party data):
    - more than 5% of its recent-year revenue (or estimated revenue) from Tobacco;

- more than 10% of its recent-year revenue (or estimated revenue) from Thermal Coal;
- more than 10% of its recent-year revenue (or estimated revenue) from the Manufacture of Civilian Firearms and ammunition; or

2. Involvement as identified by an external third-party data provider through corporate ownership, in manufacturing the core weapon system, or components/services of the core weapon system that are considered tailor-made and essential for the lethal use of the weapon, or cluster munitions and anti-personnel mines.

Investments that are held by the fund but which breach one of the above exclusionary screens after they are acquired for the fund will be sold. Such sales will take place over a time period to be determined by the investment manager, taking into account the best interests of the shareholders of the fund.

Further to the above, the investment manager may, in its discretion, select to apply additional ESG-related investment restrictions over time that it believes are consistent with its investment objectives.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The restriction screens are the binding elements of the investment strategy used to select the investments to achieve the environmental / social characteristics promoted.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

- ***What is the policy to assess good governance practices of the investee companies?***

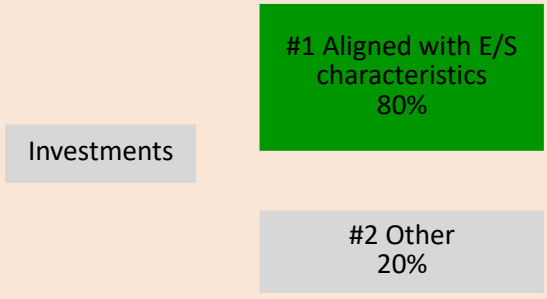
Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

As part of the fund's holistic approach to considering sustainability research and factors, the investment manager of the fund assesses governance practices of investee companies, including but not limited to looking at the management structures, employee relations, remuneration of staff, and tax compliance of such companies. In particular, the investment manager uses a proprietary, systematic evaluation of governance policies, specifically focusing on compensation alignment on long-term value creation.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Category #1 investments (i.e. those aligned with E/S characteristics) comprise all investments that are screened against the fund's Restriction Screening Policy. Category #2 investments are those investments that are not screened against the fund's Restriction Screening Policy.

The entirety of the fund, apart from cash and derivatives held for efficient portfolio management and hedging purposes, are screened against the fund's Restriction Screening Policy. This comprises at least 80% of the fund. Accordingly, at least 80% of the fund are Category #1 investments and the remaining 20% of the fund (comprising cash and derivatives held for portfolio management and hedging purposes) are Category #2 investments.

These percentages are measured according to the value of the investments.

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

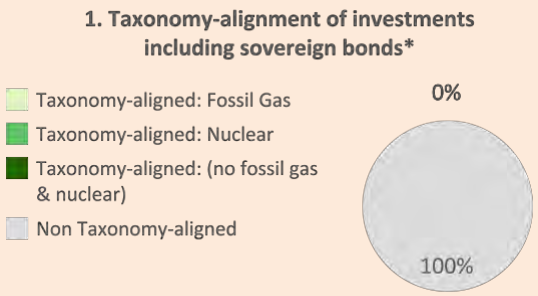
- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?***[1]

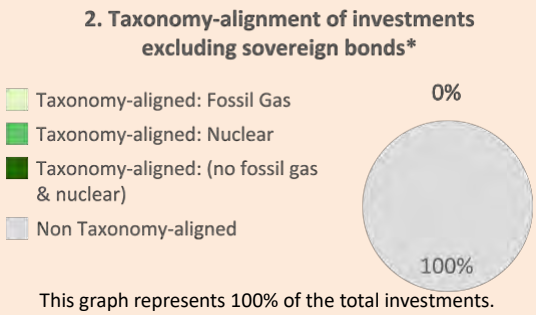
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





This graph represents 100% of the total investments.

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

- ***What is the minimum share of investments in transitional and enabling activities?***

As the fund does not commit to invest any sustainable investment within the meaning of the EU Taxonomy, the minimum share of investments in transitional and enabling activities within the meaning of the EU Taxonomy is therefore also set at 0%.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?



Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund promotes environmental and social characteristics but does not commit to making any sustainable investments. As a consequence, the fund does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.



What is the minimum share of socially sustainable investments?

Not applicable.



What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

20% of the fund, comprising cash and derivatives held for efficient portfolio management and hedging purposes, are Category "#2 Other" investments. These instruments are not subject to environmental and/or social screening or any minimum environmental or social safeguards.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.



Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_counterpointglobal_aggregated_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
US Core Equity Fund[1]	54930040PY1CAMXNHR77

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☒ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

[1] Effective from 28 September 2026, the fund will fall within the scope of Article 8 under the SFDR product category, and this Sustainability Annex will apply.

What environmental and/or social characteristics are promoted by this financial product?

The fund promotes the environmental characteristic of climate change mitigation by excluding investments in certain types of fossil fuels. In addition, the fund promotes the social characteristic of avoiding investments in certain activities which can cause harm to human health and wellbeing.

The fund also supports the above environmental and social characteristics by making a minimum commitment to sustainable investments with a positive contribution to specific environmental or social objectives. These objectives are further described under the question '*What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?*'.

The fund has not designated a reference benchmark for the purpose of attaining its environmental or social characteristics.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The sustainability indicators used to measure the attainment of the environmental and social characteristics promoted are:

- The fund's exposure, in percentage market value, to issuers that violate any of the exclusion criteria
- The fund's percentage market value allocated to sustainable investments.

Additional details on the fund's exclusions criteria are provided below in response to the question, "*What investment strategy does this financial product follow?*"

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

The investment manager relies on its affiliate Calvert Research and Management ("Calvert"), to perform an assessment of each investment in the fund to determine whether it qualifies as a sustainable investment. This assessment aims to identify companies with evidence of making a positive contribution to a specific environmental or social objective, through either of the following two pathways:

1. Generating a significant proportion of their revenues from products or services that directly address environmental or social needs including, but not limited to, alternative energy, pollution prevention, nutrition, or connectivity, as an indicator of positive impact alignment; or
2. Benefiting the environment and/or society through operating responsibly and efficiently, based on metrics that represent a company's performance on the following areas of impact (provided as a non-exhaustive, illustrative list):
    i. Direct environmental impact (e.g., carbon emissions, waste emissions, water use);
    ii. Supply chain impact (e.g., indirect carbon emissions, raw materials sourcing, lifecycle carbon);
    iii. Workplace practices (e.g., diversity, inclusion, gender pay equity).

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

Calvert seeks to ensure that the sustainable investments of the fund do not cause significant harm to relevant environmental or social sustainable investment objectives by:

- Testing whether the investment meets the thresholds set by Calvert for each of the mandatory principal adverse impact ("**PAI**") indicators (see the response to the question, "*How have the indicators for adverse impacts on sustainability factors been taken into account?*" below for the details of this process); and
- Ensuring that the sustainable investments of the fund are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (see the response to the question, "*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*" below for the details of this process).

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

Calvert tests all of the fund's sustainable investments against the PAIs which are mandatory to consider under the SFDR. Calvert does this using a combination of quantitative and qualitative tests, using available third party and proprietary data for each PAI indicator.

Calvert seeks data that is most closely aligned with each individual PAI to construct the PAI assessment methodology. In some cases third party data is limited and if issuers or specific issues are not covered by a vendor for a particular PAI Calvert may supplement with best available proxy indicators or qualitative analysis. Calvert applies the following types of thresholds for the PAIs to sustainable investments in order to determine if the investment may be causing significant harm:

1. Absolute thresholds: i.e., company performance breaches a threshold that is set based on a quantitative metric or a qualitative score-based assessment, considering a universe of large, listed companies;
2. Peer group-relative thresholds: i.e., company performance breaches a quantitative threshold that is set based on considering the aggregate performance of the sub-set of companies within a sector that cause the most harm in a specific area, such as carbon emissions or waste emissions; and
3. Controversy-based thresholds: i.e., company controversy performance is qualitatively assessed to be on the worst part of a scale of potential harmful impact.

For certain environmental PAIs, an exemption is made for companies that derive a significant amount of revenues from activities designed to directly address those specific areas of environmental harm. Thresholds are reviewed annually based on a large investable universe.

In cases where the PAI methodology suggests a sustainable investment may be causing significant harm, Calvert may conduct additional desktop research to verify the accuracy of the data point and that there are no intervening factors that cast doubt over the validity of the significant harm analysis. If Calvert concludes that the issuer is not causing significant harm based on this analysis, the rationale for that decision will then be documented.

Intervening factors that may lead to a conclusion that an issuer is not causing significant harm include:

i. the significant harm assessment is tied to inaccurate vendor data that, once corrected, would no longer breach a significant harm threshold;
ii. the significant harm assessment results from a company being classified in a peer group which Calvert believes is not appropriate due to company-specific characteristics, or to unique or extenuating circumstances specific to the jurisdiction in which the company operates; or
iii. the issuer has demonstrated steps and actions to address the potential significant harm such as through the adoption of time-bound targets and goals or dedicated remediation activities and there are clear meaningful signs of improvement and positive change;

PAI assessments for all holdings will be reviewed at least quarterly.

Where Calvert determines that a held issuer is causing significant harm according to one or multiple PAIs, the investment will be deemed not sustainable and it will not be counted towards the sustainable investment allocation of the fund.

Calvert's use of proxy indicators will be kept under review and will be replaced by more specific PAI indicators from third-party data providers, when Calvert determines that sufficiently reliable data has become available.

— *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

For the portion of the fund's assets allocated to sustainable investments, Calvert monitors business practices on an ongoing basis, through data on ESG controversies and standards screening sourced from third party providers. Calvert will make assessments on controversy cases, informed by information from relevant ESG data providers, that it views as being severe, and on failures to comply with the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multi-National Enterprises or the ILO Fundamental Principles.

Companies that are deemed by Calvert to have severe violations of the global norms listed above, would not be considered eligible as sustainable investments.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund considers all of the mandatory PAI on sustainability factors which are relevant to the investment for the portion allocated to sustainable investments, as described above in response to the question, "*How have the indicators for adverse impacts on sustainability factors been taken into account*?"

The portion of the fund that is not made of sustainable investments considers the PAI only in part through the fund's exclusionary criteria, as follows:

- The fund excludes issuers which derive a certain percentage of revenue from thermal coal mining and extraction, or a portion of revenue from coal-fired power generation. The fund therefore considers the PAI indicator 4: exposure to companies active in the fossil fuel sector.
- The fund excludes issuers which derive any revenue from controversial weapons. The fund therefore considers the PAI indicator 14: exposure to controversial weapons.

The fund will make information available on how it has incorporated the PAIs in its periodic reports to investors.



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

Exclusions
The fund promotes the environmental characteristic of climate change mitigation and social characteristic of avoiding investments in certain activities which can cause harm to human health and wellbeing, by excluding companies which:

Derive any revenue from any of the following activities:

- Controversial weapons manufacturing or retail; or,
- Tobacco manufacturing or production

Derive more than 5% revenue from any of the following activities:

- Civilian firearms manufacturing or retail;
- Thermal coal mining or extraction; or
- Arctic Oil & Gas

Derive more than 10% revenue from any of the following activities:

- Tobacco distribution or retail;
- Gambling

Derive more than 20% revenue from any of the following activities:

- Coal-fired power generation

Sustainable Investments
The fund will invest at least 10% of its assets in companies classified as sustainable investments.

The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager. The investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with the investment team to conduct regular portfolio/performance reviews and systemic checks to ensure compliance with portfolio investment objectives and environmental and social characteristics, taking into account changing market conditions, information and strategy developments.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the investment strategy are:

- The fund will only invest in companies that pass the exclusion criteria; and
- The fund will invest at least 10% of its assets in companies classified as sustainable investments.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable

- ***What is the policy to assess good governance practices of the investee companies?***

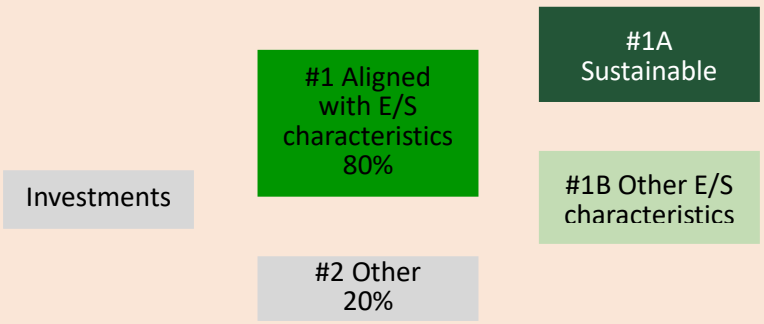
Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

As part of the fund's holistic approach to considering sustainability research and factors, the investment manager of the fund assesses governance practices of investee companies, including but not limited to looking at the management structures, employee relations, remuneration of staff, and tax compliance. The investment manager may use third party data to support this analysis. The investment manager is specifically focusing on long-term value creation.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned** with E/S characteristics covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The exclusions (as described above) will be applied to at least 80% of the portfolio, of which the fund also expects to allocate a minimum of 10% of its assets to sustainable investments.

A maximum of 20% of the fund's assets may be invested in cash as ancillary liquidity, exchange traded funds (ETFs), and derivatives for hedging purposes, which do not align with any environmental or social characteristics.

These percentages are measured according to the value of the investments.

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

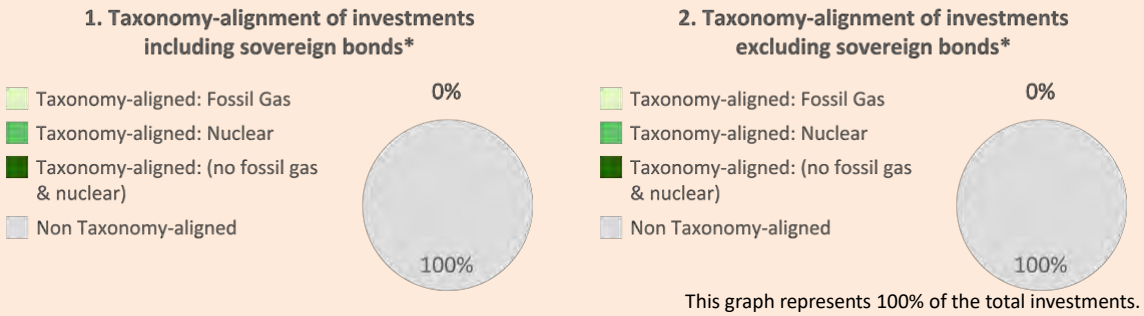
- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?*[2]**

☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



This graph represents 100% of the total investments.

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

[2] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

- ***What is the minimum share of investments in transitional and enablina activities?***

Although the fund commits to invest in sustainable investments within the meaning of the SFDR, there is no commitment to a minimum share of investments in transitional and enabling activities.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?



Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund intends to make a minimum of 10% of sustainable investments as defined under the SFDR. There is no commitment to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

Although some of these sustainable investments may be EU Taxonomy aligned, due to lack of available data regarding the EU Taxonomy alignment of the underlying securities, Calvert has not been able to confirm whether these investments are in fact EU Taxonomy aligned and accordingly will not consider them as such in calculations until this data is reported on or otherwise becomes more reliable.



What is the minimum share of socially sustainable investments?

As noted above, the fund intends to make a minimum of 10% of sustainable investments as defined under the SFDR. There is no commitment to a minimum share of socially sustainable investments.



What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The fund may hold up to 20% in cash as ancillary liquidity, exchange traded funds (ETFs), and derivatives for hedging purposes. This is included in the "#2 Other" category and is not subject to environmental and/or social screening or any minimum environmental or social safeguards.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.



Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_coreequity_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
US Growth Fund	3G53TROTP001D767EJ04

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

- The fund promotes the environmental characteristic of limiting environmental externalities by excluding investments in thermal coal; and
- the fund promotes the social characteristic of avoiding investments in certain activities which can cause harm to human health and wellbeing, including tobacco and certain weapons, comprising civilian firearms, cluster munitions and anti-personnel mines.

Further detail on the nature of these exclusions is set out below (in response to the question "*What investment strategy does this financial product follow?*").

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the fund.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The sustainability indicator is the percentage of companies in the fund which breach the exclusionary screens. The sustainability indicator will therefore be that 0% of the fund's investments are in violation of the fund's Restriction Screening Policy.

Compliance with the exclusions is monitored on an ongoing basis through an automated process, comprising pre- and post-trade guideline monitoring and exception-based screening.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

Not applicable.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

Not applicable.

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

Not applicable.

— *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Not applicable.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund considers principal adverse impacts ("**PAI**") on sustainability factors only in part, as follows:

The fund excludes issuers which receive a certain percentage of their revenue from thermal coal mining and extraction. The fund therefore partly considers the PAI indicator (4) exposure to companies active in the fossil fuel sector.

The fund excludes issuers which are involved in manufacturing the core weapon system of cluster munitions and anti-personnel mines. The fund therefore partly considers the PAI indicator (14) exposure to controversial weapons.

Where the investment manager considers the following PAI indicators to be materially relevant to, or impacted by, the activities of the issuer, it will also consider the following PAI**s** on sustainability factors. This will be done by the investment manager (a) integrating ESG analysis within the research process and/or (b) engaging with management of investee companies. The PAIs considered are the following:

PAI indicator (1): Greenhouse gas emissions (GHG).
PAI indicator (3): GHG intensity.
PAI indicator (5): Non-Renewable energy consumption and production; and
PAI indicator (6): Energy consumption intensity per high impact climate sector.

As a result, the fund contributes to mitigating the fund's adverse impacts on these sustainability factors.

The fund will make information available on how it has incorporated the PAIs into the fund in its periodic reports to investors.

What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The investment process integrates analysis of sustainability by using ESG factors as a lens for additional fundamental research, which can contribute to investment decision-making. The investment manager seeks to understand how environmental and social initiatives within companies can create value by strengthening durable competitive advantages, creating growth opportunities, driving profitability, and/or aligning with secular growth trends.

The investment manager generally engages with company management teams to discuss their ESG practices, with the aim of identifying how sustainability themes present opportunities and risks that can be material to the value of the security over the long term.

Binding restriction screens are applied to the fund in accordance with the fund's Restriction Screening Policy.

The fund's Restriction Screening Policy is to restrict investments in corporate issuers whose core business activity, determined in accordance with the methodology set out below, involves:

- Tobacco.
- Thermal coal; or
- Weapons, comprising civilian firearms, cluster munitions and anti-personnel mines.

The methodology used to determine the core business activity for the purpose of the above-described screening is as follows:

1. Revenue (as defined by external third-party data):

- more than 5% of its recent-year revenue (or estimated revenue) from Tobacco;
- more than 10% of its recent-year revenue (or estimated revenue) from Thermal Coal;
- more than 10% of its recent-year revenue (or estimated revenue) from the Manufacture of Civilian Firearms and ammunition; or

2. Involvement as identified by an external third-party data provider through corporate ownership, in manufacturing the core weapon system, or components/services of the core weapon system that are considered tailor-made and essential for the lethal use of the weapon, or cluster munitions and anti-personnel mines.

Investments that are held by the fund but which breach one of the above exclusionary screens after they are acquired for the fund will be sold. Such sales will take place over a time period to be determined by the investment manager, taking into account the best interests of the shareholders of the fund.

Further to the above, the investment manager may, in its discretion, select to apply additional ESG-related investment restrictions over time that it believes are consistent with its investment objectives.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The restriction screens are the binding elements of the investment strategy used to select the investments to achieve the environmental / social characteristics promoted.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

- ***What is the policy to assess good governance practices of the investee companies?***

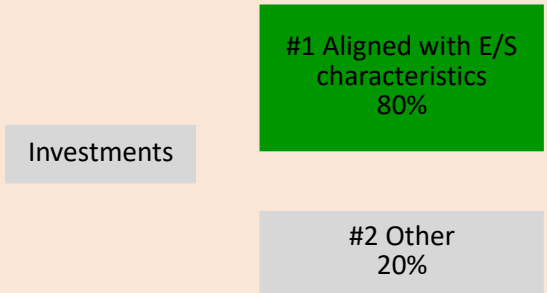
Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

As part of the fund's holistic approach to considering sustainability research and factors, the investment manager of the fund assesses governance practices of investee companies, including but not limited to looking at the management structures, employee relations, remuneration of staff, and tax compliance of such companies. In particular, the investment manager uses a proprietary, systematic evaluation of governance policies, specifically focusing on compensation alignment on long-term value creation.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Category #1 investments (i.e. those aligned with E/S characteristics) comprise all investments that are screened against the fund's Restriction Screening Policy. Category #2 investments are those investments that are not screened against the fund's Restriction Screening Policy.

The entirety of the fund, apart from cash and derivatives held for efficient portfolio management and hedging purposes, are screened against the fund's Restriction Screening Policy. This comprises at least 80% of the fund. Accordingly, at least 80% of the fund are Category #1 investments and the remaining 20% of the fund (comprising cash and derivatives held for portfolio management and hedging purposes) are Category #2 investments.

These percentages are measured according to the value of the investments.

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

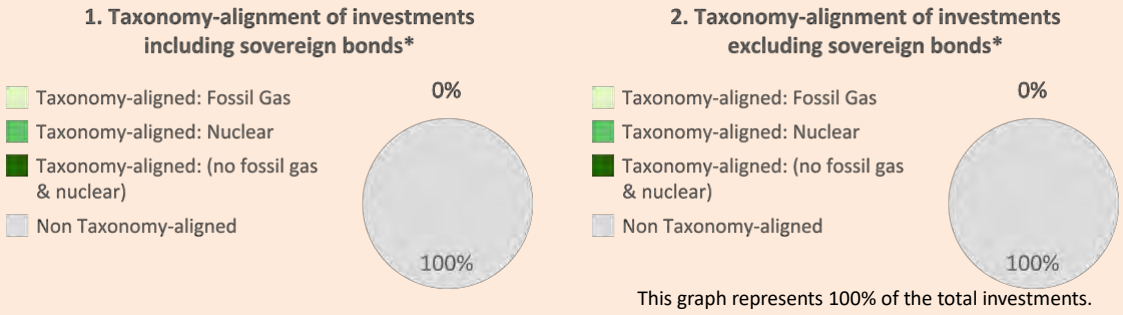
- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?*[1]**

☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



This graph represents 100% of the total investments.

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

- ***What is the minimum share of investments in transitional and enabling activities?***

As the fund does not commit to invest any sustainable investment within the meaning of the EU Taxonomy, the minimum share of investments in transitional and enabling activities within the meaning of the EU Taxonomy is therefore also set at 0%.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?



Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund promotes environmental and social characteristics but does not commit to making any sustainable investments. As a consequence, the fund does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.



What is the minimum share of socially sustainable investments?

Not applicable.



What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

20% of the fund, comprising cash and derivatives held for efficient portfolio management and hedging purposes, are Category "#2 Other" investments. These instruments are not subject to environmental and/or social screening or any minimum environmental or social safeguards.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.



Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_counterpointglobal_aggregated_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
US Insight Fund	549300ZCDS88ZDMP4R16

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

- The fund promotes the environmental characteristic of limiting environmental externalities by excluding investments in thermal coal; and
- the fund promotes the social characteristic of avoiding investments in certain activities which can cause harm to human health and wellbeing, including tobacco and certain weapons, comprising civilian firearms, cluster munitions and anti-personnel mines.

Further detail on the nature of these exclusions is set out below (in response to the question "*What investment strategy does this financial product follow?*").

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the fund.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The sustainability indicator is the percentage of companies in the fund which breach the exclusionary screens. The sustainability indicator will therefore be that 0% of the fund's investments are in violation of the fund's Restriction Screening Policy.

Compliance with the exclusions is monitored on an ongoing basis through an automated process, comprising pre- and post-trade guideline monitoring and exception-based screening.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

Not applicable.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

Not applicable.

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Not applicable.

— *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Not applicable.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund considers principal adverse impacts ("**PAI**") on sustainability factors only in part, as follows:

The fund excludes issuers which receive a certain percentage of their revenue from thermal coal mining and extraction. The fund therefore partly considers the PAI indicator (4) exposure to companies active in the fossil fuel sector.

The fund excludes issuers which are involved in manufacturing the core weapon system of cluster munitions and anti-personnel mines. The fund therefore partly considers the PAI indicator (14) exposure to controversial weapons.

Where the investment manager considers the following PAI indicators to be materially relevant to, or impacted by, the activities of the issuer, it will also consider the following PAI**s** on sustainability factors. This will be done by the investment manager (a) integrating ESG analysis within the research process and/or (b) engaging with management of investee companies. The PAIs considered are the following:

PAI indicator (1): Greenhouse gas emissions (GHG).
PAI indicator (3): GHG intensity.
PAI indicator (5): Non-Renewable energy consumption and production; and
PAI indicator (6): Energy consumption intensity per high impact climate sector.

As a result, the fund contributes to mitigating the fund's adverse impacts on these sustainability factors.

The fund will make information available on how it has incorporated the PAIs into the fund in its periodic reports to investors.

What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The investment process integrates analysis of sustainability by using ESG factors as a lens for additional fundamental research, which can contribute to investment decision-making. The investment manager seeks to understand how environmental and social initiatives within companies can create value by strengthening durable competitive advantages, creating growth opportunities, driving profitability, and/or aligning with secular growth trends.

The investment manager generally engages with company management teams to discuss their ESG practices, with the aim of identifying how sustainability themes present opportunities and risks that can be material to the value of the security over the long term.

Binding restriction screens are applied to the fund in accordance with the fund's Restriction Screening Policy.

The fund's Restriction Screening Policy is to restrict investments in corporate issuers whose core business activity, determined in accordance with the methodology set out below, involves:

- Tobacco.
- Thermal coal; or
- Weapons, comprising civilian firearms, cluster munitions and anti-personnel mines.

The methodology used to determine the core business activity for the purpose of the above-described screening is as follows:

1. Revenue (as defined by external third-party data):
    - more than 5% of its recent-year revenue (or estimated revenue) from Tobacco;

- more than 10% of its recent-year revenue (or estimated revenue) from Thermal Coal;
- more than 10% of its recent-year revenue (or estimated revenue) from the Manufacture of Civilian Firearms and ammunition; or

2. Involvement as identified by an external third-party data provider through corporate ownership, in manufacturing the core weapon system, or components/services of the core weapon system that are considered tailor-made and essential for the lethal use of the weapon, or cluster munitions and anti-personnel mines.

Investments that are held by the fund but which breach one of the above exclusionary screens after they are acquired for the fund will be sold. Such sales will take place over a time period to be determined by the investment manager, taking into account the best interests of the shareholders of the fund.

Further to the above, the investment manager may, in its discretion, select to apply additional ESG-related investment restrictions over time that it believes are consistent with its investment objectives.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The restriction screens are the binding elements of the investment strategy used to select the investments to achieve the environmental / social characteristics promoted.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

- ***What is the policy to assess good governance practices of the investee companies?***

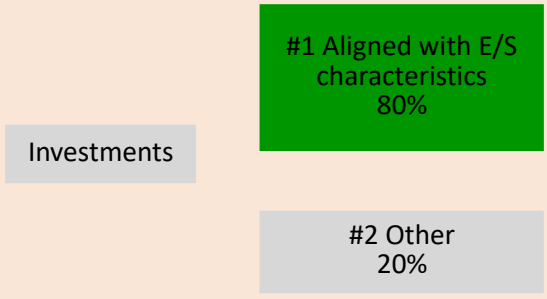
Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

As part of the fund's holistic approach to considering sustainability research and factors, the investment manager of the fund assesses governance practices of investee companies, including but not limited to looking at the management structures, employee relations, remuneration of staff, and tax compliance of such companies. In particular, the investment manager uses a proprietary, systematic evaluation of governance policies, specifically focusing on compensation alignment on long-term value creation.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Category #1 investments (i.e. those aligned with E/S characteristics) comprise all investments that are screened against the fund's Restriction Screening Policy. Category #2 investments are those investments that are not screened against the fund's Restriction Screening Policy.

The entirety of the fund, apart from cash and derivatives held for efficient portfolio management and hedging purposes, are screened against the fund's Restriction Screening Policy. This comprises at least 80% of the fund. Accordingly, at least 80% of the fund are Category #1 investments and the remaining 20% of the fund (comprising cash and derivatives held for portfolio management and hedging purposes) are Category #2 investments.

These percentages are measured according to the value of the investments.

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

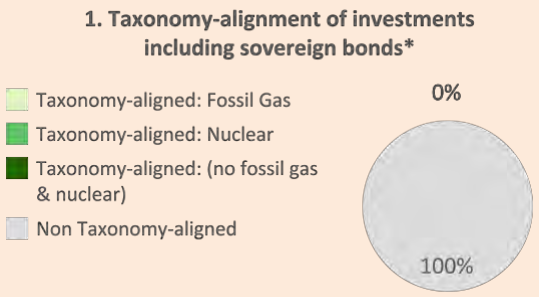
- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?*[1]**

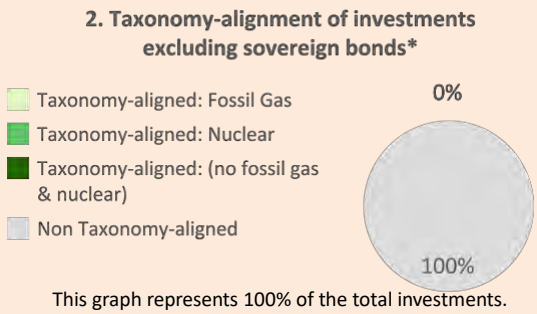
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





This graph represents 100% of the total investments.

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

- ***What is the minimum share of investments in transitional and enabling activities?***

As the fund does not commit to invest any sustainable investment within the meaning of the EU Taxonomy, the minimum share of investments in transitional and enabling activities within the meaning of the EU Taxonomy is therefore also set at 0%.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund promotes environmental and social characteristics but does not commit to making any sustainable investments. As a consequence, the fund does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

What is the minimum share of socially sustainable investments?

Not applicable.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

20% of the fund, comprising cash and derivatives held for efficient portfolio management and hedging purposes, are Category "#2 Other" investments. These instruments are not subject to environmental and/or social screening or any minimum environmental or social safeguards.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.

Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_counterpointglobal_aggregated_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
US Permanence Fund	549300CFSTRXR2DCA135

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

- The fund promotes the environmental characteristic of limiting environmental externalities by excluding investments in thermal coal; and
- the fund promotes the social characteristic of avoiding investments in certain activities which can cause harm to human health and wellbeing, including tobacco and certain weapons, comprising civilian firearms, cluster munitions and anti-personnel mines.

Further detail on the nature of these exclusions is set out below (in response to the question "*What investment strategy does this financial product follow?*").

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the fund.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The sustainability indicator is the percentage of companies in the fund which breach the exclusionary screens. The sustainability indicator will therefore be that 0% of the fund's investments are in violation of the fund's Restriction Screening Policy.

Compliance with the exclusions is monitored on an ongoing basis through an automated process, comprising pre- and post-trade guideline monitoring and exception-based screening.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

Not applicable.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

Not applicable.

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

Not applicable.

— *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Not applicable.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund considers principal adverse impacts ("**PAI**") on sustainability factors only in part, as follows:

The fund excludes issuers which receive a certain percentage of their revenue from thermal coal mining and extraction. The fund therefore partly considers the PAI indicator (4) exposure to companies active in the fossil fuel sector.

The fund excludes issuers which are involved in manufacturing the core weapon system of cluster munitions and anti-personnel mines. The fund therefore partly considers the PAI indicator (14) exposure to controversial weapons.

Where the investment manager considers the following PAI indicators to be materially relevant to, or impacted by, the activities of the issuer, it will also consider the following PAI**s** on sustainability factors. This will be done by the investment manager (a) integrating ESG analysis within the research process and/or (b) engaging with management of investee companies. The PAIs considered are the following:

PAI indicator (1): Greenhouse gas emissions (GHG).
PAI indicator (3): GHG intensity.
PAI indicator (5): Non-Renewable energy consumption and production; and
PAI indicator (6): Energy consumption intensity per high impact climate sector.

As a result, the fund contributes to mitigating the fund's adverse impacts on these sustainability factors.

The fund will make information available on how it has incorporated the PAIs into the fund in its periodic reports to investors.

What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The investment process integrates analysis of sustainability by using ESG factors as a lens for additional fundamental research, which can contribute to investment decision-making. The investment manager seeks to understand how environmental and social initiatives within companies can create value by strengthening durable competitive advantages, creating growth opportunities, driving profitability, and/or aligning with secular growth trends.

The investment manager generally engages with company management teams to discuss their ESG practices, with the aim of identifying how sustainability themes present opportunities and risks that can be material to the value of the security over the long term.

Binding restriction screens are applied to the fund in accordance with the fund's Restriction Screening Policy.

The fund's Restriction Screening Policy is to restrict investments in corporate issuers whose core business activity, determined in accordance with the methodology set out below, involves:

- Tobacco.
- Thermal coal; or
- Weapons, comprising civilian firearms, cluster munitions and anti-personnel mines.

The methodology used to determine the core business activity for the purpose of the above-described screening is as follows:

1. Revenue (as defined by external third-party data):
    - more than 5% of its recent-year revenue (or estimated revenue) from Tobacco;

- more than 10% of its recent-year revenue (or estimated revenue) from Thermal Coal;
- more than 10% of its recent-year revenue (or estimated revenue) from the Manufacture of Civilian Firearms and ammunition; or

2. Involvement as identified by an external third-party data provider through corporate ownership, in manufacturing the core weapon system, or components/services of the core weapon system that are considered tailor-made and essential for the lethal use of the weapon, or cluster munitions and anti-personnel mines.

Investments that are held by the fund but which breach one of the above exclusionary screens after they are acquired for the fund will be sold. Such sales will take place over a time period to be determined by the investment manager, taking into account the best interests of the shareholders of the fund.

Further to the above, the investment manager may, in its discretion, select to apply additional ESG-related investment restrictions over time that it believes are consistent with its investment objectives.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The restriction screens are the binding elements of the investment strategy used to select the investments to achieve the environmental / social characteristics promoted.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

- ***What is the policy to assess good governance practices of the investee companies?***

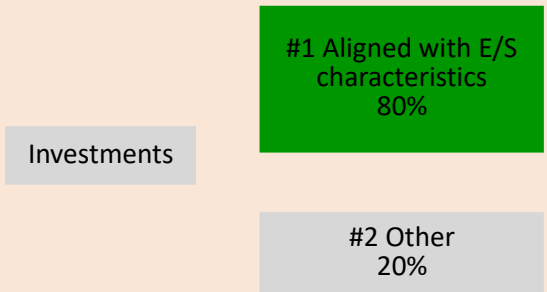
Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

As part of the fund's holistic approach to considering sustainability research and factors, the investment manager of the fund assesses governance practices of investee companies, including but not limited to looking at the management structures, employee relations, remuneration of staff, and tax compliance of such companies. In particular, the investment manager uses a proprietary, systematic evaluation of governance policies, specifically focusing on compensation alignment on long-term value creation.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Category #1 investments (i.e. those aligned with E/S characteristics) comprise all investments that are screened against the fund's Restriction Screening Policy. Category #2 investments are those investments that are not screened against the fund's Restriction Screening Policy.

The entirety of the fund, apart from cash and derivatives held for efficient portfolio management and hedging purposes, are screened against the fund's Restriction Screening Policy. This comprises at least 80% of the fund. Accordingly, at least 80% of the fund are Category #1 investments and the remaining 20% of the fund (comprising cash and derivatives held for portfolio management and hedging purposes) are Category #2 investments.

These percentages are measured according to the value of the investments.

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

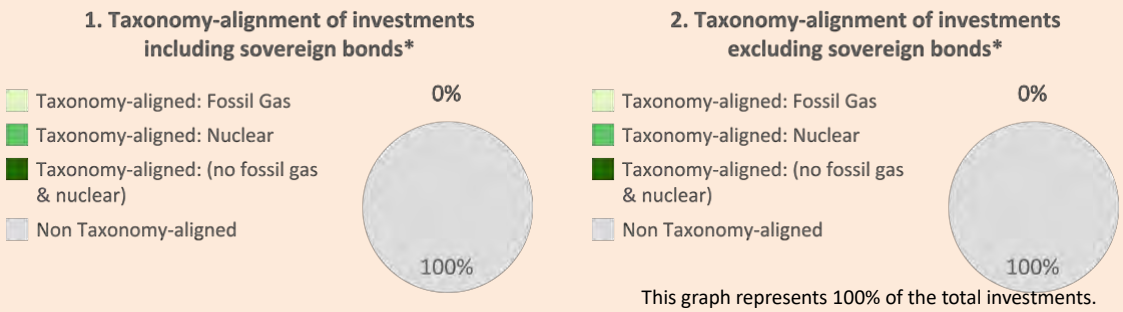
- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?*[1]**

☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



This graph represents 100% of the total investments.

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

- ***What is the minimum share of investments in transitional and enabling activities?***

As the fund does not commit to invest any sustainable investment within the meaning of the EU Taxonomy, the minimum share of investments in transitional and enabling activities within the meaning of the EU Taxonomy is therefore also set at 0%.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?



Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund promotes environmental and social characteristics but does not commit to making any sustainable investments. As a consequence, the fund does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.



What is the minimum share of socially sustainable investments?

Not applicable.



What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

20% of the fund, comprising cash and derivatives held for efficient portfolio management and hedging purposes, are Category "#2 Other" investments. These instruments are not subject to environmental and/or social screening or any minimum environmental or social safeguards.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.



Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_counterpointglobal_aggregated_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
US Value Fund	549300RD1Y0V6O4C3B19

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

The fund promotes the following environmental and social characteristics:

- The fund promotes the environmental characteristic of limiting environmental externalities by excluding investments in coal mining, arctic drilling, and nuclear power.
- The fund promotes the social characteristic of limiting exposure to investments in certain activities which can cause harm to human health and wellbeing, including tobacco, gambling, civilian firearms, controversial weapons, and white phosphorous. Finally, Companies that fail to comply with the UN Global Compact or have experienced severe controversies without material remediation and improvement will also be excluded .

The fund has not designated a reference benchmark for the purpose of attaining its environmental or social characteristics.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The sustainability indicator is the percentage of companies in the fund which breach the exclusionary screens. The sustainability indicator will therefore be that 0% of the fund's investments are in violation of the exclusions listed in response to the question, "*What investment strategy does this financial product follow?*" below.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

Not applicable.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

Not applicable.

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Not applicable.

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-

— *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Not applicable.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund considers the following PAIs through application of the exclusionary criteria:

- The fund excludes companies which derive any revenue from thermal coal mining and arctic drilling. Through these exclusions, the fund therefore considers in part PAI indicator 4: exposure to companies active in the fossil fuel sector
- The fund excludes companies which fail to comply with the UN Global Compact or have experienced severe controversies, without material remediation and improvement. When a company screens that they have failed to comply, portfolio managers will do further due diligence to determine if a path to remediation is in place, or if the company has no plan in place. If no plan is in place, the company will be excluded. The fund therefore considers PAI indicator 10: violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises
- The fund excludes companies which derive any revenue from controversial weapons. The fund therefore considers PAI indicator 14: exposure to controversial weapons

The fund will make information available on how it has incorporated the PAIs into the fund in its periodic reports to investors.

What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The investment manager believes that corporate governance practices of issuers have a direct impact on business performance and results produced by those issuers and incorporating companies' ESG behaviours into investment decisions provides a more comprehensive, holistic approach to investing that the investment manager believes can enhance both stock selection and risk-adjusted returns over the long term. While ESG considerations are an integrated and fundamental part of the investment process, they are only one of several key determinants used by the investment manager to determine if an investment will be made or size adjusted in the overall portfolio.

Binding restriction screens are applied to the fund to restrict investments in companies that meet the below criteria:

Revenue or involvement, as applicable, identified by a third party data provider in the below:

- Revenue from Tobacco > 5%
- Revenue from Gambling > 5%
- Revenue from Civilian Firearms > 0%
- Controversial Weapons Tie: None
- Revenue from Coal Mining > 0%
- Revenue from Arctic Drilling > 0%
- Revenue from Nuclear Power > 25%
- White Phosphorus > 0%

Additionally, investments shall not knowingly include the following companies:

Companies that fail to comply with the UN Global Compact or have experienced severe controversies without material remediation and improvement. When a company screens that they have failed to comply with the UN Global Compact or has a severe controversy, portfolio managers will do further due diligence to determine if a

path to remediation is in place, or if the company has no plan in place. If no plan is in place, the company will be excluded.

Investments that are held by the fund but become restricted under the exclusions listed above after they are acquired for the fund will be sold. Such sales will take place over a time period to be determined by the investment manager, taking into account the best interests of the shareholders of the fund.

The investment manager monitors business practices on an ongoing basis, through data on ESG controversies and standards screening that the investment manager sources from third party providers, including UN Global Compact violations, as well as its own engagement with company management and research. The analysis may be supported by third party ESG controversies analysis and business involvement metrics.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The restriction screens are the binding elements of the investment strategy used to select the investments to achieve the environmental / social characteristics promoted.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

- ***What is the policy to assess good governance practices of the investee companies?***

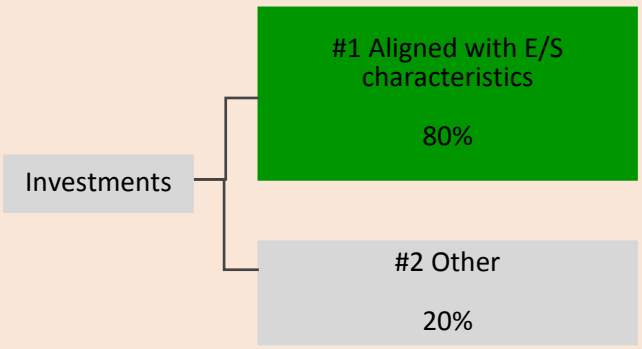
Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

As part of the fund's holistic approach to considering sustainability research and factors, the investment manager of the fund assesses governance practices of investee companies, including but not limited to looking at the management structures, employee relations, remuneration of staff, and tax compliance. In particular, the investment manager uses third party data to evaluate governance policies, as well as proactive engagement with company management of selected issuers on corporate governance issues. The investment manager is specifically focusing on long-term value creation.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The entirety of the fund, apart from cash and derivatives held for efficient portfolio management purposes and currency management, are screened against the listed exclusions. This comprises the entirety of investments which offer direct exposure to investee entities. Accordingly, at least 80% of the fund are Category #1

investments and the remaining portion of the fund (maximum 20% of the fund comprising cash and derivatives for efficient portfolio management purposes and currency management) are Category #2 investments.

These percentages are measured according to the value of the Investments.

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

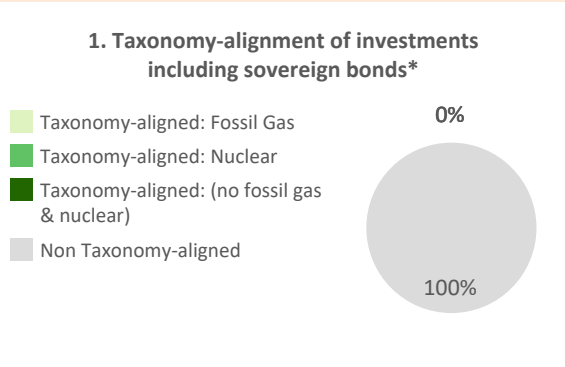
- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?[1]***

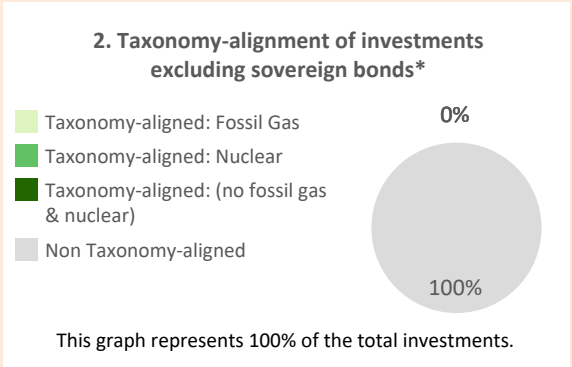
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





This graph represents 100% of the total investments.

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

- ***What is the minimum share of investments in transitional and enabling activities?***

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

As the fund does not commit to invest any sustainable investment within the meaning of the EU Taxonomy, the minimum share of investments in transitional and enabling activities within the meaning of the EU Taxonomy is therefore also set at 0%.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?



Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund promotes environmental and social characteristics but does not commit to making any sustainable investments. As a consequence, the fund does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.



What is the minimum share of socially sustainable investments?

Not applicable.



What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Cash and derivatives are used for efficient portfolio management and currency management. These instruments are not subject to environmental and/or social screening or any minimum environmental or social safeguards.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.



Where can I find more product specific information online?

More product-specific information can be found on the website:

www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_usvalue_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
Vitality Fund	5493007UKKJN3WEI4Y14

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

- The fund promotes the environmental characteristic of limiting environmental externalities by excluding investments in thermal coal; and
- the fund promotes the social characteristic of avoiding investments in certain activities which can cause harm to human health and wellbeing, including tobacco and certain weapons, comprising civilian firearms, cluster munitions and anti-personnel mines.

Further detail on the nature of these exclusions is set out below (in response to the question "*What investment strategy does this financial product follow?*").

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the fund.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The sustainability indicator is the percentage of companies in the fund which breach the exclusionary screens. The sustainability indicator will therefore be that 0% of the fund's investments are in violation of the fund's Restriction Screening Policy.

Compliance with the exclusions is monitored on an ongoing basis through an automated process, comprising pre- and post-trade guideline monitoring and exception-based screening.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

Not applicable.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

Not applicable.

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

Not applicable.

— *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Not applicable.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund considers principal adverse impacts ("**PAI**") on sustainability factors only in part, as follows:

The fund excludes issuers which receive a certain percentage of their revenue from thermal coal mining and extraction. The fund therefore partly considers the PAI indicator (4) exposure to companies active in the fossil fuel sector.

The fund excludes issuers which are involved in manufacturing the core weapon system of cluster munitions and anti-personnel mines. The fund therefore partly considers the PAI indicator (14) exposure to controversial weapons.

Where the investment manager considers the following PAI indicators to be materially relevant to, or impacted by, the activities of the issuer, it will also consider the following PAI**s** on sustainability factors. This will be done by the investment manager (a) integrating ESG analysis within the research process and/or (b) engaging with management of investee companies. The PAIs considered are the following:

PAI indicator (1): Greenhouse gas emissions (GHG).
PAI indicator (3): GHG intensity.
PAI indicator (5): Non-Renewable energy consumption and production; and
PAI indicator (6): Energy consumption intensity per high impact climate sector.

As a result, the fund contributes to mitigating the fund's adverse impacts on these sustainability factors.

The fund will make information available on how it has incorporated the PAIs into the fund in its periodic reports to investors.

What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The investment process integrates analysis of sustainability by using ESG factors as a lens for additional fundamental research, which can contribute to investment decision-making. The investment manager seeks to understand how environmental and social initiatives within companies can create value by strengthening durable competitive advantages, creating growth opportunities, driving profitability, and/or aligning with secular growth trends.

The investment manager generally engages with company management teams to discuss their ESG practices, with the aim of identifying how sustainability themes present opportunities and risks that can be material to the value of the security over the long term.

Binding restriction screens are applied to the fund in accordance with the fund's Restriction Screening Policy.

The fund's Restriction Screening Policy is to restrict investments in corporate issuers whose core business activity, determined in accordance with the methodology set out below, involves:

- Tobacco.
- Thermal coal; or
- Weapons, comprising civilian firearms, cluster munitions and anti-personnel mines.

The methodology used to determine the core business activity for the purpose of the above-described screening is as follows:

1. Revenue (as defined by external third-party data):
    - more than 5% of its recent-year revenue (or estimated revenue) from Tobacco;

- more than 10% of its recent-year revenue (or estimated revenue) from Thermal Coal;
- more than 10% of its recent-year revenue (or estimated revenue) from the Manufacture of Civilian Firearms and ammunition; or

2. Involvement as identified by an external third-party data provider through corporate ownership, in manufacturing the core weapon system, or components/services of the core weapon system that are considered tailor-made and essential for the lethal use of the weapon, or cluster munitions and anti-personnel mines.

Investments that are held by the fund but which breach one of the above exclusionary screens after they are acquired for the fund will be sold. Such sales will take place over a time period to be determined by the investment manager, taking into account the best interests of the shareholders of the fund.

Further to the above, the investment manager may, in its discretion, select to apply additional ESG-related investment restrictions over time that it believes are consistent with its investment objectives.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The restriction screens are the binding elements of the investment strategy used to select the investments to achieve the environmental / social characteristics promoted.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

- ***What is the policy to assess good governance practices of the investee companies?***

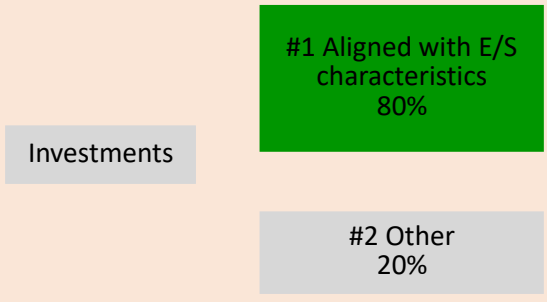
Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

As part of the fund's holistic approach to considering sustainability research and factors, the investment manager of the fund assesses governance practices of investee companies, including but not limited to looking at the management structures, employee relations, remuneration of staff, and tax compliance of such companies. In particular, the investment manager uses a proprietary, systematic evaluation of governance policies, specifically focusing on compensation alignment on long-term value creation.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Category #1 investments (i.e. those aligned with E/S characteristics) comprise all investments that are screened against the fund's Restriction Screening Policy. Category #2 investments are those investments that are not screened against the fund's Restriction Screening Policy.

The entirety of the fund, apart from cash and derivatives held for efficient portfolio management and hedging purposes, are screened against the fund's Restriction Screening Policy. This comprises at least 80% of the fund. Accordingly, at least 80% of the fund are Category #1 investments and the remaining 20% of the fund (comprising cash and derivatives held for portfolio management and hedging purposes) are Category #2 investments.

These percentages are measured according to the value of the investments.

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

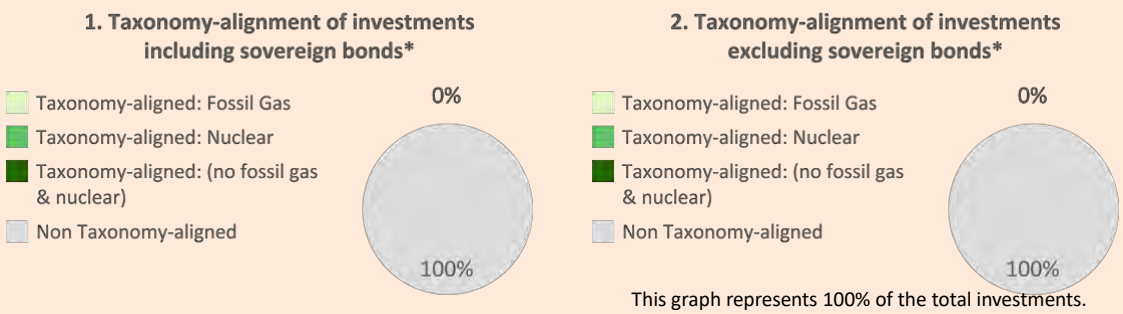
- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?***[1]

☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



This graph represents 100% of the total investments.

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

- ***What is the minimum share of investments in transitional and enabling activities?***

As the fund does not commit to invest any sustainable investment within the meaning of the EU Taxonomy, the minimum share of investments in transitional and enabling activities within the meaning of the EU Taxonomy is therefore also set at 0%.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?



Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund promotes environmental and social characteristics but does not commit to making any sustainable investments. As a consequence, the fund does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.



What is the minimum share of socially sustainable investments?

Not applicable.



What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

20% of the fund, comprising cash and derivatives held for efficient portfolio management and hedging purposes, are Category "#2 Other" investments. These instruments are not subject to environmental and/or social screening or any minimum environmental or social safeguards.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.



Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_counterpointglobal_aggregated_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
Calvert Global Green Bond Fund	549300Q43ZZQCDYRE581

Sustainable investment objective

Does this financial product have a sustainable investment objective?

☒ **Yes**	☐ **No**
☒ It will make a minimum of **sustainable investments with an environmental objective: 70%**	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☒ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☒ It will make a minimum of **sustainable investments with a social objective: 1%**	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



What is the sustainable investment objective of this financial product?

The fund's sustainable objective is to support positive environmental and social impacts and outcomes by investing in certain types of bonds, which include the following instruments:

- **"Green Bonds**", including but not limited to the following instruments:
  - bonds whose proceeds are targeted to environmentally beneficial projects
  - Sustainability Bonds, with a proportion of the proceeds targeted to environmentally beneficial projects;
  - Transition Bonds, with proceeds targeted to transitioning to more environmentally favourable business models;
  - Sustainability-linked Bonds, with environmental key performance indicators and targets;
  - bonds of issuers that seek to provide environmental solutions or that demonstrate environmental sustainability leadership; or
  - bonds which are deemed by Calvert to make a significant social positive contribution either through the issuer's products and services or through its practices or through the specific projects or investments financed by the bond issue. Such investments may include labelled Social Bonds, with proceeds allocated to projects focussed on positive social outcomes and / or target populations, or labelled Sustainability-linked Bonds with social key performance indicators and targets.

The above bonds may or may not be labelled as green, sustainable, transition, or social bonds by external labelling regimes.

All bonds above are assessed using Calvert's proprietary Sustainable Bond evaluation framework, as further described below.

In addition, all investments in the fund will be evaluated under the Calvert Principles for Responsible Investment (the "**Calvert Principles**"). The Calvert Principles provide a framework to assess investee issuer activities and behaviours across a number of financially material ESG themes to determine their eligibility for Calvert funds. Portfolio managers then construct a portfolio of eligible issuers that meet their investment objective.

Additional details on Calvert's proprietary Sustainable Bond evaluation framework and on the Calvert Principles are provided in response to the question, "*What investment strategy does this financial product follow?*".

The fund has not designated a reference benchmark for the purpose of attaining its sustainable investment objective.

What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The sustainability indicators used to measure the attainment of the sustainable investment objective of this are :

- % of the fund's investments in Green Bonds with a Sustainable Bond score above 3, based on the scoring methodology described further below, and which qualify as sustainable investments;
- % of the fund's investments held in the fund that are considered eligible for investment in accordance with the Calvert Principles;
- % of the fund's investments aligned with international recognised standards such as the International Capital Market Association (ICMA)'s Green Bond Principles; and
- % of the fund's investments held in the fund breaching the exclusionary screens.

Additional details on Calvert's proprietary Sustainable Bond evaluation framework and on the Calvert Principles are provided in response to the question, "*What investment strategy does this financial product follow?*".

How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?

The fund seeks to ensure that the sustainable investments of the fund do not cause significant harm to relevant environmental or social sustainable investment objectives by:

- Testing whether the investment meets the thresholds set by the investment manager for each of the mandatory principal adverse impact ("PAI") indicators (see the response to the question, "*How have*

the indicators for adverse impacts on sustainability factors been taken into account?" below for the details of this process); and

- Ensuring that the sustainable investments of the fund are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, where relevant (see the response to the question, "*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*" below for the details of this process). For sovereign sustainable investments, the investment manager tests against certain sanctions regimes, to ensure countries do not cause significant harm to environmental or social objectives.

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

Calvert tests all of the fund's investments against the PAI indicators which are mandatory to consider under the SFDR. The investment manager does this using a combination of quantitative and qualitative tests, using available third party and proprietary data for each PAI indicator.

Calvert seeks data that is most closely aligned with each individual PAI to construct the PAI assessment methodology. In some cases third party data is limited and if issuers or specific issues are not covered by a vendor for a particular PAI, the investment manager may supplement with best available proxy indicators or qualitative analysis.

Calvert applies the following types of thresholds for the PAIs in order to determine if the investment may be causing significant harm:

1. Absolute thresholds: i.e., company performance breaches a threshold that is set based on a quantitative metric or a qualitative score-based assessment, considering a universe of large, listed companies;
2. Peer group-relative thresholds: i.e., company performance breaches a quantitative threshold that is set based on considering the aggregate performance of the sub-set of companies within a sector that cause the most harm in a specific area, such as carbon emissions or waste emissions; and
3. Controversy-based thresholds: i.e., company controversy performance is qualitatively assessed to be on the worst part of a scale of potential harmful impact.

For certain environmental PAIs, an exemption is made for companies that derive a significant amount of revenues from activities designed to directly address those specific areas of environmental harm. Thresholds are reviewed annually based on a large investable universe.

Calvert generally conducts the PAI assessment at the issuer level. However, where appropriate the assessment may be done at the security level in whole or in part. For instance, in the case of Sustainable Bonds, as defined above, the PAI indicators that are directly related to the sustainability factors targeted by the bond's use of proceeds will be assessed at the security level. As an example, the fund may invest in a Green Bond issued by a utility company that has a negative assessment of the PAI indicators related to GHG emissions and/or GHG intensity, as long as Calvert evaluates that the issuer has a credible strategy to reduce its GHG emissions, and that the Green Bond specifically contributes towards such goal. Other PAI indicators that are unrelated to the Sustainable Bond's use of proceeds are still assessed at the issuer level.

In cases where the PAI methodology suggests an investment may be causing significant harm, Calvert conducts additional desktop research to verify the accuracy of the data point and that there are no intervening factors that cast doubt over the validity of the significant harm analysis. If Calvert concludes, through its internal assessment, that the issuer is not causing significant harm, the investment manager may proceed with the investment and the rationale for that decision will then be documented. Intervening factors that may lead to a conclusion that an issuer is not causing significant harm include:

i. The significant harm assessment is tied to inaccurate vendor data that, once corrected, would no longer breach a significant harm threshold;
ii. The significant harm assessment results from a company being classified in a peer group which Calvert believes is not appropriate due to company-specific characteristics, or to unique or extenuating circumstances specific to the jurisdiction in which the company operates; or
iii. The issuer has demonstrated steps and actions to address the potential significant harm such as through the adoption of time-bound targets and goals or dedicated remediation activities and there are clear meaningful signs of improvement and positive change.

PAI assessments for all holdings will be reviewed at least quarterly.

Where Calvert determines that a held issuer is causing significant harm according to one or multiple PAIs, it will be removed from the portfolio on a reasonable timeline, taking into consideration the best interests of the shareholders of the fund.

Calvert's use of proxy indicators will be kept under review and will be replaced by more specific PAI indicators from third-party data providers, when Calvert determines that sufficiently reliable data has become available.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

Calvert monitors business practices on an ongoing basis, through data on ESG controversies and standards screening sourced from third party providers. Calvert will make assessments on controversy cases, using information from relevant ESG data providers, that it views as significant, and on failures to comply with the UN Global Compact (UNGC) Principles, the UN Guiding Principles on Business and Human Rights, the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises or the International Labour Organization (ILO) Fundamental Principles.

The fund excludes companies with evidence of violations of any of the global norms listed above and without evidence of material remediation and improvement. Calvert maintains its own determination of significant ESG controversies and violations of UNGC Principles, informed by data sourced from third party providers.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund takes the mandatory PAI indicators into account for all its sustainable investments using a combination of qualitative and quantitative criteria, as explained above in response to the question, "*How have the indicators for adverse impacts on sustainability factors been taken into account?*"

The fund will make information available on how it has incorporated the PAIs in its periodic reports to investors.

What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

As part of the investment strategy, the fund applies the Calvert Principles to the investment universe to define eligible investments, and further assesses all securities through the proprietary Calvert Sustainable Bond evaluation framework to determine their eligibility for inclusion in the fund. In addition, the fund also applies some exclusionary screening to further mitigate sustainability risks.

Calvert Principles assessment

All investments in the fund will be evaluated according to the Calvert Principles. The Calvert Principles provide a framework to assess investee issuer activities and behaviours across a number of financially material ESG themes to determine their eligibility for Calvert funds. Portfolio managers then construct a portfolio of eligible issuers that meet their investment objective.

To conduct this analysis, Calvert uses the proprietary Calvert Research System ("CRS") that leverages indicators sourced from third party data vendors, external research partners, and Calvert's own custom indicators to

support measurement and ranking of issuer performance on a number of financially material ESG themes, as determined by expert ESG sector analysts based on proprietary peer groups across the investable universe. A specific set of underlying relevant indicators tied to each theme are then assigned to each sector peer group and weighted to produce a quantitative assessment for each issuer, with discounts applied based on circumstantial information (current and ongoing issues) from data vendors and news sources. Analysts then consider the information from CRS to determine if the issuer meets the Calvert Principles. Such determinations are presented to and approved by Calvert's Responsible Research Review Committee. The following themes are considered in CRS, as applicable, depending on an issuer's peer group and the financial materiality of each theme to that peer group:

- Environmental themes:
    - Biodiversity & Land
    - Climate & Energy
    - Overall Management of Environmental Risks
    - Packaging and Electronic Waste
    - Pollution and Waste
    - Environmental Impacts of the Supply Chain
    - Water
- Social themes:
    - Employee Health and Safety
    - Valuing Human Capital & Labour Management
    - Privacy & Data Security
    - Product Integrity
    - Stakeholder Relations
    - Social Impacts of the Supply Chain

In instances where ESG data is very limited and cannot be assessed through CRS, companies may undergo a qualitative assessment to determine if the issuer meets the Calvert Principles. Qualitative assessments, like quantitative assessments, are presented to and approved by Calvert's Responsible Research Review Committee.

Calvert Sustainable Bond Evaluation

All securities held in the fund are evaluated against Calvert's proprietary Sustainable Bond evaluation framework, which is intended to identify the likely environmental and/or social benefits of the securities in question. Calvert's proprietary Sustainable Bond evaluation framework (which has regard to, where appropriate, recognised green bond guidelines such as the ICMA Green Bonds Principles) assesses securities based on a number of factors including the following:

- issuer trajectory (e.g, issuer's overall management of material environmental or social issues and the ambition, quality and scope of relevant targets in the issuer's offering documents);
- whether the use of proceeds contributes to environmental or social objectives & project impact;
- alignment with external standards;
- project selection process by the issuer;
- governance (management of proceeds);
- the second party opinion given pre-issuance on the sustainability of the issuance;
- third-party assurance/verification of the environmental or social contribution of the project; and
- periodic reporting quality of the environmental or social contribution of the project.

This assessment is typically driven at the security level, resulting in a score on a scale of 1-5, 5 being best and 3 generally being the minimum threshold for inclusion in the portfolio, but will in some circumstances instead be informed by reliance on recognised green bond guidelines.

Exclusions

The fund shall not knowingly invest in **corporate issuers** which are deemed to be involved in the following:

- any activities (i.e. production, manufacturing, distribution or corporate ownership) related to **controversial weapons** (including anti-personnel landmines, cluster munitions, biological or chemical weapons, and nuclear weapons);
- manufacturing or production of **civilian firearms**, where a company derives 5% or more revenue from such business activity;
- manufacturing, production or distribution of **military or conventional weapons, or weapons systems,** where a company derives 10% or more revenue from such business activity;
- manufacturing or production of **tobacco**, or where a company derives 10% or more revenue exposure from tobacco distribution or retail;

- **gambling**, where the company derives 10% or more revenue from such business activity;
- exploration, mining, extraction, distribution or refining of **thermal and metallurgical coal**, where a company derives 1% or more revenue from such business activity;*
- exploration, extraction, refining or distribution of **oil fuels**, where a company derives 10% or more revenue from such business activity;*
- exploration, extraction, manufacturing or distribution of **gaseous fuels**, where a company derives 50% or more revenue from such business activity;* for the avoidance of doubt, biogas, biomethane, renewable and low carbon hydrogen or other gas that is considered renewable would not be excluded from the fund's universe;
- exploration and/or production of **oil sands, Arctic oil and/or gas**, where a company derives 5% or more revenue from such business activity;*
- **electricity generation from thermal coal** only, where a company derives 10% or more revenue from such business activity;*
- **electricity generation based on thermal coal, oil and/or natural gas** (either individually or combined), where a company derives 50% or more revenue from such business activity;* or
- **significant ESG controversies** or **violations of the UNGC Principles, the OECD Guidelines for Multinational Enterprises, the ILO Fundamental Principles or the UN Guiding Principles on Business and Human Rights**, without evidence of material remediation and improvement.**

*The fund may, as an exception to the exclusions related to fossil fuels listed above, invest in Sustainable Bonds which are intended to raise proceeds specifically for projects that promote positive environmental contributions mitigating the adverse sustainability impact of those fossil fuels, such as renewable energy or energy efficiency, based on information available in the bond issuance documentation. This exception applies to the extent that such bonds do not violate any of the other exclusion criteria listed above.

**Calvert maintains its own determination of significant ESG controversies or violations of UNGC Principles, informed by data sourced from third party providers.

Such exclusions incorporate the PAB exclusions. Further information on the investment manager's approach to such exclusions, and/or any additional restrictions applied to the fund will be disclosed in the fund's SFDR Website Disclosure, where necessary.

Furthermore, the fund shall not knowingly invest in **sovereign issuers** which are in the bottom-10% ranked countries for **social violations**, based on Calvert's custom indicator.

The social violations custom indicator is calculated by Calvert taking into consideration a country's performance on issues including, but not limited to, the application of human rights and civil liberties, the quality of contract enforcement and security, freedom of expression, association and free media, political stability and absence of violence or terrorism, as assessed by underlying data from the World Bank.
In addition, any investments in sovereign issuers exhibiting positive momentum with respect to such violations according to the investment manager or Calvert, shall not be subject to the purchase restriction. For example, if a country is in the process of making significant remediation efforts, such as through electoral or policy reforms and engagement with civil society, with regard to any social violations, the investment manager may not exclude the investment from the fund, provided this is kept under review by the investment manager and Calvert.

The investment manager may decide to implement additional restrictions to the fund, and such new restrictions will be disclosed in the fund's SFDR Website Disclosure.

The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager. The investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with the investment team to conduct regular portfolio/performance reviews and systemic checks to ensure compliance with portfolio investment objectives and environmental and social characteristics, taking into account changing market conditions, information and strategy developments.

What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?

The binding elements of the investment strategy used to select the investments to achieve the attainment of the sustainable investment objective are the following:

- All bonds being eligible for investment at the issuer level according to the Calvert Principles;
- All bonds being eligible for investment at the security level according to the Calvert Sustainable Bond evaluation framework, or being labelled to internationally recognised standards;
- The exclusionary criteria applied by the fund.

- ***What is the policy to assess good governance practices of the investee companies?***

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The investment manager applies the Calvert Principles to determine an eligible investment universe that limits exposure to companies that demonstrate poor management of financially material environmental or social risks.

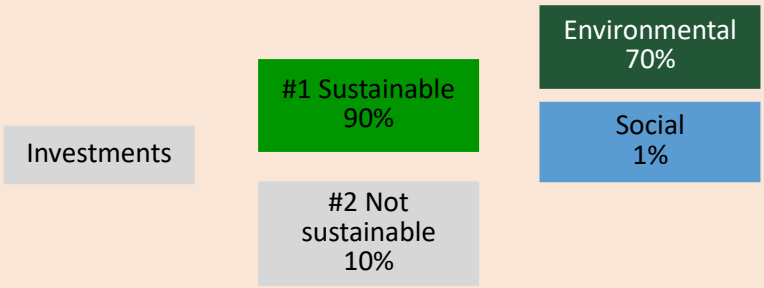
As part of its research process, Calvert also assesses whether companies exhibit accountable governance and oversight, effective and diverse board representation, and transparency in addressing any events or controversies.

Calvert then uses additional third-party governance indicators and controversy data in order to screen investee companies on sound management structures, their employee relations, fair remuneration of staff, and tax compliance, to ensure overall alignment with good governance practices.

In addition, Calvert's proprietary Sustainable Bond evaluation framework assesses the governance of the issuer as part of its analysis. This assessment includes an assessment of the structural framework in place to effectively manage the use of proceeds.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.



#1 Sustainable covers sustainable investments with environmental or social objectives.

#2 Not sustainable includes investments which do not qualify as sustainable investments.

The Calvert Principles, Calvert Sustainable Bond evaluation, and exclusionary criteria, as described above in the binding characteristics of the fund, will be applied to at least 90% of the investments within the portfolio.

In addition, at least 90% of portfolio holdings of the fund will consist of sustainable investments. Among these, the fund commits to make a minimum of 70% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time. The 1% commitment to sustainable investments with a social objective reflects the smaller size and growth rate of the Social Bond market compared to the Green Bond market.

The remaining approximately 10% will consist of investments held for ancillary liquidity and hedging instruments.

These percentages are measured according to the portfolio weight, which is based on the market value of the investments.

- ***How does the use of derivatives attain the sustainable investment objective?***

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?[1]

☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

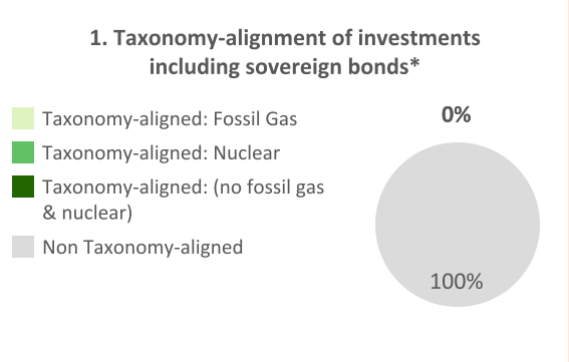
☒ **No**

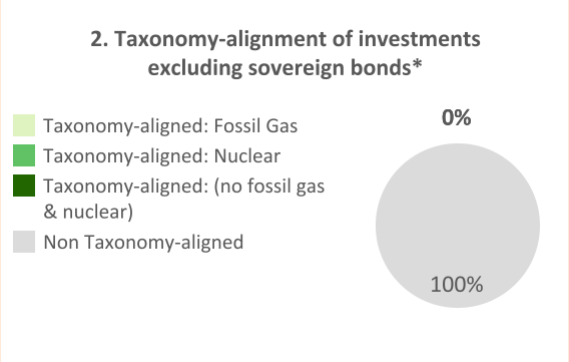
To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





This graph represents up to 100% of the total investments.**

** For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

***The proportion of total investments shown in this graph is purely indicative and may vary over time. As the fund does not commit to making sustainable investments aligned with the EU Taxonomy, the proportion of any sovereign exposure in the fund's portfolio will not impact the proportion of sustainable investments aligned with the EU Taxonomy included in the graph.*

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

- ***What is the minimum share of investments in transitional and enabling activities?***

Although the fund commits to invest in sustainable investments within the meaning of the SFDR, there is no commitment to a minimum share of investments in transitional and enabling activities.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?



Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund intends to make a minimum of 90% sustainable investments, of which a minimum of 70% contribute to environmental objectives, as defined under the SFDR.

Although some of these sustainable investments may be EU Taxonomy aligned, due to lack of available data regarding the EU Taxonomy alignment of the underlying securities, the investment manager has not been able to confirm whether these investments are in fact EU Taxonomy aligned and accordingly will not consider them as such in calculations until this data is reported on or otherwise becomes more reliable.



What is the minimum share of sustainable investments with a social objective?

The fund commits to at least 1% of sustainable investments with a social objective.



What investments are included under "#2 Not sustainable", what is their purpose and are there any minimum environmental or social safeguards?

The "#2 Not sustainable" investments held in the fund comprise of investments in cash held as ancillary liquidity, and derivatives held for hedging purposes, which are not subject to any minimum environmental and social safeguards.



Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.



Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_calvertglobalgreenbond_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
Calvert Global High Yield Bond Fund	254900B55Q8A1KYLJN18

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 30 % of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☒ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

The fund promotes the following environmental and social characteristics:

- **Eligibility in line with Principles-based ESG Materiality Framework:** Through the application of the Calvert Principles for Responsible Investment (the "**Calvert Principles**"), the fund promotes environmental sustainability and resource efficiency, equitable societies and respect for human rights, in addition to accountable governance and transparent operations. The Calvert Principles assess investee issuers' activities and behaviours across a number of ESG themes deemed to be material by Calvert, and only issuers whose business practices and governance structure are assessed to be consistent with the Calvert Principles are eligible for inclusion in the fund's portfolio. Additional details on Calvert's proprietary Sustainable Bond evaluation framework and on the Calvert Principles are provided in response to the question, "*What investment strategy does this financial product follow?*".

- **Low carbon intensity and portfolio-level decarbonisation:** The fund seeks to promote the environmental characteristic of climate change mitigation by:

    - Maintaining a lower carbon intensity than the benchmark used for sustainability indicator comparison purposes, as defined below; and

    - Aiming to reduce the fund's portfolio-level carbon intensity by 50% by year-end 2030, compared to March 30, 2022.

- **Exclusions:** The fund seeks to promote the environmental characteristic of avoiding investments in thermal coal and other types of unconventional oil & gas activities, and the social characteristic of avoiding investments in activities which can cause harm to human health and wellbeing. Further detail on the nature of these exclusions is set out below (in response to the question, "*What investment strategy does this financial product follow?*").

- **Sustainable Investments:** The fund aims to make a minimum of 30% sustainable investments in issuers which contribute to specific environmental or social objectives, based on Calvert's assessment, as further described under the question "*What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?*".

The fund has not designated a reference benchmark for the purpose of attaining its environmental or social characteristics.

The fund's sustainability indicator comparison benchmark is the ICE BofA Developed Markets High Yield Ex-Subordinated Financials Index (USD hedged).

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The following sustainability indicators are used to measure the attainment of the fund's environmental and social characteristics:

- The % of the fund's investments that are considered eligible for investment in accordance with the Calvert Principles;
- The % of the fund's investments which qualify as sustainable investments;
- The fund maintaining a portfolio carbon intensity lower than the sustainability indicator comparison benchmark, measured by portfolio-level weighted average carbon intensity ("**WACI**"), defined as Scope 1 and 2 tonnes of CO2 equivalent per $1million revenue;
- The fund's cumulative decarbonisation rate since March 30, 2022; and
- The % of the fund's investments that breach any of the exclusionary criteria.

Additional details on the Calvert Principles, low carbon intensity and portfolio decarbonisation, and on the fund's exclusionary criteria, are provided in response to the question, "*What investment strategy does this financial product follow?*".

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

In parallel to the Calvert Principles analysis, Calvert performs an assessment of each investment in the fund to determine whether it qualifies as a sustainable investment. This assessment aims to identify issuers with evidence of making a positive contribution to a specific environmental or social objective, through either of the following three pathways:

1. Companies generating a significant proportion of their revenues from products or services that directly address environmental or social needs including, but not limited to, alternative energy, pollution prevention, nutrition, or connectivity, as an indicator of positive impact alignment;
2. Companies benefiting the environment and/or society through operating responsibly and efficiently, based on metrics that represent a company's performance on the following areas of impact (provided as a non-exhaustive, illustrative list):
    a. Direct environmental impact (e.g., carbon emissions, waste emissions, water use);
    b. Supply chain impact (e.g., indirect carbon emissions, raw materials sourcing, lifecycle carbon);
    c. Workplace practices (e.g., diversity, inclusion, gender pay equity); or

3. Green, Social or Sustainability Bonds ("**Sustainable Bonds**"), where the issuer commits to allocate the proceeds to projects making a positive environmental or social contribution. This includes, but is not limited to, bonds that align with the International Capital Market Association (ICMA)'s Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines. Sustainable Bonds mobilise financing directly towards a multiplicity of environmental and social projects whose focus spans across a number of sustainability objectives. The specific objectives to which the Sustainable Bonds contribute depend on the eligible environmental and social project categories of each security, which can include, but are not limited to, financing for renewable energy, energy efficiency, clean transportation, affordable housing, and financial inclusion. To qualify as sustainable investments, Sustainable Bonds held in the fund must be deemed eligible for investment according to Calvert's proprietary sustainable bond assessment framework, through which the robustness, expected impact and transparency of all such instruments in the fund are evaluated. All issuances held in the portfolio must be determined by Calvert to be of sufficient quality and rigor. Typically, issuers must receive a score of at least 3 (out of 5, where 5 is best) on the sustainable bond assessment framework to be considered for inclusion in the portfolio.

- ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Calvert seeks to ensure that the sustainable investments of the fund do not cause significant harm to relevant environmental or social sustainable investment objectives by:

- Testing whether the investment meets the thresholds set by Calvert for each of the mandatory principal adverse impact ("**PAI**") indicators (see the response to the question, "*How have the indicators for adverse impacts on sustainability factors been taken into account?*" below for the details of this process); and
- Ensuring that the sustainable investments of the fund are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (see the response to the question, "*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*" below for the details of this process).

- ***How have the indicators for adverse impacts on sustainability factors been taken into account?***

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

Calvert tests all of the fund's sustainable investments against the PAIs which are mandatory to consider under the SFDR. Calvert does this using a combination of quantitative and qualitative tests, using available third party and proprietary data for each PAI indicator.

Calvert seeks data that is most closely aligned with each individual PAI to construct the PAI assessment methodology. In some cases third party data is limited and if issuers or specific issues are not covered by a vendor for a particular PAI Calvert may supplement with best available proxy indicators or qualitative analysis. Calvert applies the following types of thresholds for the PAIs to sustainable investments in order to determine if the investment may be causing significant harm:

1. Absolute thresholds: i.e., company performance breaches a threshold that is set based on a quantitative metric or a qualitative score-based assessment, considering a universe of large, listed companies;
2. Peer group-relative thresholds: i.e., company performance breaches a quantitative threshold that is set based on considering the aggregate performance of the sub-set of companies within a sector that cause the most harm in a specific area, such as carbon emissions or waste emissions; and
3. Controversy-based thresholds: i.e., company controversy performance is qualitatively assessed to be on the worst part of a scale of potential harmful impact.

For certain environmental PAIs, an exemption is made for companies that derive a significant amount of revenues from activities designed to directly address those specific areas of environmental harm. Thresholds are reviewed annually based on a large investable universe.

Calvert generally conducts the PAI assessment at the issuer level. However, where appropriate the assessment may be done at the security level in whole or in part. For instance, in the case of Sustainable Bonds, as defined above, the PAI indicators that are directly related to the sustainability factors targeted by the bond's use of proceeds will be assessed at the security level. As an example, the fund may invest in a Green Bond issued by a utility company that has a negative assessment of the PAI indicators related to GHG emissions and/or GHG intensity, as long as Calvert evaluates that the issuer has a credible strategy to reduce its GHG emissions, and that the Green Bond specifically contributes towards such goal. Other PAI indicators that are unrelated to the Sustainable Bond's use of proceeds are still assessed at the issuer level.

In cases where the PAI methodology suggests a sustainable investment may be causing significant harm, Calvert may conduct additional desktop research to verify the accuracy of the data point and that there are no intervening factors that cast doubt over the validity of the significant harm analysis. If Calvert concludes that the issuer is not causing significant harm based on this analysis, the rationale for that decision will then be documented.

Intervening factors that may lead to a conclusion that an issuer is not causing significant harm include:

i. the significant harm assessment is tied to inaccurate vendor data that, once corrected, would no longer breach a significant harm threshold;
ii. the significant harm assessment results from a company being classified in a peer group which Calvert believes is not appropriate due to company-specific characteristics, or to unique or extenuating circumstances specific to the jurisdiction in which the company operates; or
iii. the issuer has demonstrated steps and actions to address the potential significant harm such as through the adoption of time-bound targets and goals or dedicated remediation activities and there are clear meaningful signs of improvement and positive change;

PAI assessments for all holdings will be reviewed at least quarterly.

Where Calvert determines that a held issuer is causing significant harm according to one or multiple PAIs, the investment will be deemed not sustainable and it will not be counted towards the sustainable investment allocation of the fund.

Calvert's use of proxy indicators will be kept under review and will be replaced by more specific PAI indicators from third-party data providers, when Calvert determines that sufficiently reliable data has become available.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The fund excludes from the entirety of the portfolio issuers which have experienced significant controversies, including those related to violations of the UN Global Compact (UNGC), the UN Guiding Principles on Business and Human Rights, the ILO fundamental Principles, or the OECD Guidelines for Multinational Enterprises.

This screening is done using third-party data, however in relation to the UNGC, Calvert maintains its own determination of significant ESG controversies or violations of UNGC Principles, informed by data sourced from third party providers.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund considers all of the mandatory PAI on sustainability factors which are relevant to the investment for the portion allocated to sustainable investments, as described above in response to the question, "*How have the indicators for adverse impacts on sustainability factors been taken into account?*"

The fund considers the PAI indicators through some of the fund's binding criteria as follows:

- The fund aims to maintain a lower carbon intensity than the sustainability indicator comparison benchmark, and to halve its portfolio-level carbon intensity by 2030. The fund therefore considers the PAI indicator 3: GHG intensity of investee companies.
- The fund excludes issuers which derive certain proportions of revenue from fossil fuels, as described in response to the question, "*What investment strategy does this financial product follow?*". The fund therefore considers the PAI indicator 4: exposure to companies active in the fossil fuel sector.
- The fund excludes issuers which derive any revenue from controversial weapons manufacturing or retail. The fund therefore considers the PAI indicator 14: exposure to controversial weapons.
- The fund excludes issuers which have experienced significant controversies. This includes controversies relating to violations of the UNGC, the UN Guiding Principles on Business and Human Rights, the ILO fundamental Principles, or the OECD Guidelines for Multinational Enterprises. The fund therefore considers the PAI indicator 10: violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises.

In addition, through the application of the Calvert Principles to the totality of the portfolio, the fund seeks to invest in companies that, in the opinion of the investment manager, exhibit, through their operations and business practices, sound management of ESG characteristics. These characteristics include environmental sustainability, resource efficiency, support for equitable societies and respect for human rights, accountable governance, and transparent operations.

As a result, the fund considers the following PAIs through its pass/fail assessment for those companies and sectors where Calvert deems such PAIs relevant:

- PAI 1 "GHG emissions";
- PAI 3 "GHG intensity of investee companies";
- PAI 4 "Exposure to companies active in the fossil fuel sector";
- PAI 13 "Board gender diversity"; and
- PAI 14 "Exposure to controversial weapons".

The fund will make information available on how it has incorporated the PAIs into the fund in its periodic reports to investors.



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

As part of the investment strategy, the fund applies the Calvert Principles to the investment universe to define eligible investments, and exclusionary screening to further mitigate sustainability risks. The fund will also maintain a lower carbon intensity than the sustainability indicator comparison benchmark while aiming to halve it by year-end 2030 and makes sustainable investments in economic activities that address global environmental or societal challenges, in issuers that are leaders in managing financially material environmental or social risks and opportunities, or in Sustainable Bonds making a positive environmental or social contribution through their use of proceeds.

Calvert Principles assessment

All investments in the fund will be evaluated according to the Calvert Principles. The Calvert Principles provide a framework to assess investee company activities and behaviours across a number of financially material ESG themes to determine their eligibility for Calvert funds. Portfolio managers then construct a portfolio of eligible issuers that meet their investment objective.

To conduct this analysis, Calvert uses the proprietary Calvert Research System ("CRS") that leverages indicators sourced from third party data vendors, external research partners, and Calvert's own custom indicators to support measurement and ranking of company performance on a number of financially material ESG themes, as determined by expert ESG sector analysts based on proprietary peer groups across the investable universe. A specific set of underlying relevant indicators tied to each theme are then assigned to each sector peer group and weighted to produce a quantitative assessment for each company, with discounts applied based on circumstantial information (current and ongoing issues) from data vendors and news sources. Analysts then consider the information from CRS to determine if the company meets the Calvert Principles. Such determinations are presented to and approved by Calvert's Responsible Research Review Committee. The following themes are considered in CRS, as applicable, depending on a company's peer group and the financial materiality of each theme to that peer group:

- Environmental themes:
  - Biodiversity & Land
  - Climate & Energy
  - Overall Management of Environmental Risks
  - Packaging and Electronic Waste
  - Pollution and Waste
  - Environmental Impacts of the Supply Chain
  - Water
- Social themes:
  - Employee Health and Safety
  - Valuing Human Capital & Labour Management
  - Privacy & Data Security
  - Product Integrity
  - Stakeholder Relations
  - Social Impacts of the Supply Chain

In instances where ESG data is very limited and cannot be assessed through CRS, companies may undergo a qualitative assessment to determine if the company meets the Calvert Principles. Qualitative assessments, like quantitative assessments, are presented to and approved by Calvert's Responsible Research Review Committee.

Low carbon intensity and portfolio decarbonisation

The fund's corporate investments will maintain a lower carbon intensity than the corporate component of the sustainability indicator comparison benchmark, measured as WACI in Scope 1 and 2 tons CO2e./US$ million Sales, weighted by portfolio holdings. This characteristic applies at the aggregate portfolio level and not at the level of individual holdings, some of which may on an individual basis have a higher carbon intensity than the portfolio level average.

The fund aims to halve its WACI at the portfolio level by year-end 2030, compared to March 30, 2022. While the binding element of this environmental characteristic refers to the year 2030, the investment manager will pursue a yearly decarbonisation pathway to achieve this longer-term target, and to correct any potential deviations from such pathway. The fund's decarbonisation rate will be monitored and reported on an annual basis.

If the portfolio of corporate investments does not meet its yearly decarbonisation pathway target for WACI in a given year, the investment manager would aim to decrease WACI at a larger rate the following year, such that the fund will still aim to meet its binding commitments for 2030.

Exclusions

The fund shall not knowingly invest in corporate issuers which are deemed to be involved in the following:

- any activities (i.e. production, manufacturing, distribution or corporate ownership) related to **controversial weapons** (including anti-personnel landmines, cluster munitions, biological or chemical weapons, and nuclear weapons);
- manufacturing or production of **civilian firearms**, where a company derives 5% or more revenue from such business activity;
- manufacturing, production or distribution of **military or conventional weapons, or weapons systems,** where a company derives 10% or more revenue from such business activity;
- manufacturing or production of **tobacco**, or where a company derives 10% or more revenue exposure from tobacco distribution or retail;
- **gambling**, where the company derives 10% or more revenue from such business activity;
- exploration, mining, extraction, manufacturing or distribution of **thermal and metallurgical coal**, where a company derives 1% or more revenue from such business activity;*
- exploration and/or production of **oil sands, Arctic oil and/or gas**, where a company derives 5% or more revenue from such business activity;*
- **electricity generation from thermal coal**, where a company derives 10% or more revenue from such business activity;* or
- **significant ESG controversies** or **violations of the UNGC Principles, the OECD Guidelines for Multinational Enterprises, the ILO Fundamental Principles or the UN Guiding Principles on Business and Human Rights**, without evidence of material remediation and improvement.**

*The fund may, as an exception to the exclusions related to fossil fuels listed above, invest in Sustainable Bonds which are intended to raise proceeds specifically for projects that promote positive environmental contributions mitigating the adverse sustainability impact of those fossil fuels, such as renewable energy or energy efficiency, based on information available in the bond issuance documentation. This exception applies to the extent that such bonds do not violate any of the other exclusion criteria listed above.

Investments that are held by the fund which as a result of the application of the ESG criteria above become restricted after they are acquired for the fund, will be sold. Such sales will take place over a time period that takes into account the best interests of the shareholders of the fund.

**Calvert maintains its own determination of significant ESG controversies or violations of UNGC Principles, informed by data sourced from third party providers.

The investment manager may decide to implement additional restrictions to the fund, and such new restrictions will be disclosed in the fund's SFDR Website Disclosure.
The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager. The investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with the investment team to conduct regular portfolio/performance reviews and systemic checks to ensure compliance with portfolio investment objectives and environmental and social characteristics, taking into account changing market conditions, information and strategy developments.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The binding elements of the investment strategy are the following:

- All bonds being eligible for investment at the issuer level according to the Calvert Principles;
- The fund maintaining a portfolio-level carbon intensity for its corporate bond portion lower than the sustainability indicator comparison benchmark and reducing it by at least 50% by year-end 2030;
- At least 30% of the fund's investments qualifying as sustainable investments.
- The exclusionary criteria applied by the fund..

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

While the fund does not commit to reduce the scope of investments, it is expected that the application of the ESG criteria will result in a reduction of the investment universe by at least 20% as the Fund has adopted a

selectivity approach for a significantly engaging approach as set out in the AMF Position-Recommendation DOC-2020-03.

- ***What is the policy to assess good governance practices of the investee companies?***

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

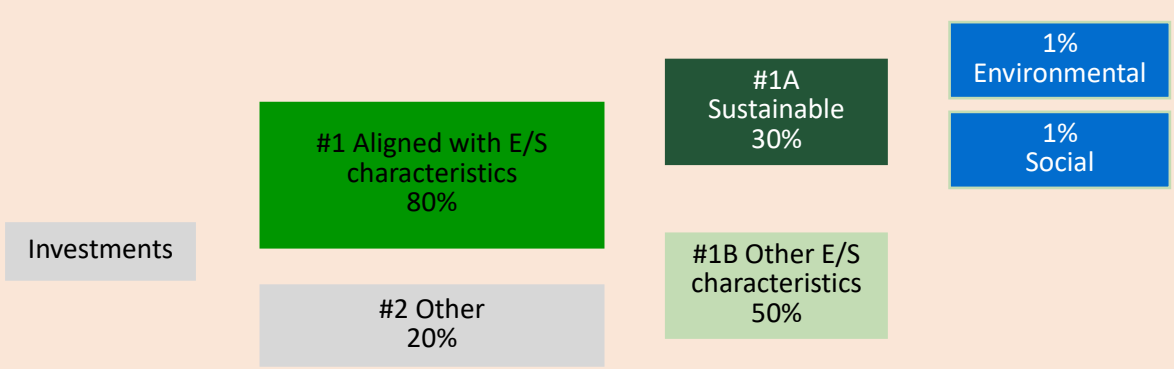
The investment manager applies the Calvert Principles to determine an eligible investment universe that limits exposure to companies that demonstrate poor management of financially material environmental or social risks.
As part of its research process, Calvert also assesses whether companies exhibit accountable governance and oversight, effective and diverse board representation, and transparency in addressing any events or controversies.

Calvert then uses additional third-party governance indicators and controversy data in order to screen investee companies on sound management structures, their employee relations, fair remuneration of staff, and tax compliance, to ensure overall alignment with good governance practices.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned** with E/S characteristics covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Calvert Principles analysis, low carbon intensity and decarbonisation characteristics, and exclusions (as described above) will be applied to at least 80% of the portfolio, of which the fund will allocate a minimum of 30% of its assets to sustainable investments. Among these sustainable investments, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time.

A maximum of 20% of the fund's assets may be invested in hedging instruments for efficient portfolio management and in cash as ancillary liquidity, which do not align with any environmental or social characteristics.

These percentages are measured according to the value of the investments.

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

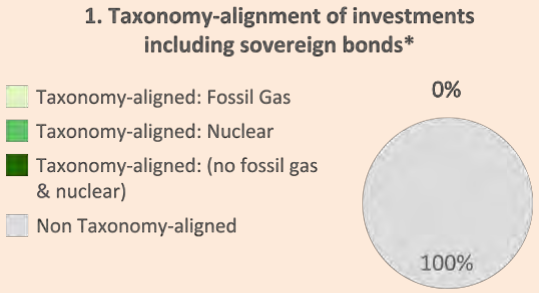
- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?***[1]

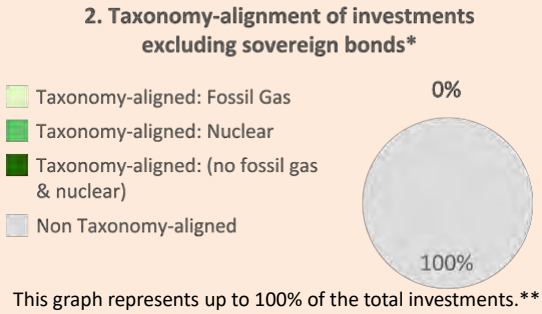
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





This graph represents up to 100% of the total investments.**

** For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

***The proportion of total investments shown in this graph is purely indicative and may vary over time. As the fund does not commit to making sustainable investments aligned with the EU Taxonomy, the proportion of any sovereign exposure in the fund's portfolio will not impact the proportion of sustainable investments aligned with the EU Taxonomy included in the graph.*

- ***What is the minimum share of investments in transitional and enabling activities?***

Although the fund commits to invest in sustainable investments within the meaning of the SFDR, there is no commitment to a minimum share of investments in transitional and enabling activities.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund intends to make a minimum of 30% sustainable investments as defined under the SFDR, with a combination of environmental and social objectives, as described above. Among these, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time. These sustainable investments will represent at least 30% of the portfolio holdings on an aggregated basis.

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Although some of these sustainable investments may be EU Taxonomy aligned, due to lack of available data regarding the EU Taxonomy alignment of the underlying securities, the investment manager has not been able to confirm whether these investments are in fact EU Taxonomy aligned and accordingly will not consider them as such in calculations until this data is reported on or otherwise becomes more reliable.



What is the minimum share of socially sustainable investments?

As explained above, the fund may make sustainable investments which contribute to either environmental or social objectives. Among these, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time. These sustainable investments will represent at least 30% of the portfolio holdings on an aggregated basis.



What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The fund may have investments in hedging instruments for efficient portfolio management and in cash as ancillary liquidity. These instruments are included in the "#2 Other" category and are not subject to environmental and/or social screening or any minimum environmental or social safeguards.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable



Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_calvertglobalhighyield_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
Emerging Markets Corporate Debt Fund	5493007BB7NIVVCOWZ40

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☒ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

The fund promotes the environmental characteristic of climate change mitigation by excluding investments in certain types of fossil fuels. In addition, the fund promotes the social characteristic of avoiding investments in certain activities which can cause harm to human health and wellbeing.

Further detail on the nature of these exclusions is set out below (in response to the question, "*What investment strategy does this financial product follow?*").

The fund also aims to make a minimum of 10% sustainable investments in:

- Corporate issuers whose business practices, products or solutions, make a net positive contribution towards United Nations' Sustainable Development Goals ("SDGs"); or
- Sustainable Bonds, as defined further below, which make a positive environmental or social contribution through their use of proceeds, as explained in response to the question below, *"What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?".*

The fund has not designated a reference benchmark for the purpose of attaining its environmental or social characteristics.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The following sustainability indicators are used to measure the attainment of the fund's environmental and social characteristics:

- The fund's exposure, in percentage market value, to issuers that violate any of the exclusion criteria;
- The fund's percentage market value allocated to sustainable investments.

Additional details on the fund's exclusions criteria are provided below in response to the question, *"What investment strategy does this financial product follow?".*

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

The fund's sustainable investments will fall within one of the following categories:

- Green, Social or Sustainability Bonds ("Sustainable Bonds"), where the issuer commits to allocate the proceeds to projects making a positive environmental or social contribution. This includes, but is not limited to, bonds that align with the International Capital Market Association (ICMA)'s Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines. Sustainable Bonds mobilise financing directly towards a multiplicity of environmental and social projects whose focus spans across a number of sustainability objectives. Examples include, but are not limited to, financing for renewable energy, energy efficiency, clean transportation, affordable housing, and financial inclusion projects. The specific objectives to which the Sustainable Bonds contribute depend on the eligible environmental and social project categories of each security.
- Bonds from corporate issuers whose business practices, products or solutions, make a net positive contribution towards the SDGs. The SDGs were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet and ensure that by 2030 all people enjoy peace and prosperity. The investment manager defines positive contribution to the SDGs as a net positive aggregate alignment score across all the SDGs (i.e., scores measuring positive contribution to individual SDGs have to, in total, be greater than the total of any negative contribution scores), based on third-party data. The investment manager will also only include issuers which have sufficient positive SDG alignment (in the investment manager's view) with at least one individual SDG, and which do not have any material mis-alignments (in the investment manager's view) on any of the SDGs.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

The investment manager seeks to ensure that the sustainable investments of the fund do not cause significant harm to relevant environmental or social sustainable investment objectives by:

- Testing whether the investment meets the thresholds set by the investment manager for each of the mandatory principal adverse impact ("PAI") indicators (see the response to the question, "*How have*

the indicators for adverse impacts on sustainability factors been taken into account?" below for the details of this process); and

- Ensuring that the sustainable investments of the fund are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (see the response to the question, "H*ow are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*" below for the details of this process).

This assessment is conducted using third-party data on the sustainability characteristics of the fund's holdings.

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

The "do no significant harm" methodology applied by the investment manager on sustainable investments seeks to screen investments to identify any significant harm to any of the PAI indicators which are mandatory for the investment manager to consider under the SFDR rules, and which are relevant to the investment.

The investment manager has determined specific metrics and quantitative thresholds for what constitutes significant harm to screen PAI indicators that are relevant to the investment, using third-party data. The thresholds are set: (i) on an absolute value basis; (ii) on a relative basis in the context of the investment universe; or (iii) using pass/fail scores. Different metrics or thresholds may apply to issuers located in developed markets and in emerging markets, respectively. This is intended to reflect the different extent to which the investment manager deems that meeting minimum sustainability standards in these markets is currently achievable . In addition, different relative thresholds may apply to similar indicators: for example, the investment manager currently applies a lower threshold to determine significant adverse impact with respect to scope 3 emissions intensity as compared to scope 1 and 2 emissions intensity. This is because: (i) companies have less control over their indirect emissions; and (ii) data estimates for scope 3 emissions, which currently prevail over reported data compared to scope 1 and 2 emissions, may result in a less accurate PAI assessment.

The investment manager may use reasonable proxy indicators sourced from third parties to address the current lack of data for certain PAI indicators. The investment manager's use of proxy indicators will be kept under review, and will be replaced by PAI data from third-party data providers when the investment manager determines that sufficiently reliable data has become available.

The investment manager generally conducts the PAI assessment at the issuer level. However, where appropriate the assessment may be done at the security level in whole or in part. For instance, in the case of Sustainable Bonds, as defined above, the PAI indicators that are directly related to the sustainability factors targeted by the bond's use of proceeds will be assessed at the security level. As an example, the fund may invest in a Green Bond issued by a utility company that has a negative assessment under the PAI indicators related to GHG emissions and/or GHG intensity, as long as the investment manager evaluates that the issuer has a credible strategy to reduce its GHG emissions and the Green Bond specifically contributes towards such goal. Other PAI indicators that are unrelated to the Sustainable Bond's use of proceeds are assessed at the issuer level.

The fund's PAI assessment is supported, on a qualitative and non-binding basis, by the investment manager's engagement with selected issuers on their corporate governance practices, as well as on other material sustainability issues, in line with the investment manager's Fixed Income Engagement Strategy, available on www.morganstanley.com/im.

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

— *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The fund's sustainable investments exclude issuers which have experienced significant controversies that are deemed to violate the UN Global Compact, the UN Guiding Principles on Business and Human Rights, or the ILO Fundamental Principles, and issuers with significant controversies related to violations of the OECD Guidelines for Multinational Enterprises. This screening is done using third-party data.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund considers all of the mandatory PAI on sustainability factors which are relevant to the investment for the portion allocated to sustainable investments, as described above in response to the question, "*How have the indicators for adverse impacts on sustainability factors been taken into account?*"

The portion of the fund that is not made of sustainable investments considers the PAI only in part through the fund's exclusionary criteria, as follows:

- The fund excludes issuers which derive a certain percentage of revenue from thermal coal mining and extraction. The fund therefore partly considers the PAI indicator 4: exposure to companies active in the fossil fuel sector.
- The fund excludes issuers which derive any revenue from controversial weapons manufacturing or retail. The fund therefore considers in whole the PAI indicator 14: exposure to controversial weapons.

The fund will make information available on how it has incorporated the PAIs into the fund in its periodic reports to investors.



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

As part of its investment strategy, the fund aims at reducing exposure to selected business activities which can cause danger to human health and wellbeing or the environment, through exclusionary screening. The fund will also make sustainable investments in Sustainable Bonds making a positive environmental or social contribution through their use of proceeds, or bonds from corporate issuers whose business practices, products or solutions, make a net positive contribution towards the SDGs.

Binding criteria	
The fund will not invest in corporate issuers which:	Derive any revenue from any of the following activities: • Controversial weapons manufacturing or retail (including anti-personnel landmines, cluster munitions, biological or chemical weapons, and nuclear weapons); • Civilian firearms manufacturing or retail; • Tobacco manufacturing; or Derive more than 5% revenue from any of the following activities: • Thermal coal mining and extraction. The fund may, as an exception to this exclusion, invest in Sustainable Bonds which are intended to raise proceeds specifically for projects that promote positive environmental contributions mitigating the adverse sustainability impact of coal, such as alternative minerals, based on information available in the bond issuance documentation.
Sustainable investments	The fund will maintain a minimum of 10% of sustainable investments, which meet the criteria as set out in response to the question, *"What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?"*

The investment manager may decide to implement additional restrictions to the fund, and such new restrictions will be disclosed in the fund's SFDR Website Disclosure.

In addition to the ESG considerations described in this summary on a binding basis, the fund integrates ESG considerations in the investment decision-making process to support its environmental and social characteristics on a non-binding basis, based on the investment manager's in-house research and methodologies and on third-party data. For example, the investment manager aims to monitor business practices on an ongoing basis, through data on ESG controversies and standards screening that the investment manager sources from third party providers. The investment manager may consider controversy cases that it views as being significant based on ratings by relevant ESG data providers, and failures to comply with the UN Global Compact or the ILO Fundamental Principles, although such incidents will not automatically result in exclusion from the portfolio. In some cases, third-party data on specific issuers, ESG themes or the exclusions noted above may not be available and/or may be estimated by the investment manager using internal methodologies or reasonable estimates. The methodologies used by different data providers may also vary.

The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager. The investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with the investment team to conduct regular portfolio/performance reviews and systemic checks to ensure compliance with portfolio investment objectives and environmental and social characteristics, taking into account changing market conditions, information and strategy developments.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The binding elements of the investment strategy are described in the table above.

The criteria are implemented and monitored by the investment manager using a combination of third-party data and in-house research.

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

Not applicable.

What is the policy to assess good governance practices of the investee companies?

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

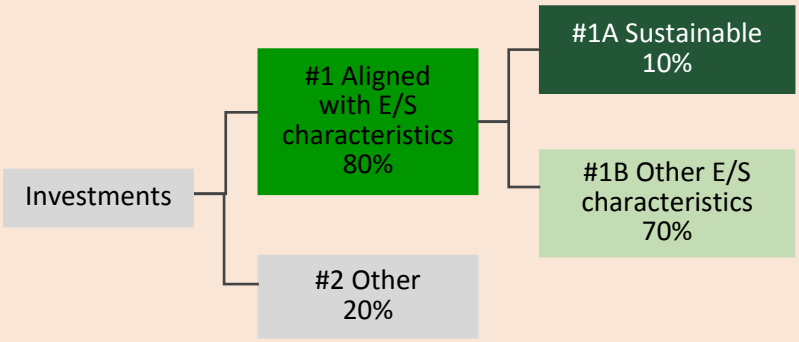
As part of its bottom-up, fundamental research process, the investment manager systematically incorporates the assessment of an issuer's corporate governance and business practices, including but not limited to evidence of sound management structures and employee relations, fair remuneration of staff, and tax compliance, in order to ensure that every investee company follows good governance practices.

This is done through the monitoring of data on governance-related, as well as on other environmental and/or social factors and controversies, sourced from third party providers, through in-house research, and through engagement with the management of selected issuers on corporate governance and disclosure issues.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned** with E/S characteristics covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The exclusions (as described above) will be applied to at least 80% of the portfolio, however the fund also expects to allocate a minimum of 10% of its assets to sustainable investments. Among these sustainable investments, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time.

A maximum of 20% of the fund may be invested in hedging and/or cash instruments for efficient portfolio management purposes, which do not align with any environmental or social characteristics, as described in the response to question, "*What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards*" further below.

Any investments that are held by the fund but become restricted because they breach the investment exclusions set out above, after they are acquired for the fund, will be sold. Such sales will take place over a period of time to be determined by the investment manager, taking into account the best interests of the shareholders of the fund. Such investments are included in the "#2 Other" category.

These percentages are measured according to the market value of the investments.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Derivatives may be used by the fund for investment or efficient portfolio management (including hedging) purposes only. These instruments are not used to attain the environmental or social characteristics of the fund.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

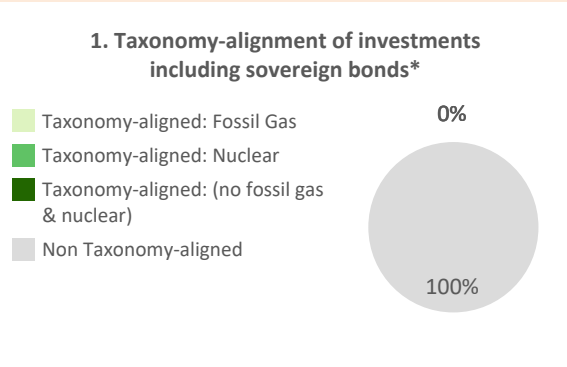
● ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?***[1]

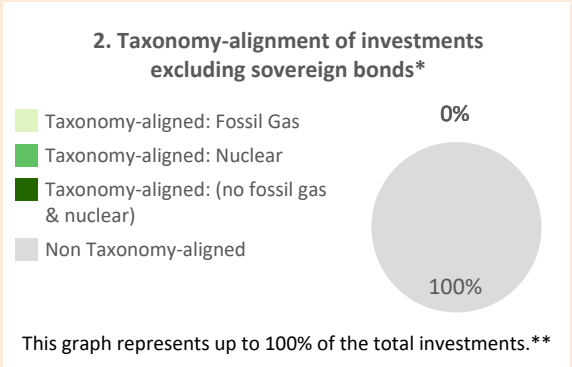
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





This graph represents up to 100% of the total investments.**

** For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

***The proportion of total investments shown in this graph is purely indicative and may vary over time. As the fund does not commit to making sustainable investments aligned with the EU Taxonomy, the proportion of any sovereign exposure in the fund's portfolio will not impact the proportion of sustainable investments aligned with the EU Taxonomy included in the graph.*

● ***What is the minimum share of investments in transitional and enabling activities?***

Although the fund commits to invest in sustainable investments within the meaning of the SFDR, there is no commitment to a minimum share of investments in transitional and enabling activities.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund intends to make a minimum of 10% sustainable investments, as defined under the SFDR, with a combination of environmental and social objectives, as described above. Among these, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time. These sustainable investments will represent at least 10% of the portfolio holdings on an aggregated basis.

Although some of these sustainable investments may be Taxonomy aligned, due to lack of available data regarding the Taxonomy alignment of the underlying securities, the investment manager has not been able to confirm whether these investments are in fact Taxonomy aligned and accordingly will not consider them as

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

such in calculations until this data is reported on or otherwise becomes more reliable. As such, the investment manager uses its own methodology to determine whether certain investments are sustainable in accordance with the SFDR sustainable investment test, and then invests in such assets for the fund.



What is the minimum share of socially sustainable investments?

As explained above, the fund may make sustainable investments which contribute to either environmental or social objectives. Among these, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time. These sustainable investments will represent at least 10% of the portfolio holdings on an aggregated basis.



What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The fund may have investments in hedging instruments for efficient portfolio management and in cash as ancillary liquidity. These instruments are included in the "#2 Other" category and are not subject to environmental and/or social screening or any minimum environmental or social safeguards.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.



Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_emergingmarketscorporatedebt_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
Emerging Markets Debt Fund	LTF85HOHIJ7QD9N5L226

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

The fund promotes the social characteristic of avoiding investments in sovereign issuers that significantly violate social rights and in investments which can cause harm to human health and wellbeing. In addition, the fund promotes the environmental characteristic of climate change mitigation by avoiding investments where thermal coal mining and extraction represents a certain percentage of a company's revenue.

Further detail on the nature of these exclusions is set out below (in response to the question, "*What investment strategy does this financial product follow?*").

The fund has not designated a reference benchmark for the purposes of attaining its environmental or social characteristics.

- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The sustainability indicator used to measure the attainment of the fund's environmental and social characteristics is the fund's exposure, in percentage market value, to countries or companies that violate any of the exclusion criteria.

Additional details on the fund's exclusions criteria are provided below in response to the question, "*What investment strategy does this financial product follow*?"

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable.

- ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable.

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Not applicable.

— *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Not applicable.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund considers PAIs only in part through its exclusionary criteria, as follows:

- The fund excludes any sovereign issuers where there is evidence of them having caused significant harm from social violations, which the investment manager defines in relation to the bottom-10% ranked countries on an indicator reflecting the fulfilment of social rights, as further explained below in response to the question, *"What investment strategy does this financial product follow*?". The fund therefore considers in part the PAI indicator 16: investee countries subject to social violations.
- The fund excludes issuers which derive a certain percentage of revenue from thermal coal mining and extraction. The fund therefore partly considers the PAI indicator 4: exposure to companies active in the fossil fuel sector.
- The fund excludes issuers which derive any revenue from controversial weapons manufacturing or retail. The fund therefore considers in whole the PAI indicator 14: exposure to controversial weapons.

The fund will make information available on how it has incorporated the PAIs into the fund in its periodic reports to investors.

What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

As part of its investment strategy, the fund aims at reducing exposure to sovereign issuers that severely violate social rights, and to selected business activities which can cause danger to human health and wellbeing or the environment, through exclusionary screening.

Binding criteria	
The fund will not invest in sovereign issuers which:	Are in the bottom-10% ranked countries for social violations, based on the investment manager's custom indicator. The social violations custom indicator is calculated by the investment manager taking into consideration a country's performance on issues including, but not limited to, the application of human rights and civil liberties, the quality of contract enforcement and security, freedom of expression, association and free media, as assessed by underlying data from third parties. In addition, any investments in sovereign issuers exhibiting positive momentum with respect to such violations shall not be subject to the purchase restriction. For example, if a country is in the process of making significant remediation efforts, such as through electoral or policy reforms and engagement with civil society, with regard to any social violations, the investment manager may not exclude the investment from the fund, provided this assessment is kept under review by the investment manager.
The fund will not invest in corporate issuers which:	**Derive any revenue from any of the following activities:** • Controversial weapons manufacturing or retail (including anti-personnel landmines, cluster munitions, biological or chemical weapons, and nuclear weapons); • Civilian firearms manufacturing or retail; • Tobacco manufacturing; or **Derive more than 5% revenue from any of the following activities:** • Thermal coal mining and extraction. The fund may, as an exception to this exclusion, invest in Sustainable Bonds which are intended to raise proceeds specifically for projects that promote positive environmental contributions mitigating the adverse sustainability impact of coal, such as alternative minerals, based on information available in the bond issuance documentation.

The investment manager may decide to implement additional restrictions to the fund, and such new restrictions will be disclosed in the fund's SFDR Website Disclosure.

In addition to the ESG considerations described in this document on a binding basis, the fund integrates ESG considerations in the investment decision-making process to support its environmental and social characteristics on a non-binding basis, based on the investment manager's in-house research and methodologies and on third-party data. For example, the investment manager aims to monitor sovereign governance practices and corporate business practices on an ongoing basis, through data on ESG controversies and standards screening that the investment manager sources from third party providers. The investment manager may consider controversy cases that it views as being significant based on ratings by relevant ESG data providers, and failures to comply with the UN Global Compact or the ILO Fundamental Principles, although such incidents will not automatically result in exclusion from the portfolio. In some cases, third-party data on specific issuers, ESG themes or the exclusions noted above may not be available and/or may be estimated by the investment manager using internal methodologies or reasonable estimates. The methodologies used by different data providers may also vary.

The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager. The investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with the investment team to conduct regular portfolio/performance reviews and systemic checks to ensure compliance with portfolio investment objectives and environmental and social characteristics, taking into account changing market conditions, information and strategy developments.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The binding elements of the investment strategy consist of the exclusionary screening criteria applied to the portfolio construction process, as described in the table above.

The criteria are implemented and monitored by the investment manager using a combination of third-party data and in-house research.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

  Not applicable.

- ***What is the policy to assess good governance practices of the investee companies?***

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

As part of its bottom-up, fundamental research process, the investment manager systematically incorporates the assessment of an issuer's corporate governance and business practices, including but not limited to evidence of sound management structures and employee relations, fair remuneration of staff, and tax compliance, in order to ensure that every investee company follows good governance practices.

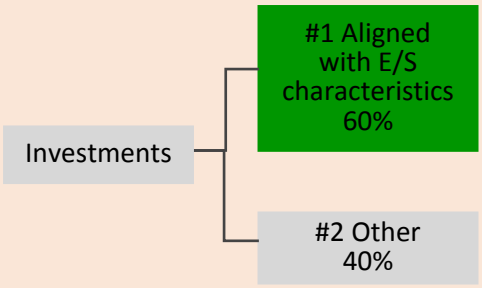
This is done through the monitoring of data on governance-related, as well as on other environmental and/or social factors and controversies, sourced from third party providers, through in-house research, and through engagement with the management of selected issuers on corporate governance and disclosure issues.

In the interests of transparency, given the fund's primary investment focus is on sovereign bonds, the investment manager notes that it also assesses investee sovereign issuers' government effectiveness, political stability, control of corruption, and regulatory quality, among other factors.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The exclusions (as described above) will be applied to at least 60% of the portfolio. A maximum of 40% of the fund may be invested in assets that do not align with any environmental or social characteristics, as described in the response to question, "*What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards*" further below.

Any investments that are held by the fund but become restricted because they breach the investment exclusions set out above, after they are acquired for the fund, will be sold. Such sales will take place over a period of time to be determined by the investment manager, taking into account the best interests of the shareholders of the fund. Such investments are included in the "#2 Other" category.

These percentages are measured according to the value of the investments.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Derivatives may be used by the fund for investment or efficient portfolio management (including hedging) purposes. These instruments are not used to attain the environmental or social characteristics of the fund.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

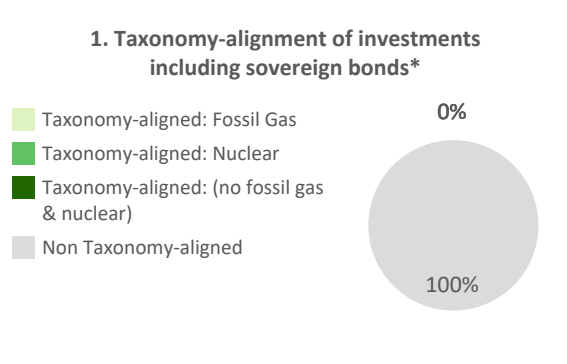
● ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?***[1]

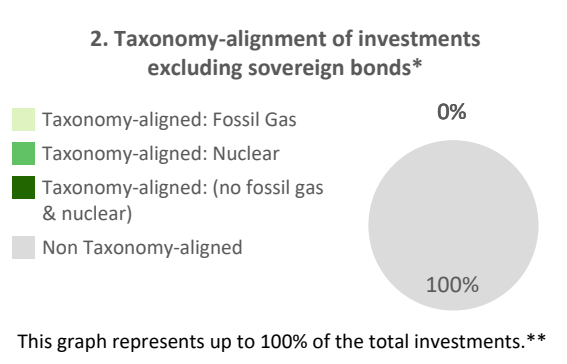
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





This graph represents up to 100% of the total investments.**

** For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

***The proportion of total investments shown in this graph is purely indicative and may vary over time. As the fund does not commit to making sustainable investments aligned with the EU Taxonomy, the proportion of any sovereign exposure in the fund's portfolio will not impact the proportion of sustainable investments aligned with the EU Taxonomy included in the graph.*

● ***What is the minimum share of investments in transitional and enabling activities?***

As the fund does not commit to invest any sustainable investment within the meaning of the EU Taxonomy, the minimum share of investments in transitional and enabling activities within the meaning of the EU Taxonomy is therefore also set at 0%.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund promotes environmental and social characteristics but does not commit to making any sustainable investments. As a consequence, the fund does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

What is the minimum share of socially sustainable investments?

Not applicable.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The fund may have investments in hedging instruments for efficient portfolio management and in cash as ancillary liquidity. These instruments are included in the "#2 Other" category and are not subject to environmental and/or social screening or any minimum environmental or social safeguards.

The fund aims, nevertheless, not to invest in derivatives associated with underlying assets, currencies, or interest rates related to countries that would otherwise be subject to the social violations exclusion described under the binding characteristics of the fund.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.

Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_emergingmarketsdebt_aggregated_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
Emerging Markets Debt Opportunities Fund	54930003QKRHK5C2BJ98

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

The fund promotes the social characteristic of avoiding investments in sovereign issuers that significantly violate social rights and in investments which can cause harm to human health and wellbeing. In addition, the fund promotes the environmental characteristic of climate change mitigation by avoiding investments where thermal coal mining and extraction represents a certain percentage of a company's revenue.

Further detail on the nature of these exclusions is set out below (in response to the question, "*What investment strategy does this financial product follow?*").

The fund has not designated a reference benchmark for the purposes of attaining its environmental or social characteristics.

- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The sustainability indicator used to measure the attainment of the fund's environmental and social characteristics is the fund's exposure, in percentage market value, to countries or companies that violate any of the exclusion criteria.

Additional details on the fund's exclusions criteria are provided below in response to the question, "*What investment strategy does this financial product follow*?"

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable.

- ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable.

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Not applicable.

— *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Not applicable.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund considers PAIs only in part through its exclusionary criteria, as follows:

- The fund excludes any sovereign issuers where there is evidence of them having caused significant harm from social violations, which the investment manager defines in relation to the bottom-10% ranked countries on an indicator reflecting the fulfilment of social rights, as further explained below in response to the question, *"What investment strategy does this financial product follow*?". The fund therefore considers in part the PAI indicator 16: investee countries subject to social violations.
- The fund excludes issuers which derive a certain percentage of revenue from thermal coal mining and extraction. The fund therefore partly considers the PAI indicator 4: exposure to companies active in the fossil fuel sector.
- The fund excludes issuers which derive any revenue from controversial weapons manufacturing or retail. The fund therefore considers in whole the PAI indicator 14: exposure to controversial weapons.

The fund will make information available on how it has incorporated the PAIs into the fund in its periodic reports to investors.



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

As part of its investment strategy, the fund aims at reducing exposure to sovereign issuers that severely violate social rights, and to selected business activities which can cause danger to human health and wellbeing or the environment, through exclusionary screening.

Binding criteria	
The fund will not invest in sovereign issuers which:	Are in the bottom-10% ranked countries for social violations, based on the investment manager's custom indicator. The social violations custom indicator is calculated by the investment manager taking into consideration a country's performance on issues including, but not limited to, the application of human rights and civil liberties, the quality of contract enforcement and security, freedom of expression, association and free media, as assessed by underlying data from third parties. In addition, any investments in sovereign issuers exhibiting positive momentum with respect to such violations shall not be subject to the purchase restriction. For example, if a country is in the process of making significant remediation efforts, such as through electoral or policy reforms and engagement with civil society, with regard to any social violations, the investment manager may not exclude the investment from the fund, provided this assessment is kept under review by the investment manager.
The fund will not invest in corporate issuers which:	**Derive any revenue from any of the following activities:** • Controversial weapons manufacturing or retail (including anti-personnel landmines, cluster munitions, biological or chemical weapons, and nuclear weapons); • Civilian firearms manufacturing or retail; • Tobacco manufacturing; or **Derive more than 5% revenue from any of the following activities:** • Thermal coal mining and extraction. The fund may, as an exception to this exclusion, invest in Sustainable Bonds which are intended to raise proceeds specifically for projects that promote positive environmental contributions mitigating the adverse sustainability impact of coal, such as alternative minerals, based on information available in the bond issuance documentation.

The investment manager may decide to implement additional restrictions to the fund, and such new restrictions will be disclosed in the fund's SFDR Website Disclosure.

In addition to the ESG considerations described in this document on a binding basis, the fund integrates ESG considerations in the investment decision-making process to support its environmental and social characteristics on a non-binding basis, based on the investment manager's in-house research and methodologies and on third-party data. For example, the investment manager aims to monitor sovereign governance practices and corporate business practices on an ongoing basis, through data on ESG controversies and standards screening that the investment manager sources from third party providers. The investment manager may consider controversy cases that it views as being significant based on ratings by relevant ESG data providers, and failures to comply with the UN Global Compact or the ILO Fundamental Principles, although such incidents will not automatically result in exclusion from the portfolio. In some cases, third-party data on specific issuers, ESG themes or the exclusions noted above may not be available and/or may be estimated by the investment manager using internal methodologies or reasonable estimates. The methodologies used by different data providers may also vary.

The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager. The investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with the investment team to conduct regular portfolio/performance reviews and systemic checks to ensure compliance with portfolio investment objectives and environmental and social characteristics, taking into account changing market conditions, information and strategy developments.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the investment strategy consist of the exclusionary screening criteria applied to the portfolio construction process, as described in the table above.

The criteria are implemented and monitored by the investment manager using a combination of third-party data and in-house research.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

- ***What is the policy to assess good governance practices of the investee companies?***

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

As part of its bottom-up, fundamental research process, the investment manager systematically incorporates the assessment of an issuer's corporate governance and business practices, including but not limited to evidence of sound management structures and employee relations, fair remuneration of staff, and tax compliance, in order to ensure that every investee company follows good governance practices.

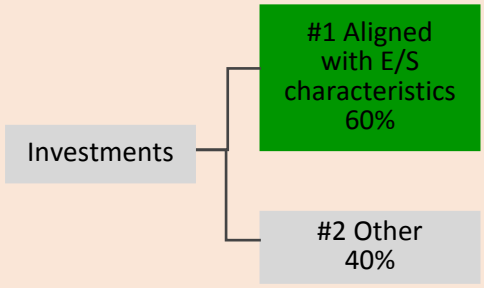
This is done through the monitoring of data on governance-related, as well as on other environmental and/or social factors and controversies, sourced from third party providers, through in-house research, and through engagement with the management of selected issuers on corporate governance and disclosure issues.

In the interests of transparency, given the fund's primary investment focus is on sovereign bonds, the investment manager notes that it also assesses investee sovereign issuers' government effectiveness, political stability, control of corruption, and regulatory quality, among other factors.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The exclusions (as described above) will be applied to at least 60% of the portfolio. A maximum of 40% of the fund may be invested in assets that do not align with any environmental or social characteristics, as described in the response to question, "*What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards*" further below.

Any investments that are held by the fund but become restricted because they breach the investment exclusions set out above, after they are acquired for the fund, will be sold. Such sales will take place over a period of time to be determined by the investment manager, taking into account the best interests of the shareholders of the fund. Such investments are included in the "#2 Other" category.

These percentages are measured according to the value of the investments.

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

Derivatives may be used by the fund for investment or efficient portfolio management (including hedging) purposes. These instruments are not used to attain the environmental or social characteristics of the fund.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

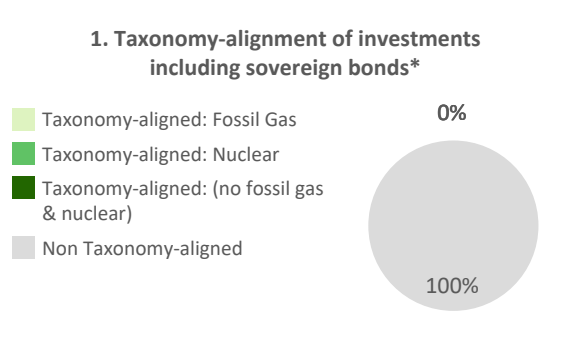
● ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?[1]***

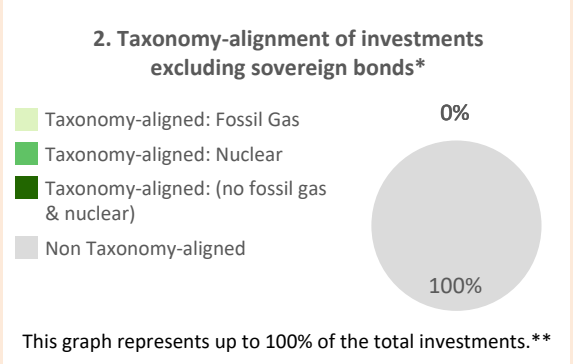
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





This graph represents up to 100% of the total investments.**

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

***The proportion of total investments shown in this graph is purely indicative and may vary over time. As the fund does not commit to making sustainable investments aligned with the EU Taxonomy, the proportion of any sovereign exposure in the fund's portfolio will not impact the proportion of sustainable investments aligned with the EU Taxonomy included in the graph.*

● ***What is the minimum share of investments in transitional and enabling activities?***

As the fund does not commit to invest any sustainable investment within the meaning of the EU Taxonomy, the minimum share of investments in transitional and enabling activities within the meaning of the EU Taxonomy is therefore also set at 0%.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The fund promotes environmental and social characteristics but does not commit to making any sustainable investments. As a consequence, the fund does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

What is the minimum share of socially sustainable investments?

Not applicable.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The fund may have investments in hedging instruments for efficient portfolio management and in cash as ancillary liquidity. These instruments are included in the "#2 Other" category and are not subject to environmental and/or social screening or any minimum environmental or social safeguards.

The fund aims, nevertheless, not to invest in derivatives associated with underlying assets, currencies, or interest rates related to countries that would otherwise be subject to the social violations exclusion described under the binding characteristics of the fund.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.

Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_emergingmarketsdebt_aggregated_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
Emerging Markets Local Income Fund	54930003MCYFJBQA4A94

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

The fund promotes the social characteristic of avoiding investments in sovereign issuers that significantly violate social rights and in investments which can cause harm to human health and wellbeing. In addition, the fund promotes the environmental characteristic of climate change mitigation by avoiding investments where thermal coal mining and extraction represents a certain percentage of a company's revenue.

Further detail on the nature of these exclusions is set out below (in response to the question, "*What investment strategy does this financial product follow?*").

The fund has not designated a reference benchmark for the purposes of attaining its environmental or social characteristics.

- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The sustainability indicator used to measure the attainment of the fund's environmental and social characteristics is the fund's exposure, in percentage market value, to countries or companies that violate any of the exclusion criteria.

Additional details on the fund's exclusions criteria are provided below in response to the question, "*What investment strategy does this financial product follow*?"

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable.

- ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable.

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

Not applicable.

— *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Not applicable.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund considers PAIs only in part through its exclusionary criteria, as follows:

- The fund excludes any sovereign issuers where there is evidence of them having caused significant harm from social violations, which the investment manager defines in relation to the bottom-10% ranked countries on an indicator reflecting the fulfilment of social rights, as further explained below in response to the question, *"What investment strategy does this financial product follow*?". The fund therefore considers in part the PAI indicator 16: investee countries subject to social violations.
- The fund excludes issuers which derive a certain percentage of revenue from thermal coal mining and extraction. The fund therefore partly considers the PAI indicator 4: exposure to companies active in the fossil fuel sector.
- The fund excludes issuers which derive any revenue from controversial weapons manufacturing or retail. The fund therefore considers in whole the PAI indicator 14: exposure to controversial weapons.

The fund will make information available on how it has incorporated the PAIs into the fund in its periodic reports to investors.

What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

As part of its investment strategy, the fund aims at reducing exposure to sovereign issuers that severely violate social rights, and to selected business activities which can cause danger to human health and wellbeing or the environment, through exclusionary screening.

Binding criteria	
The fund will not invest in sovereign issuers which:	Are in the bottom-10% ranked countries for social violations, based on the investment manager's custom indicator. The social violations custom indicator is calculated by the investment manager taking into consideration a country's performance on issues including, but not limited to, the application of human rights and civil liberties, the quality of contract enforcement and security, freedom of expression, association and free media, as assessed by underlying data from third parties. In addition, any investments in sovereign issuers exhibiting positive momentum with respect to such violations shall not be subject to the purchase restriction. For example, if a country is in the process of making significant remediation efforts, such as through electoral or policy reforms and engagement with civil society, with regard to any social violations, the investment manager may not exclude the investment from the fund, provided this assessment is kept under review by the investment manager.
The fund will not invest in corporate issuers which:	**Derive any revenue from any of the following activities:** • Controversial weapons manufacturing or retail (including anti-personnel landmines, cluster munitions, biological or chemical weapons, and nuclear weapons); • Civilian firearms manufacturing or retail; • Tobacco manufacturing; or **Derive more than 5% revenue from any of the following activities:** • Thermal coal mining and extraction. The fund may, as an exception to this exclusion, invest in Sustainable Bonds which are intended to raise proceeds specifically for projects that promote positive environmental contributions mitigating the adverse sustainability impact of coal, such as alternative minerals, based on information available in the bond issuance documentation.

The investment manager may decide to implement additional restrictions to the fund, and such new restrictions will be disclosed in the fund's SFDR Website Disclosure.

In addition to the ESG considerations described in this document on a binding basis, the fund integrates ESG considerations in the investment decision-making process to support its environmental and social characteristics on a non-binding basis, based on the investment manager's in-house research and methodologies and on third-party data. For example, the investment manager aims to monitor sovereign governance practices and corporate business practices on an ongoing basis, through data on ESG controversies and standards screening that the investment manager sources from third party providers. The investment manager may consider controversy cases that it views as being significant based on ratings by relevant ESG data providers, and failures to comply with the UN Global Compact or the ILO Fundamental Principles, although such incidents will not automatically result in exclusion from the portfolio. In some cases, third-party data on specific issuers, ESG themes or the exclusions noted above may not be available and/or may be estimated by the investment manager using internal methodologies or reasonable estimates. The methodologies used by different data providers may also vary.

The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager. The investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with the investment team to conduct regular portfolio/performance reviews and systemic checks to ensure compliance with portfolio investment objectives and environmental and social characteristics, taking into account changing market conditions, information and strategy developments.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The binding elements of the investment strategy consist of the exclusionary screening criteria applied to the portfolio construction process, as described in the table above.

The criteria are implemented and monitored by the investment manager using a combination of third-party data and in-house research.

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

Not applicable.

- ***What is the policy to assess good governance practices of the investee companies?***

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

As part of its bottom-up, fundamental research process, the investment manager systematically incorporates the assessment of an issuer's corporate governance and business practices, including but not limited to evidence of sound management structures and employee relations, fair remuneration of staff, and tax compliance, in order to ensure that every investee company follows good governance practices.

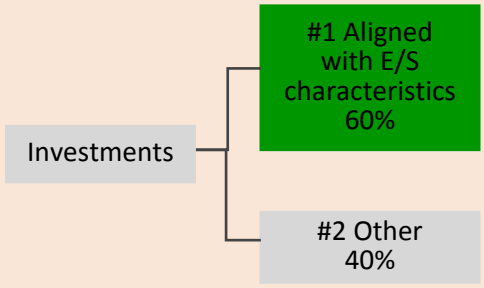
This is done through the monitoring of data on governance-related, as well as on other environmental and/or social factors and controversies, sourced from third party providers, through in-house research, and through engagement with the management of selected issuers on corporate governance and disclosure issues.

In the interests of transparency, given the fund's primary investment focus is on sovereign bonds, the investment manager notes that it also assesses investee sovereign issuers' government effectiveness, political stability, control of corruption, and regulatory quality, among other factors.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The exclusions (as described above) will be applied to at least 60% of the portfolio. A maximum of 40% of the fund may be invested in assets that do not align with any environmental or social characteristics, as described in the response to question, "*What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards*" further below.

Any investments that are held by the fund but become restricted because they breach the investment exclusions set out above, after they are acquired for the fund, will be sold. Such sales will take place over a period of time to be determined by the investment manager, taking into account the best interests of the shareholders of the fund. Such investments are included in the "#2 Other" category.

These percentages are measured according to the value of the investments.

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

Derivatives may be used by the fund for investment or efficient portfolio management (including hedging) purposes. These instruments are not used to attain the environmental or social characteristics of the fund.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

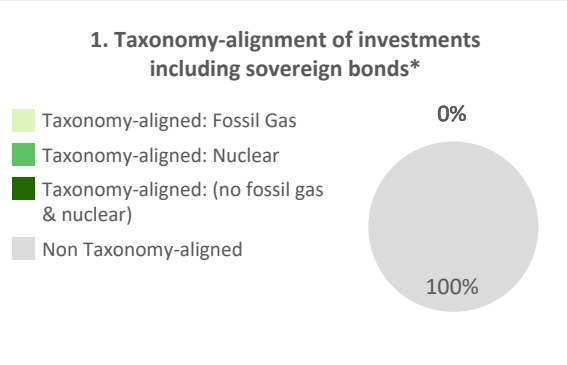
● ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?***[1]

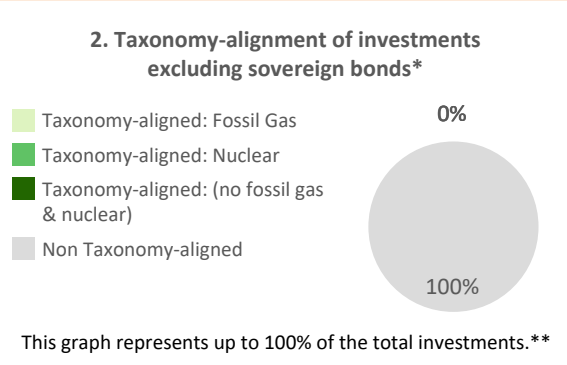
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





This graph represents up to 100% of the total investments.**

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

***The proportion of total investments shown in this graph is purely indicative and may vary over time. As the fund does not commit to making sustainable investments aligned with the EU Taxonomy, the proportion of any sovereign exposure in the fund's portfolio will not impact the proportion of sustainable investments aligned with the EU Taxonomy included in the graph.*

● ***What is the minimum share of investments in transitional and enabling activities?***

As the fund does not commit to invest any sustainable investment within the meaning of the EU Taxonomy, the minimum share of investments in transitional and enabling activities within the meaning of the EU Taxonomy is therefore also set at 0%.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund promotes environmental and social characteristics but does not commit to making any sustainable investments. As a consequence, the fund does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

What is the minimum share of socially sustainable investments?

Not applicable.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The fund may have investments in hedging instruments for efficient portfolio management and in cash as ancillary liquidity. These instruments are included in the "#2 Other" category and are not subject to environmental and/or social screening or any minimum environmental or social safeguards.

The fund aims, nevertheless, not to invest in derivatives associated with underlying assets, currencies, or interest rates related to countries that would otherwise be subject to the social violations exclusion described under the binding characteristics of the fund.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.

Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_emergingmarketsdebt_aggregated_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
Euro Bond Fund	GUL4X2DG7SIORG2PJB64

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 30% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☒ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

The fund promotes the environmental characteristic of climate change mitigation by excluding investments in certain types of fossil fuels. In addition, the fund promotes the social characteristic of avoiding investments in activities which can cause harm to human health and wellbeing, in sovereign issuers that significantly violate social rights, and securitisations that violate responsible business or lending practices.

Further detail on the nature of these exclusions is set out below (in response to the question, "*What investment strategy does this financial product follow?*").

The fund also aims to make a minimum of 30% sustainable investments in:

- Corporate issuers whose business practices, products or solutions, make a net positive contribution towards United Nations' Sustainable Development Goals ("**SDGs**");
- Sovereign issuers with ESG scores in the top-2 ranks according to the investment manager's proprietary scoring methodology, associated with positive environmental or social attributes; or
- Sustainable Bonds, as defined further below, from any type of issuer, which make a positive environmental or social contribution through their use of proceeds, as explained in response to the question below, "*What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?*"

The fund has not designated a reference benchmark for the purpose of attaining its environmental or social characteristics.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The following sustainability indicators are used to measure the attainment of the fund's environmental and social characteristics:

- The fund's exposure, in percentage market value, to issuers that violate any of the exclusion criteria;
- The fund's percentage market value allocated to sustainable investments.

Additional details on the fund's exclusions criteria are provided below in response to the question, "*What investment strategy does this financial product follow?*"

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

The fund's sustainable investments will fall within one of the following categories:

- Green, Social or Sustainability Bonds ("Sustainable Bonds"), where the issuer commits to allocate the proceeds to projects making a positive environmental or social contribution. This includes, but is not limited to, bonds that align with the International Capital Market Association (ICMA)'s Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines. Sustainable Bonds mobilise financing directly towards a multiplicity of environmental and social projects whose focus spans across a number of sustainability objectives. Examples include, but are not limited to, financing for renewable energy, energy efficiency, clean transportation, affordable housing, and financial inclusion projects. The specific objectives to which the Sustainable Bonds contribute depend on the eligible environmental and social project categories of each security.
- Bonds from corporate issuers whose business practices, products or solutions, make a net positive contribution towards the SDGs. The SDGs were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet and ensure that by 2030 all people enjoy peace and prosperity. The investment manager defines positive contribution to the SDGs as a net positive aggregate alignment score across all the SDGs (i.e., scores measuring positive contribution to individual SDGs have to, in total, be greater than the total of any negative contribution scores), based on third-party data. The investment manager will also only include issuers which have sufficient positive SDG alignment (in the investment manager's view) with at least one individual SDG, and which do not have any material mis-alignments (in the investment manager's view) on any of the SDGs.

- Bonds from sovereign issuers with an ESG rank of 4 or 5, in a 1-5 range where 5 is best, based on the investment manager's proprietary ESG scoring methodology. Ranks of 4 and 5 reflect a country's positive contribution towards environmental and social themes such as decarbonisation, forestry conservation, promotion of education, health and wellbeing, and good living standards. The investment manager will, however, not treat the investment as sustainable if the sovereign issuer ranked 4 or 5 has experienced recent negative momentum as assessed through in-house research, which is not captured by ESG data providers. For example, this may include circumstances where a country is facing significant political and/or social instability.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

The investment manager seeks to ensure that the sustainable investments of the fund do not cause significant harm to relevant environmental or social sustainable investment objectives by:

- Testing whether the investment meets the thresholds set by the investment manager for each of the mandatory principal adverse impact ("PAI") indicators (see the response to the question, "*How have the indicators for adverse impacts on sustainability factors been taken into account?*" below for the details of this process); and
- Ensuring that the sustainable investments of the fund are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, where relevant (see the response to the question, "*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*" below for the details of this process). For sovereign sustainable investments, the investment manager tests against certain sanctions regimes, to ensure countries do not cause significant harm to environmental or social objectives.

This assessment is conducted using third-party data on the sustainability characteristics of the fund's holdings.

How have the indicators for adverse impacts on sustainability factors been taken into account?

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

The "do no significant harm" methodology applied by the investment manager on sustainable investments seeks to screen investments to identify any significant harm to any of the PAI indicators which are mandatory for the investment manager to consider under the SFDR rules, and which are relevant to the investment.

The investment manager has determined specific metrics and quantitative thresholds for what constitutes significant harm to screen PAI indicators that are relevant to the investment, using third-party data. The thresholds are set: (i) on an absolute value basis; (ii) on a relative basis in the context of the investment universe; or (iii) using pass/fail scores. Different metrics or thresholds may apply to issuers located in developed markets and in emerging markets, respectively. This is intended to reflect the different extent to which the investment manager deems that meeting minimum sustainability standards in these markets is currently achievable. In addition, different relative thresholds may apply to similar indicators: for example, the investment manager currently applies a lower threshold to determine significant adverse impact with respect to scope 3 emissions intensity as compared to scope 1 and 2 emissions intensity. This is because: (i) companies have less control over their indirect emissions; and (ii) data estimates for scope 3 emissions, which currently prevail over reported data compared to scope 1 and 2 emissions, may result in a less accurate PAI assessment.

The investment manager may use reasonable proxy indicators sourced from third parties to address the current lack of data for certain PAI indicators. The investment manager's use of proxy indicators will be kept under review and will be replaced by PAI data from third-party data providers, when the investment manager determines that sufficiently reliable data has become available.

The investment manager generally conducts the PAI assessment at the issuer level. However, where appropriate the assessment may be done at the security level in whole or in part. For instance, in the case of Sustainable Bonds, as defined above, the PAI indicators that are directly related to the sustainability factors targeted by the bond's use of proceeds will be assessed at the security level, through the investment manager's proprietary Sustainable Bond Evaluation Framework. As an example, the fund may invest in a Green Bond issued by a utility company that has a negative assessment of the PAI indicators related to GHG emissions and/or GHG intensity, as long as the investment manager evaluates that the issuer has a credible strategy to reduce its GHG emissions, and that the Green Bond specifically contributes towards such goal. Other PAI indicators that are unrelated to the Sustainable Bond's use of proceeds are still assessed at the issuer level.

The fund's PAI assessment is supported, on a qualitative and non-binding basis, by the investment manager's engagement with selected issuers on their corporate governance practices, as well as on other material sustainability issues, in line with the investment manager's Fixed Income Engagement Strategy, available on www.morganstanley.com/im.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The fund's sustainable investments exclude issuers which have experienced significant controversies that are deemed to violate the UN Global Compact, the UN Guiding Principles on Business and Human Rights, or the ILO Fundamental Principles, and issuers with significant controversies related to violations of the OECD Guidelines for Multinational Enterprises. This screening is done using third-party data.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund considers all of the mandatory PAI on sustainability factors which are relevant to the investment for the portion allocated to sustainable investments, as described above in response to the question, "*How have the indicators for adverse impacts on sustainability factors been taken into account?*"

The portion of the fund that is not made of sustainable investments considers the PAI only in part through the fund's exclusionary criteria, as follows:

- The fund excludes issuers which derive a certain percentage of revenue from thermal coal mining and extraction, or a portion of revenue from coal-fired power generation. The fund therefore partly considers the PAI indicator 4: exposure to companies active in the fossil fuel sector.
- The fund excludes issuers which have committed violations of the UN Global Compact, the UN Guiding Principles on Business and Human Rights, or the ILO Fundamental Principles, or which have experienced significant controversies relating to violations of the OECD Guidelines for Multinational Enterprises. The fund therefore considers the PAI indicator number 10: violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises.
- The fund excludes issuers which derive any revenue from controversial weapons manufacturing or retail. The fund therefore considers in whole the PAI indicator 14: exposure to controversial weapons.
- The fund excludes sovereign issuers where there is evidence of them having caused significant harm from social violations, which the investment manager defines in relation to the bottom-10% ranked countries on an indicator reflecting the fulfilment of social rights, as further explained in response to the question, "*What investment strategy does this financial product follow?*" The fund therefore considers in part the PAI indicator number 16: investee countries subject to social violations.

The fund will make information available on how it has incorporated the PAIs into the fund in its periodic reports to investors.



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

As part of its investment strategy, the fund aims at reducing exposure to selected business activities which can cause danger to human health and wellbeing or the environment; to sovereign issuers that severely violate social rights; and to securitisations that violate responsible business or lending practices, through exclusionary screening.

The fund will make sustainable investments in Sustainable Bonds making a positive environmental or social contribution through their use of proceeds, bonds from corporate issuers whose business practices, products or solutions, make a net positive contribution towards the SDGs, or bonds from sovereign issuers with an ESG rank of 4 or 5,in a 1-5 range where 5 is best, based on the investment manager's proprietary ESG scoring methodology.

Binding criteria	
The fund will not invest in corporate issuers which:	**<u>Derive any revenue from any of the following activities:</u>** • Controversial weapons manufacturing or retail (including anti-personnel landmines, cluster munitions, biological or chemical weapons, and nuclear weapons); • Civilian firearms manufacturing or retail; • Tobacco manufacturing; or **<u>Derive more than 5% revenue from any of the following activities:</u>** • Thermal coal mining and extraction;* **<u>Derive more than 10% revenue from any of the following activities:</u>** • Military or conventional weapons, or weapons systems manufacturing or retail; • Gambling; **<u>Derive more than 20% revenue from any of the following activities:</u>** • Coal-fired power generation;* or **<u>Violate any of the following global norms:</u>** • UN Global Compact, UN Guiding Principles on Business and Human Rights, ILO fundamental Principles, or OECD Guidelines for Multinational Enterprises, without evidence of material remediation and improvement. *The fund may, as an exception to the exclusions related to fossil fuels listed above, invest in Sustainable Bonds which are intended to raise proceeds specifically for projects that promote positive environmental contributions mitigating the adverse sustainability impact of those fossil fuels, such as renewable energy or energy efficiency, based on information available in the bond issuance documentation.
The fund will not invest in sovereign issuers which:	Are in the bottom-10% ranked countries for social violations, based on the investment manager's custom indicator. The social violations custom indicator is calculated by the investment manager taking into consideration a country's performance on issues including, but not limited to, the application of human rights and civil liberties, the quality of contract enforcement and security, freedom of expression, association and free media, as assessed by underlying data from third parties. In addition, any investments in sovereign issuers exhibiting positive momentum with respect to such violations, shall not be subject to the purchase restriction. For example, if a country is in the process of making significant remediation efforts, such as through electoral or policy reforms and engagement with civil society, with regard to any social violations, the investment manager may not exclude the investment from the fund, provided this is kept under review by the investment manager.

The fund will not invest in securitisations in which:	• The underlying loans show evidence of predatory lending, as determined by the applicable usury laws, and in the context of market rates and borrower's risk profile;* • The lender or servicer of the underlying assets has committed a severe breach of consumer protection standards: ◦ as established by the Consumer Financial Protection Bureau (CFPB) in the United States; or ◦ as established by any relevant regulatory and supervisory agency in the jurisdiction where the securitisation's originator and/or collateral are located; ◦ if the breach relates to the securitisation's underlying collateral, underwriting and servicing practices, unless there is evidence of the breach having been or being remediated;** or • The originator, lender or servicers has been involved in controversy cases related to business ethics and fraud that the investment manager views as significant based on data by relevant ESG data providers, and where the investment manager considers appropriate remedial action has not been taken. * A loan is considered a predatory loan if: • Interest rates do not comply with U.S. usury laws or the equivalent in other jurisdictions; or • Interest rates being offered exceed a limit for which the investment manager deems to be exceedingly higher than the industry standard. The investment manager may choose to proceed with an investment where interest rates where interest rates surpass this level if following enhanced due diligence (including through direct engagement with the lending team and/or servicing department on the securitisation deal), the investment manager determines that access to the loan is still beneficial to the borrower when taking into consideration its risk profile and alternative borrowing options. The interest rate levels which are considered industry standard are subject to periodic review by the investment manager, based on the prevailing market conditions and prevailing rates across the industry at the time. ** This exclusion criterion does not apply to lenders or servicers of U.S. government sponsored mortgage-backed securities, as their compliance of such securitisations with local regulatory standards is already monitored by the U.S. government on an ongoing basis. Such investments will be considered to fall within "#1 Aligned with E/S characteristics", in response to the question, "What is the asset allocation planned for this financial product?" For the avoidance of doubt, the exclusions to securitisations above do not apply to the fund's investments in Collateralised Loan Obligations (CLOs) and instead the following exclusions apply whereby the fund will not invest in CLOs in which: • The CLO manager has been involved in controversy cases that the investment manager views as significant based on data by relevant ESG data providers, where the investment manager considers appropriate remedial action has not been taken. The fund will also avoid CLO investments where the CLO manager is deemed to lack sufficient processes to evaluate the underlying collateral for significant environmental and/or social controversies, based on the investment manager's internal research, and where the investment manager considers appropriate remedial action has not been taken. • The underlying collateral shows evidence of environmental and/or social controversy cases that the investment manager views as significant based on data by relevant ESG data providers, and where the investment manager considers appropriate remedial action has not been taken.
Sustainable investments	The fund will maintain a minimum of 30% of sustainable investments, which meet the criteria as set out in response to the question, *"What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?"*

The investment manager may decide to implement additional restrictions to the fund, and such new restrictions will be disclosed in the fund's SFDR Website Disclosure.

In addition to the ESG considerations described in this summary on a binding basis, the fund integrates ESG considerations in the investment decision-making process to support its environmental and social

characteristics on a non-binding basis, based on the investment manager's in-house research and methodologies and on third-party data. In some cases, third-party data on specific issuers, ESG themes or the exclusions noted above may not be available and/or may be estimated by the investment manager using internal methodologies or reasonable estimates. The methodologies used by different data providers may also vary.

The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager. The investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with the investment team to conduct regular portfolio/performance reviews and systemic checks to ensure compliance with portfolio investment objectives and environmental and social characteristics, taking into account changing market conditions, information and strategy developments.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the investment strategy are described in the table above.

The criteria are implemented and monitored by the investment manager using a combination of third-party data and in-house research.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

- ***What is the policy to assess good governance practices of the investee companies?***

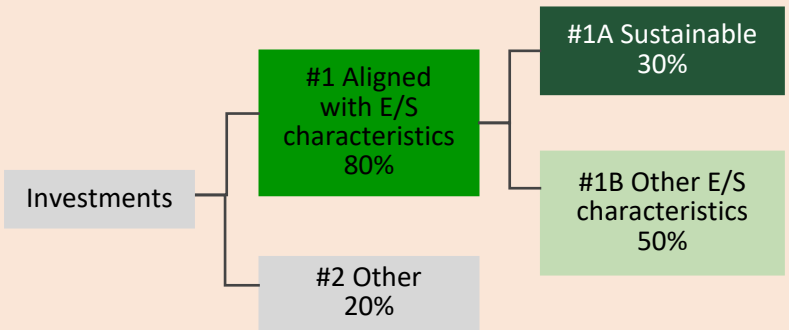
Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

As part of its bottom-up, fundamental research process, the investment manager systematically incorporates the assessment of an issuer's corporate governance and business practices, including but not limited to evidence of sound management structures and employee relations, fair remuneration of staff, and tax compliance, in order to ensure that every investee company follows good governance practices.

This is done through the monitoring of data on governance-related, as well as on other environmental and/or social factors and controversies, sourced from third party providers, through in-house research, and through engagement with the management of selected issuers on corporate governance and disclosure issues.

In the interests of transparency, given the fund also invests in sovereign bonds, the investment manager notes that it also assesses investee sovereign issuers' government effectiveness, political stability, control of corruption, and regulatory quality, among other factors.

What is the asset allocation planned for this financial product?



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned** with E/S characteristics covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

The exclusions (as described above) will be applied to at least 80% of the portfolio, however the fund also expects to allocate a minimum of 30% of its assets to sustainable investments. Among these sustainable investments, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time.

A maximum of 20% of the fund's assets may be invested in hedging instruments for efficient portfolio management and in cash as ancillary liquidity, which do not align with any environmental or social characteristics.

As explained above, any investments that are held by the fund but become restricted because they breach the investment exclusions set out above, after they are acquired for the fund, will be sold. Such sales will take place over a period of time to be determined by the investment manager, taking into account the best interests of the shareholders of the fund. Such investments are included in the "#2 Other" category.

These percentages are measured according to the value of the investments.

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

Not applicable.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

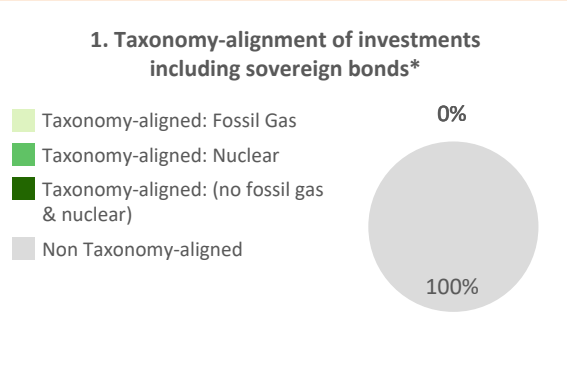
● ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?***[1]

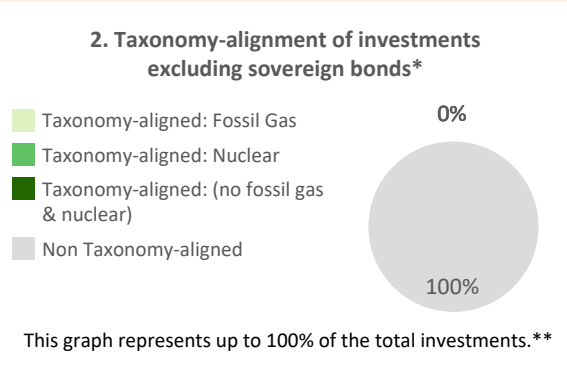
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





This graph represents up to 100% of the total investments.**

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

***The proportion of total investments shown in this graph is purely indicative and may vary over time. As the fund does not commit to making sustainable investments aligned with the EU Taxonomy, the proportion of any sovereign exposure in the fund's portfolio will not impact the proportion of sustainable investments aligned with the EU Taxonomy included in the graph.*

● ***What is the minimum share of investments in transitional and enabling activities?***

Although the fund commits to invest in sustainable investments within the meaning of the SFDR, there is no commitment to a minimum share of investments in transitional and enabling activities.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund intends to make a minimum of 30% sustainable investments with a combination of environmental and social objectives, as described above. Among these, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time. These sustainable investments will represent at least 30% of the portfolio holdings on an aggregated basis.

Although some of these sustainable investments may be EU Taxonomy aligned, due to lack of available data regarding the EU Taxonomy alignment of the underlying securities, the investment manager has not been able to confirm whether these investments are in fact EU Taxonomy aligned and accordingly will not consider them as such in calculations until this data is reported on or otherwise becomes more reliable. As such, the investment manager uses its own methodology to determine whether certain investments are sustainable in accordance with the SFDR sustainable investment test, and then invests in such assets for the fund.

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

What is the minimum share of socially sustainable investments?

As explained above, the fund may make sustainable investments which contribute to either environmental or social objectives. Among these, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time. These sustainable investments will represent at least 30% of the portfolio holdings on an aggregated basis.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The fund may have investments in hedging instruments for efficient portfolio management and in cash as ancillary liquidity. These instruments are included in the "#2 Other" category and are not subject to environmental and/or social screening or any minimum environmental or social safeguards.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.

Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_eurobond_aggregated_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
Euro Corporate Bond – Duration Hedged Fund	549300AEOIVRQNYMMX43

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 40% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☒ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

The fund promotes the environmental characteristic of climate change mitigation by excluding investments in certain types of fossil fuels. In addition, the fund promotes the social characteristic of avoiding investments in certain activities which can cause harm to human health and wellbeing.

Further detail on the nature of these exclusions is set out below (in response to the question, *"What investment strategy does this financial product follow?"*).

The fund also supports the above environmental and social characteristics by aiming to make a minimum of 40% sustainable investments in:

- Corporate issuers whose business practices, products or solutions, make a net positive contribution towards United Nations' Sustainable Development Goals ("**SDGs**"); or
- Sustainable Bonds, as defined further below, which make a positive environmental or social contribution through their use of proceeds, as explained in response to the question below, *"What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?".*

The fund has not designated a reference benchmark for the purpose of attaining its environmental or social characteristics.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The following sustainability indicators are used to measure the attainment of the fund's environmental and social characteristics:

- The fund's exposure, in percentage market value, to issuers that violate any of the exclusion criteria;
- The fund's percentage market value allocated to sustainable investments.

Additional details on the fund's exclusions criteria are provided below in response to the question, "*What investment strategy does this financial product follow?*"

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

The fund's sustainable investments will fall within one of the following categories:

- Green, Social or Sustainability Bonds ("Sustainable Bonds"), where the issuer commits to allocate the proceeds to projects making a positive environmental or social contribution. This includes, but is not limited to, bonds that align with the International Capital Market Association (ICMA)'s Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines. Sustainable Bonds mobilise financing directly towards a variety of environmental and social projects whose focus spans across a number of sustainability objectives. Examples include, but are not limited to, financing for renewable energy, energy efficiency, clean transportation, affordable housing, and financial inclusion projects. The specific objectives to which the Sustainable Bonds contribute depend on the eligible environmental and social project categories of each security.
- Bonds from corporate issuers whose business practices, products or solutions, make a net positive contribution towards the SDGs. The SDGs were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet and ensure that by 2030 all people enjoy peace and prosperity. The investment manager defines positive contribution to the SDGs as a net positive aggregate alignment score across all the SDGs (i.e., scores measuring positive contribution to individual SDGs have to, in total, be greater than the total of any negative contribution scores), based on third-party data. The investment manager will also only include issuers which have sufficient positive SDG alignment (in the investment manager's view) with at least one individual SDG, and which do not have any material mis-alignments (in the investment manager's view) on any of the SDGs.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

The investment manager seeks to ensure that the sustainable investments of the fund do not cause significant harm to relevant environmental or social sustainable investment objectives by:

- Testing whether the investment meets the thresholds set by the investment manager for each of the mandatory principal adverse impact ("PAI") indicators (see the response to the question, "*How have the indicators for adverse impacts on sustainability factors been taken into account?*" below for the details of this process); and
- Ensuring that the sustainable investments of the fund are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (see the response to the question, "How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?" below for the details of this process).

This assessment is conducted using third-party data on the sustainability characteristics of the fund's holdings.

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

The "do no significant harm" methodology applied by the investment manager on sustainable investments seeks to screen investments to identify any significant harm to any of the PAI indicators which are mandatory for the investment manager to consider under the SFDR rules, and which are relevant to the investment.

The investment manager has determined specific metrics and quantitative thresholds for what constitutes significant harm to screen PAI indicators that are relevant to the investment, using third-party data. The thresholds are set: (i) on an absolute value basis; (ii) on a relative basis in the context of the investment universe; or (iii) using pass/fail scores. Different metrics or thresholds may apply to issuers located in developed markets and in emerging markets, respectively. This is intended to reflect the different extent to which the investment manager deems that meeting minimum sustainability standards in these markets is currently achievable. In addition, different relative thresholds may apply to similar indicators: for example, the investment manager currently applies a lower threshold to determine significant adverse impact with respect to scope 3 emissions intensity as compared to scope 1 and 2 emissions intensity. This is because: (i) companies have less control over their indirect emissions; and (ii) data estimates for scope 3 emissions, which currently prevail over reported data compared to scope 1 and 2 emissions, may result in a less accurate PAI assessment.

The investment manager may use reasonable proxy indicators sourced from third parties to address the current lack of data for certain PAI indicators. The investment manager's use of proxy indicators will be kept under review and will be replaced by PAI data from third-party data providers, when the investment manager determines that sufficiently reliable data has become available.

The investment manager generally conducts the PAI assessment at the issuer level. However, where appropriate the assessment may be done at the security level in whole or in part. For instance, in the case of Sustainable Bonds, as defined above, the PAI indicators that are directly related to the sustainability factors targeted by the bond's use of proceeds will be assessed at the security level. As an example, the fund may invest in a Green Bond issued by a utility company that has a negative assessment of the PAI indicators related to GHG emissions and/or GHG intensity, as long as the investment manager evaluates that the issuer has a credible strategy to reduce its GHG emissions, and that the Green Bond specifically contributes towards such goal. Other PAI indicators that are unrelated to the Sustainable Bond's use of proceeds are still assessed at the issuer level.

The fund's PAI assessment is supported, on a qualitative and non-binding basis, by the investment manager's engagement with selected issuers on their corporate governance practices, as well as on other material sustainability issues, in line with the investment manager's Fixed Income Engagement Strategy, available on www.morganstanley.com/im.

— *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The fund's sustainable investments exclude issuers which have experienced significant controversies that are deemed to violate the UN Global Compact, the UN Guiding Principles on Business and Human Rights, or the ILO Fundamental Principles, and issuers with significant controversies related to violations of the OECD Guidelines for Multinational Enterprises. This screening is done using third-party data.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund considers all of the mandatory PAI on sustainability factors which are relevant to the investment for the portion allocated to sustainable investments, as described above in response to the question, "*How have the indicators for adverse impacts on sustainability factors been taken into account*?"

The portion of the fund that is not made of sustainable investments considers the PAI only in part through the fund's exclusionary criteria, as follows:

- The fund excludes issuers which derive a certain percentage of revenue from thermal coal mining and extraction, or a portion of revenue from coal-fired power generation. The fund therefore considers the PAI indicator 4: exposure to companies active in the fossil fuel sector.
- The fund excludes issuers which have committed violations of the UN Global Compact, the UN Guiding Principles on Business and Human Rights, or the ILO Fundamental Principles, or which have experienced significant controversies relating to violations of the OECD Guidelines for Multinational Enterprises. The fund therefore considers the PAI indicator number 10: violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises.
- The fund excludes issuers which derive any revenue from controversial weapons manufacturing or retail. The fund therefore considers the PAI indicator 14: exposure to controversial weapons.

The fund will make information available on how it has incorporated the PAIs into the fund in its periodic reports to investors.



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

As part of its investment strategy, the fund aims at reducing exposure to selected business activities which can cause danger to human health and wellbeing or the environment, through exclusionary screening. The fund will also make sustainable investments in Sustainable Bonds making a positive environmental or social contribution through their use of proceeds, or bonds from corporate issuers whose business practices, products or solutions, make a net positive contribution towards the SDGs.

Binding criteria	
The fund will not invest in corporate issuers which:	**<u>Derive any revenue from any of the following activities:</u>** • Controversial weapons manufacturing or retail (including anti-personnel landmines, cluster munitions, biological or chemical weapons, and nuclear weapons); • Civilian firearms manufacturing or retail; • Tobacco manufacturing; or **<u>Derive more than 5% revenue from any of the following activities:</u>** • Thermal coal mining and extraction;* **<u>Derive more than 10% revenue from any of the following activities:</u>** • Military or conventional weapons, or weapons systems manufacturing or retail; • Gambling; **<u>Derive more than 20% revenue from any of the following activities:</u>** • Coal-fired power generation;* or **<u>Violate any of the following global norms:</u>** • UN Global Compact, UN Guiding Principles on Business and Human Rights, ILO fundamental Principles, or OECD Guidelines for Multinational Enterprises, without evidence of material remediation and improvement. *The fund may, as an exception to the exclusions related to fossil fuels listed above, invest in Sustainable Bonds which are intended to raise proceeds specifically for projects that promote positive environmental contributions mitigating the adverse sustainability impact of those fossil fuels, such as renewable energy or energy efficiency, based on information available in the bond issuance documentation.
Sustainable investments	The fund will maintain a minimum of 40% of sustainable investments, which meet the criteria as set out in response to the question, "*What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives*?"

The investment manager may decide to implement additional restrictions to the fund, and such new restrictions will be disclosed in the fund's SFDR Website Disclosure.

In addition to the ESG considerations described in this summary on a binding basis, the fund integrates ESG considerations in the investment decision-making process to support its environmental and social characteristics on a non-binding basis, based on the investment manager's in-house research and methodologies and on third-party data. In some cases, third-party data on specific issuers, ESG themes or the exclusions noted above may not be available and/or may be estimated by the investment manager using internal methodologies or reasonable estimates. The methodologies used by different data providers may also vary.

The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager. The investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with the investment team to conduct regular portfolio/performance reviews and systemic checks to ensure compliance with portfolio investment objectives and environmental and social characteristics, taking into account changing market conditions, information and strategy developments.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the investment strategy are described in the table above.

The criteria are implemented and monitored by the investment manager using a combination of third-party data and in-house research.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

What is the policy to assess good governance practices of the investee companies?

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

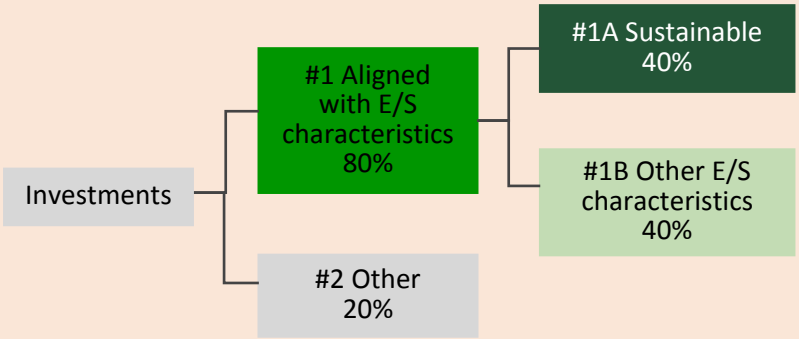
As part of its bottom-up, fundamental research process, the investment manager systematically incorporates the assessment of an issuer's corporate governance and business practices, including but not limited to evidence of sound management structures and employee relations, fair remuneration of staff, and tax compliance, in order to ensure that every investee company follows good governance practices.

This is done through the monitoring of data on governance-related, as well as on other environmental and/or social factors and controversies, sourced from third party providers, through in-house research, and through engagement with the management of selected issuers on corporate governance and disclosure issues.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned** with E/S characteristics covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The exclusions (as described above) will be applied to at least 80% of the portfolio, of which the fund also expects to allocate a minimum of 40% of its assets to sustainable investments. Among these sustainable investments, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time.

A maximum of 20% of the fund's assets may be invested in hedging instruments for efficient portfolio management and in cash as ancillary liquidity., which do not align with any environmental or social characteristics.

As explained above, any investments that are held by the fund but become restricted because they breach the investment exclusions set out above, after they are acquired for the fund, will be sold. Such sales will take place over a period of time to be determined by the investment manager, taking into account the best interests of the shareholders of the fund. Such investments are included in the "#2 Other" category.

These percentages are measured according to the value of the investments.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

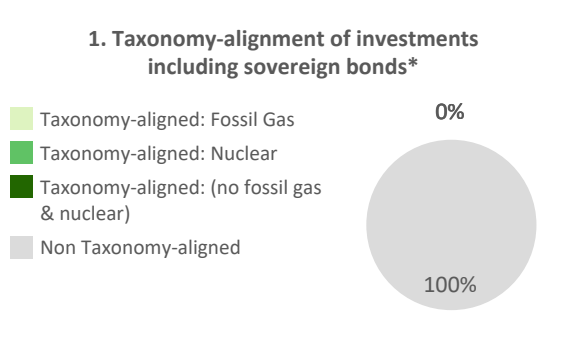
- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?***[1]

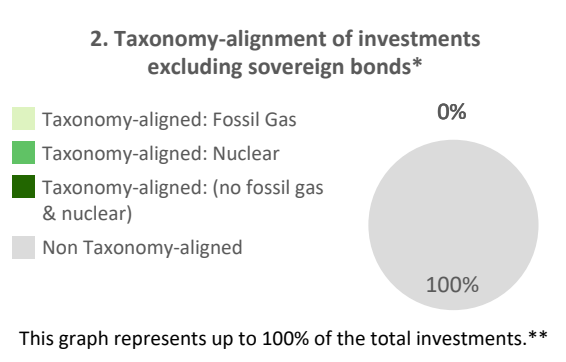
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





This graph represents up to 100% of the total investments.**

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

***The proportion of total investments shown in this graph is purely indicative and may vary over time. As the fund does not commit to making sustainable investments aligned with the EU Taxonomy, the proportion of any sovereign exposure in the fund's portfolio will not impact the proportion of sustainable investments aligned with the EU Taxonomy included in the graph.*

- ***What is the minimum share of investments in transitional and enabling activities?***

Although the fund commits to invest in sustainable investments within the meaning of the SFDR, there is no commitment to a minimum share of investments in transitional and enabling activities.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund intends to make a minimum of 40% sustainable investments, as defined under the SFDR, with a combination of environmental and social objectives, as described above. Among these, the fund commits to

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time. These sustainable investments will represent at least 40% of the portfolio holdings on an aggregated basis.

The fund's sustainable investments with an environmental objective **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.
Although some of these sustainable investments may be Taxonomy aligned, due to lack of available data regarding the Taxonomy alignment of the underlying securities, the investment manager has not been able to confirm whether these investments are in fact Taxonomy aligned and accordingly will not consider them as such in calculations until this data is reported on or otherwise becomes more reliable. As such, the investment manager uses its own methodology to determine whether certain investments are sustainable in accordance with the SFDR sustainable investment definition, and then invests in such assets for the fund.



What is the minimum share of socially sustainable investments?

As explained above, the fund may make sustainable investments which contribute to either environmental or social objectives. Among these, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time. These sustainable investments will represent at least 40% of the portfolio holdings on an aggregated basis.



What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The fund may have investments in hedging instruments for efficient portfolio management and in cash as ancillary liquidity. These instruments are included in the "#2 Other" category and are not subject to environmental and/or social screening or any minimum environmental or social safeguards.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.



Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_investmentgradecredit_aggregated_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
Euro Corporate Bond Fund	28WYH088EMGB02JCXS87

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 40% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☒ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

The fund promotes the environmental characteristic of climate change mitigation by excluding investments in certain types of fossil fuels. In addition, the fund promotes the social characteristic of avoiding investments in certain activities which can cause harm to human health and wellbeing.

Further detail on the nature of these exclusions is set out below (in response to the question, *"What investment strategy does this financial product follow?"*).

The fund also supports the above environmental and social characteristics by aiming to make a minimum of 40% sustainable investments in:

- Corporate issuers whose business practices, products or solutions, make a net positive contribution towards United Nations' Sustainable Development Goals ("**SDGs**"); or
- Sustainable Bonds, as defined further below, which make a positive environmental or social contribution through their use of proceeds, as explained in response to the question below, *"What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?".*

The fund has not designated a reference benchmark for the purpose of attaining its environmental or social characteristics.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The following sustainability indicators are used to measure the attainment of the fund's environmental and social characteristics:

- The fund's exposure, in percentage market value, to issuers that violate any of the exclusion criteria;
- The fund's percentage market value allocated to sustainable investments.

Additional details on the fund's exclusions criteria are provided below in response to the question, "*What investment strategy does this financial product follow?*"

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

The fund's sustainable investments will fall within one of the following categories:

- Green, Social or Sustainability Bonds ("Sustainable Bonds"), where the issuer commits to allocate the proceeds to projects making a positive environmental or social contribution. This includes, but is not limited to, bonds that align with the International Capital Market Association (ICMA)'s Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines. Sustainable Bonds mobilise financing directly towards a variety of environmental and social projects whose focus spans across a number of sustainability objectives. Examples include, but are not limited to, financing for renewable energy, energy efficiency, clean transportation, affordable housing, and financial inclusion projects. The specific objectives to which the Sustainable Bonds contribute depend on the eligible environmental and social project categories of each security.
- Bonds from corporate issuers whose business practices, products or solutions, make a net positive contribution towards the SDGs. The SDGs were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet and ensure that by 2030 all people enjoy peace and prosperity. The investment manager defines positive contribution to the SDGs as a net positive aggregate alignment score across all the SDGs (i.e., scores measuring positive contribution to individual SDGs have to, in total, be greater than the total of any negative contribution scores), based on third-party data. The investment manager will also only include issuers which have sufficient positive SDG alignment (in the investment manager's view) with at least one individual SDG, and which do not have any material mis-alignments (in the investment manager's view) on any of the SDGs.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

The investment manager seeks to ensure that the sustainable investments of the fund do not cause significant harm to relevant environmental or social sustainable investment objectives by:

- Testing whether the investment meets the thresholds set by the investment manager for each of the mandatory principal adverse impact ("PAI") indicators (see the response to the question, "*How have the indicators for adverse impacts on sustainability factors been taken into account?*" below for the details of this process); and
- Ensuring that the sustainable investments of the fund are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (see the response to the question, "How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?" below for the details of this process).

This assessment is conducted using third-party data on the sustainability characteristics of the fund's holdings.

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

The "do no significant harm" methodology applied by the investment manager on sustainable investments seeks to screen investments to identify any significant harm to any of the PAI indicators which are mandatory for the investment manager to consider under the SFDR rules, and which are relevant to the investment.

The investment manager has determined specific metrics and quantitative thresholds for what constitutes significant harm to screen PAI indicators that are relevant to the investment, using third-party data. The thresholds are set: (i) on an absolute value basis; (ii) on a relative basis in the context of the investment universe; or (iii) using pass/fail scores. Different metrics or thresholds may apply to issuers located in developed markets and in emerging markets, respectively. This is intended to reflect the different extent to which the investment manager deems that meeting minimum sustainability standards in these markets is currently achievable. In addition, different relative thresholds may apply to similar indicators: for example, the investment manager currently applies a lower threshold to determine significant adverse impact with respect to scope 3 emissions intensity as compared to scope 1 and 2 emissions intensity. This is because: (i) companies have less control over their indirect emissions; and (ii) data estimates for scope 3 emissions, which currently prevail over reported data compared to scope 1 and 2 emissions, may result in a less accurate PAI assessment.

The investment manager may use reasonable proxy indicators sourced from third parties to address the current lack of data for certain PAI indicators. The investment manager's use of proxy indicators will be kept under review and will be replaced by PAI data from third-party data providers, when the investment manager determines that sufficiently reliable data has become available.

The investment manager generally conducts the PAI assessment at the issuer level. However, where appropriate the assessment may be done at the security level in whole or in part. For instance, in the case of Sustainable Bonds, as defined above, the PAI indicators that are directly related to the sustainability factors targeted by the bond's use of proceeds will be assessed at the security level. As an example, the fund may invest in a Green Bond issued by a utility company that has a negative assessment of the PAI indicators related to GHG emissions and/or GHG intensity, as long as the investment manager evaluates that the issuer has a credible strategy to reduce its GHG emissions, and that the Green Bond specifically contributes towards such goal. Other PAI indicators that are unrelated to the Sustainable Bond's use of proceeds are still assessed at the issuer level.

The fund's PAI assessment is supported, on a qualitative and non-binding basis, by the investment manager's engagement with selected issuers on their corporate governance practices, as well as on other material sustainability issues, in line with the investment manager's Fixed Income Engagement Strategy, available on www.morganstanley.com/im.

— *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The fund's sustainable investments exclude issuers which have experienced significant controversies that are deemed to violate the UN Global Compact, the UN Guiding Principles on Business and Human Rights, or the ILO Fundamental Principles, and issuers with significant controversies related to violations of the OECD Guidelines for Multinational Enterprises. This screening is done using third-party data.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund considers all of the mandatory PAI on sustainability factors which are relevant to the investment for the portion allocated to sustainable investments, as described above in response to the question, "*How have the indicators for adverse impacts on sustainability factors been taken into account*?"

The portion of the fund that is not made of sustainable investments considers the PAI only in part through the fund's exclusionary criteria, as follows:

- The fund excludes issuers which derive a certain percentage of revenue from thermal coal mining and extraction, or a portion of revenue from coal-fired power generation. The fund therefore considers the PAI indicator 4: exposure to companies active in the fossil fuel sector.
- The fund excludes issuers which have committed violations of the UN Global Compact, the UN Guiding Principles on Business and Human Rights, or the ILO Fundamental Principles, or which have experienced significant controversies relating to violations of the OECD Guidelines for Multinational Enterprises. The fund therefore considers the PAI indicator number 10: violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises.
- The fund excludes issuers which derive any revenue from controversial weapons manufacturing or retail. The fund therefore considers the PAI indicator 14: exposure to controversial weapons.

The fund will make information available on how it has incorporated the PAIs into the fund in its periodic reports to investors.



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

As part of its investment strategy, the fund aims at reducing exposure to selected business activities which can cause danger to human health and wellbeing or the environment, through exclusionary screening. The fund will also make sustainable investments in Sustainable Bonds making a positive environmental or social contribution through their use of proceeds, or bonds from corporate issuers whose business practices, products or solutions, make a net positive contribution towards the SDGs.

Binding criteria	
The fund will not invest in corporate issuers which:	**<u>Derive any revenue from any of the following activities:</u>** • Controversial weapons manufacturing or retail (including anti-personnel landmines, cluster munitions, biological or chemical weapons, and nuclear weapons); • Civilian firearms manufacturing or retail; • Tobacco manufacturing; or **<u>Derive more than 5% revenue from any of the following activities:</u>** • Thermal coal mining and extraction;* **<u>Derive more than 10% revenue from any of the following activities:</u>** • Military or conventional weapons, or weapons systems manufacturing or retail; • Gambling; **<u>Derive more than 20% revenue from any of the following activities:</u>** • Coal-fired power generation;* or **<u>Violate any of the following global norms:</u>** • UN Global Compact, UN Guiding Principles on Business and Human Rights, ILO fundamental Principles, or OECD Guidelines for Multinational Enterprises, without evidence of material remediation and improvement. *The fund may, as an exception to the exclusions related to fossil fuels listed above, invest in Sustainable Bonds which are intended to raise proceeds specifically for projects that promote positive environmental contributions mitigating the adverse sustainability impact of those fossil fuels, such as renewable energy or energy efficiency, based on information available in the bond issuance documentation.
Sustainable investments	The fund will maintain a minimum of 40% of sustainable investments, which meet the criteria as set out in response to the question, "*What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives*?"

The investment manager may decide to implement additional restrictions to the fund, and such new restrictions will be disclosed in the fund's SFDR Website Disclosure.

In addition to the ESG considerations described in this summary on a binding basis, the fund integrates ESG considerations in the investment decision-making process to support its environmental and social characteristics on a non-binding basis, based on the investment manager's in-house research and methodologies and on third-party data. In some cases, third-party data on specific issuers, ESG themes or the exclusions noted above may not be available and/or may be estimated by the investment manager using internal methodologies or reasonable estimates. The methodologies used by different data providers may also vary.

The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager. The investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with the investment team to conduct regular portfolio/performance reviews and systemic checks to ensure compliance with portfolio investment objectives and environmental and social characteristics, taking into account changing market conditions, information and strategy developments.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the investment strategy are described in the table above.

The criteria are implemented and monitored by the investment manager using a combination of third-party data and in-house research.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

- ***What is the policy to assess good governance practices of the investee companies?***

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

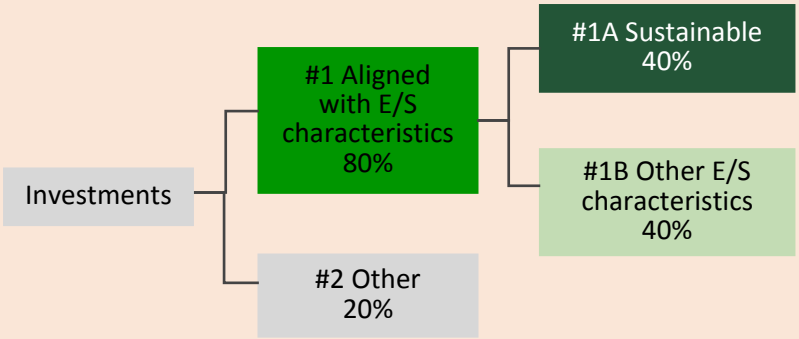
As part of its bottom-up, fundamental research process, the investment manager systematically incorporates the assessment of an issuer's corporate governance and business practices, including but not limited to evidence of sound management structures and employee relations, fair remuneration of staff, and tax compliance, in order to ensure that every investee company follows good governance practices.

This is done through the monitoring of data on governance-related, as well as on other environmental and/or social factors and controversies, sourced from third party providers, through in-house research, and through engagement with the management of selected issuers on corporate governance and disclosure issues.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned** with E/S characteristics covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The exclusions (as described above) will be applied to at least 80% of the portfolio, of which the fund also expects to allocate a minimum of 40% of its assets to sustainable investments. Among these sustainable investments, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time.

A maximum of 20% of the fund's assets may be invested in hedging instruments for efficient portfolio management and in cash as ancillary liquidity., which do not align with any environmental or social characteristics.

As explained above, any investments that are held by the fund but become restricted because they breach the investment exclusions set out above, after they are acquired for the fund, will be sold. Such sales will take place over a period of time to be determined by the investment manager, taking into account the best interests of the shareholders of the fund. Such investments are included in the "#2 Other" category.

These percentages are measured according to the value of the investments.

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

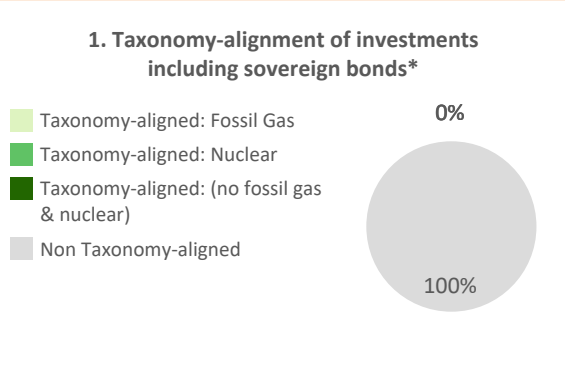
- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?***[1]

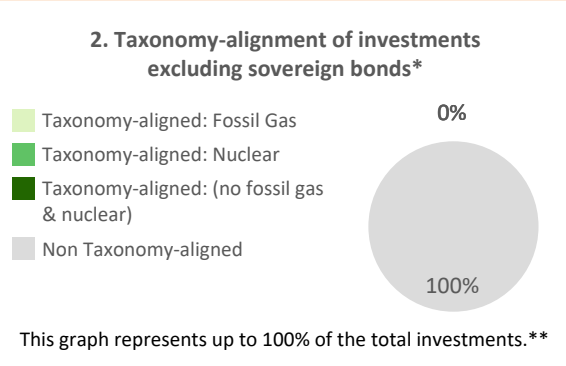
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





This graph represents up to 100% of the total investments.**

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

***The proportion of total investments shown in this graph is purely indicative and may vary over time. As the fund does not commit to making sustainable investments aligned with the EU Taxonomy, the proportion of any sovereign exposure in the fund's portfolio will not impact the proportion of sustainable investments aligned with the EU Taxonomy included in the graph.*

- ***What is the minimum share of investments in transitional and enabling activities?***

Although the fund commits to invest in sustainable investments within the meaning of the SFDR, there is no commitment to a minimum share of investments in transitional and enabling activities.

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund intends to make a minimum of 40% sustainable investments with a combination of environmental and social objectives, as described above. Among these, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time. These sustainable investments will represent at least 40% of the portfolio holdings on an aggregated basis.

Although some of these sustainable investments may be EU Taxonomy aligned, due to lack of available data regarding the EU Taxonomy alignment of the underlying securities, the investment manager has not been able to confirm whether these investments are in fact EU Taxonomy aligned and accordingly will not consider them as such in calculations until this data is reported on or otherwise becomes more reliable. As such, the investment manager uses its own methodology to determine whether certain investments are sustainable in accordance with the SFDR sustainable investment definition, and then invests in such assets for the fund.

What is the minimum share of socially sustainable investments?

As explained above, the fund may make sustainable investments which contribute to either environmental or social objectives. Among these, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time. These sustainable investments will represent at least 40% of the portfolio holdings on an aggregated basis.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The fund may have investments in hedging instruments for efficient portfolio management and in cash as ancillary liquidity. These instruments are included in the "#2 Other" category and are not subject to environmental and/or social screening or any minimum environmental or social safeguards.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.

Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_investmentgradecredit_aggregated_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
Euro Strategic Bond Fund	WJ0VQQOXBXWTMJ8MSW75

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 30% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☒ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

The fund promotes the environmental characteristic of climate change mitigation by excluding investments in certain types of fossil fuels. In addition, the fund promotes the social characteristic of avoiding investments in activities which can cause harm to human health and wellbeing, in sovereign issuers that significantly violate social rights, and securitisations that violate responsible business or lending practices.

Further detail on the nature of these exclusions is set out below (in response to the question, "*What investment strategy does this financial product follow?*").

The fund also aims to make a minimum of 30% sustainable investments in:

- Corporate issuers whose business practices, products or solutions, make a net positive contribution towards United Nations' Sustainable Development Goals ("**SDGs**");
- Sovereign issuers with ESG scores in the top-2 ranks according to the investment manager's proprietary scoring methodology, associated with positive environmental or social attributes; or
- Sustainable Bonds, as defined further below, from any type of issuer, which make a positive environmental or social contribution through their use of proceeds, as explained in response to the question below, "*What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?*"

The fund has not designated a reference benchmark for the purpose of attaining its environmental or social characteristics.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The following sustainability indicators are used to measure the attainment of the fund's environmental and social characteristics:

- The fund's exposure, in percentage market value, to issuers that violate any of the exclusion criteria;
- The fund's percentage market value allocated to sustainable investments.

Additional details on the fund's exclusions criteria are provided below in response to the question, "*What investment strategy does this financial product follow?*"

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

The fund's sustainable investments will fall within one of the following categories:

- Green, Social or Sustainability Bonds ("Sustainable Bonds"), where the issuer commits to allocate the proceeds to projects making a positive environmental or social contribution. This includes, but is not limited to, bonds that align with the International Capital Market Association (ICMA)'s Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines. Sustainable Bonds mobilise financing directly towards a multiplicity of environmental and social projects whose focus spans across a number of sustainability objectives. Examples include, but are not limited to, financing for renewable energy, energy efficiency, clean transportation, affordable housing, and financial inclusion projects. The specific objectives to which the Sustainable Bonds contribute depend on the eligible environmental and social project categories of each security.
- Bonds from corporate issuers whose business practices, products or solutions, make a net positive contribution towards the SDGs. The SDGs were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet and ensure that by 2030 all people enjoy peace and prosperity. The investment manager defines positive contribution to the SDGs as a net positive aggregate alignment score across all the SDGs (i.e., scores measuring positive contribution to individual SDGs have to, in total, be greater than the total of any negative contribution scores), based on third-party data. The investment manager will also only include issuers which have sufficient positive SDG alignment (in the investment manager's view) with at least one individual SDG, and which do not have any material mis-alignments (in the investment manager's view) on any of the SDGs.

- Bonds from sovereign issuers with an ESG rank of 4 or 5, in a 1-5 range where 5 is best, based on the investment manager's proprietary ESG scoring methodology. Ranks of 4 and 5 reflect a country's positive contribution towards environmental and social themes such as decarbonisation, forestry conservation, promotion of education, health and wellbeing, and good living standards. The investment manager will, however, not treat the investment as sustainable if the sovereign issuer ranked 4 or 5 has experienced recent negative momentum as assessed through in-house research, which is not captured by ESG data providers. For example, this may include circumstances where a country is facing significant political and/or social instability.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

The investment manager seeks to ensure that the sustainable investments of the fund do not cause significant harm to relevant environmental or social sustainable investment objectives by:

- Testing whether the investment meets the thresholds set by the investment manager for each of the mandatory principal adverse impact ("PAI") indicators (see the response to the question, "*How have the indicators for adverse impacts on sustainability factors been taken into account?*" below for the details of this process); and
- Ensuring that the sustainable investments of the fund are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, where relevant (see the response to the question, "*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*" below for the details of this process). For sovereign sustainable investments, the investment manager tests against certain sanctions regimes, to ensure countries do not cause significant harm to environmental or social objectives.

This assessment is conducted using third-party data on the sustainability characteristics of the fund's holdings.

How have the indicators for adverse impacts on sustainability factors been taken into account?

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

The "do no significant harm" methodology applied by the investment manager on sustainable investments seeks to screen investments to identify any significant harm to any of the PAI indicators which are mandatory for the investment manager to consider under the SFDR rules, and which are relevant to the investment.

The investment manager has determined specific metrics and quantitative thresholds for what constitutes significant harm to screen PAI indicators that are relevant to the investment, using third-party data. The thresholds are set: (i) on an absolute value basis; (ii) on a relative basis in the context of the investment universe; or (iii) using pass/fail scores. Different metrics or thresholds may apply to issuers located in developed markets and in emerging markets, respectively. This is intended to reflect the different extent to which the investment manager deems that meeting minimum sustainability standards in these markets is currently achievable. In addition, different relative thresholds may apply to similar indicators: for example, the investment manager currently applies a lower threshold to determine significant adverse impact with respect to scope 3 emissions intensity as compared to scope 1 and 2 emissions intensity. This is because: (i) companies have less control over their indirect emissions; and (ii) data estimates for scope 3 emissions, which currently prevail over reported data compared to scope 1 and 2 emissions, may result in a less accurate PAI assessment.

The investment manager may use reasonable proxy indicators sourced from third parties to address the current lack of data for certain PAI indicators. The investment manager's use of proxy indicators will be kept under review and will be replaced by PAI data from third-party data providers, when the investment manager determines that sufficiently reliable data has become available.

The investment manager generally conducts the PAI assessment at the issuer level. However, where appropriate the assessment may be done at the security level in whole or in part. For instance, in the case of Sustainable Bonds, as defined above, the PAI indicators that are directly related to the sustainability factors targeted by the bond's use of proceeds will be assessed at the security level, through the investment manager's proprietary Sustainable Bond Evaluation Framework. As an example, the fund may invest in a Green Bond issued by a utility company that has a negative assessment of the PAI indicators related to GHG emissions and/or GHG intensity, as long as the investment manager evaluates that the issuer has a credible strategy to reduce its GHG emissions, and that the Green Bond specifically contributes towards such goal. Other PAI indicators that are unrelated to the Sustainable Bond's use of proceeds are still assessed at the issuer level.

The fund's PAI assessment is supported, on a qualitative and non-binding basis, by the investment manager's engagement with selected issuers on their corporate governance practices, as well as on other material sustainability issues, in line with the investment manager's Fixed Income Engagement Strategy, available on www.morganstanley.com/im.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The fund's sustainable investments exclude issuers which have experienced significant controversies that are deemed to violate the UN Global Compact, the UN Guiding Principles on Business and Human Rights, or the ILO Fundamental Principles, and issuers with significant controversies related to violations of the OECD Guidelines for Multinational Enterprises. This screening is done using third-party data.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund considers all of the mandatory PAI on sustainability factors which are relevant to the investment for the portion allocated to sustainable investments, as described above in response to the question, "*How have the indicators for adverse impacts on sustainability factors been taken into account?*"

The portion of the fund that is not made of sustainable investments considers the PAI only in part through the fund's exclusionary criteria, as follows:

- The fund excludes issuers which derive a certain percentage of revenue from thermal coal mining and extraction, or a portion of revenue from coal-fired power generation. The fund therefore partly considers the PAI indicator 4: exposure to companies active in the fossil fuel sector.
- The fund excludes issuers which have committed violations of the UN Global Compact, the UN Guiding Principles on Business and Human Rights, or the ILO Fundamental Principles, or which have experienced significant controversies relating to violations of the OECD Guidelines for Multinational Enterprises. The fund therefore considers the PAI indicator number 10: violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises.
- The fund excludes issuers which derive any revenue from controversial weapons manufacturing or retail. The fund therefore considers in whole the PAI indicator 14: exposure to controversial weapons.
- The fund excludes sovereign issuers where there is evidence of them having caused significant harm from social violations, which the investment manager defines in relation to the bottom-10% ranked countries on an indicator reflecting the fulfilment of social rights, as further explained in response to the question, "*What investment strategy does this financial product follow?*" The fund therefore considers in part the PAI indicator number 16: investee countries subject to social violations.

The fund will make information available on how it has incorporated the PAIs into the fund in its periodic reports to investors.



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

As part of its investment strategy, the fund aims at reducing exposure to selected business activities which can cause danger to human health and wellbeing or the environment; to sovereign issuers that severely violate social rights; and to securitisations that violate responsible business or lending practices, through exclusionary screening.

The fund will make sustainable investments in Sustainable Bonds making a positive environmental or social contribution through their use of proceeds, bonds from corporate issuers whose business practices, products or solutions, make a net positive contribution towards the SDGs, or bonds from sovereign issuers with an ESG rank of 4 or 5,in a 1-5 range where 5 is best, based on the investment manager's proprietary ESG scoring methodology.

Binding criteria	
The fund will not invest in corporate issuers which:	**<u>Derive any revenue from any of the following activities:</u>** • Controversial weapons manufacturing or retail (including anti-personnel landmines, cluster munitions, biological or chemical weapons, and nuclear weapons); • Civilian firearms manufacturing or retail; • Tobacco manufacturing; or **<u>Derive more than 5% revenue from any of the following activities:</u>** • Thermal coal mining and extraction;* **<u>Derive more than 10% revenue from any of the following activities:</u>** • Military or conventional weapons, or weapons systems manufacturing or retail; • Gambling; **<u>Derive more than 20% revenue from any of the following activities:</u>** • Coal-fired power generation;* or **<u>Violate any of the following global norms:</u>** • UN Global Compact, UN Guiding Principles on Business and Human Rights, ILO fundamental Principles, or OECD Guidelines for Multinational Enterprises, without evidence of material remediation and improvement. *The fund may, as an exception to the exclusions related to fossil fuels listed above, invest in Sustainable Bonds which are intended to raise proceeds specifically for projects that promote positive environmental contributions mitigating the adverse sustainability impact of those fossil fuels, such as renewable energy or energy efficiency, based on information available in the bond issuance documentation.
The fund will not invest in sovereign issuers which:	Are in the bottom-10% ranked countries for social violations, based on the investment manager's custom indicator. The social violations custom indicator is calculated by the investment manager taking into consideration a country's performance on issues including, but not limited to, the application of human rights and civil liberties, the quality of contract enforcement and security, freedom of expression, association and free media, as assessed by underlying data from third parties. In addition, any investments in sovereign issuers exhibiting positive momentum with respect to such violations, shall not be subject to the purchase restriction. For example, if a country is in the process of making significant remediation efforts, such as through electoral or policy reforms and engagement with civil society, with regard to any social violations, the investment manager may not exclude the investment from the fund, provided this is kept under review by the investment manager.

The fund will not invest in securitisations in which:	• The underlying loans show evidence of predatory lending, as determined by the applicable usury laws, and in the context of market rates and borrower's risk profile;* • The lender or servicer of the underlying assets has committed a severe breach of consumer protection standards: ◦ as established by the Consumer Financial Protection Bureau (CFPB) in the United States; or ◦ as established by any relevant regulatory and supervisory agency in the jurisdiction where the securitisation's originator and/or collateral are located; ◦ if the breach relates to the securitisation's underlying collateral, underwriting and servicing practices, unless there is evidence of the breach having been or being remediated;** or • The originator, lender or servicers has been involved in controversy cases related to business ethics and fraud that the investment manager views as significant based on data by relevant ESG data providers, and where the investment manager considers appropriate remedial action has not been taken. * A loan is considered a predatory loan if: • Interest rates do not comply with U.S. usury laws or the equivalent in other jurisdictions; or • Interest rates being offered exceed a limit for which the investment manager deems to be exceedingly higher than the industry standard. The investment manager may choose to proceed with an investment where interest rates where interest rates surpass this level if following enhanced due diligence (including through direct engagement with the lending team and/or servicing department on the securitisation deal), the investment manager determines that access to the loan is still beneficial to the borrower when taking into consideration its risk profile and alternative borrowing options. The interest rate levels which are considered industry standard are subject to periodic review by the investment manager, based on the prevailing market conditions and prevailing rates across the industry at the time. ** This exclusion criterion does not apply to lenders or servicers of U.S. government sponsored mortgage-backed securities, as their compliance of such securitisations with local regulatory standards is already monitored by the U.S. government on an ongoing basis. Such investments will be considered to fall within "#1 Aligned with E/S characteristics", in response to the question, "What is the asset allocation planned for this financial product?" For the avoidance of doubt, the exclusions to securitisations above do not apply to
Sustainable investments	The fund will maintain a minimum of 30% of sustainable investments, which meet the criteria as set out in response to the question, *"What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?"*

The investment manager may decide to implement additional restrictions to the fund, and such new restrictions will be disclosed in the fund's SFDR Website Disclosure.

In addition to the ESG considerations described in this summary on a binding basis, the fund integrates ESG considerations in the investment decision-making process to support its environmental and social characteristics on a non-binding basis, based on the investment manager's in-house research and methodologies and on third-party data. In some cases, third-party data on specific issuers, ESG themes or the exclusions noted above may not be available and/or may be estimated by the investment manager using internal methodologies or reasonable estimates. The methodologies used by different data providers may also vary.

The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager. The investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with the investment team to conduct regular portfolio/performance reviews and systemic checks to ensure compliance with portfolio investment objectives and environmental and social characteristics, taking into account changing market conditions, information and strategy developments.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the investment strategy are described in the table above.

The criteria are implemented and monitored by the investment manager using a combination of third-party data and in-house research.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

- ***What is the policy to assess good governance practices of the investee companies?***

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

As part of its bottom-up, fundamental research process, the investment manager systematically incorporates the assessment of an issuer's corporate governance and business practices, including but not limited to evidence of sound management structures and employee relations, fair remuneration of staff, and tax compliance, in order to ensure that every investee company follows good governance practices.

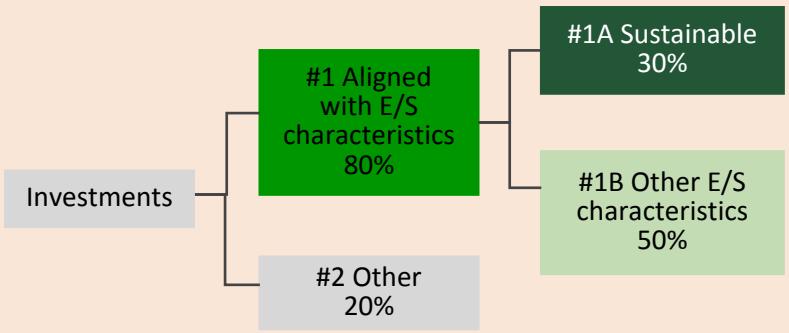
This is done through the monitoring of data on governance-related, as well as on other environmental and/or social factors and controversies, sourced from third party providers, through in-house research, and through engagement with the management of selected issuers on corporate governance and disclosure issues.

In the interests of transparency, given the fund also invests in sovereign bonds, the investment manager notes that it also assesses investee sovereign issuers' government effectiveness, political stability, control of corruption, and regulatory quality, among other factors.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned** with E/S characteristics covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The exclusions (as described above) will be applied to at least 80% of the portfolio, however the fund also expects to allocate a minimum of 30% of its assets to sustainable investments. Among these sustainable investments, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time.

A maximum of 20% of the fund's assets may be invested in hedging instruments for efficient portfolio management and in cash as ancillary liquidity, which do not align with any environmental or social characteristics.

As explained above, any investments that are held by the fund but become restricted because they breach the investment exclusions set out above, after they are acquired for the fund, will be sold. Such sales will take place over a period of time to be determined by the investment manager, taking into account the best interests of the shareholders of the fund. Such investments are included in the "#2 Other" category.

These percentages are measured according to the value of the investments.

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

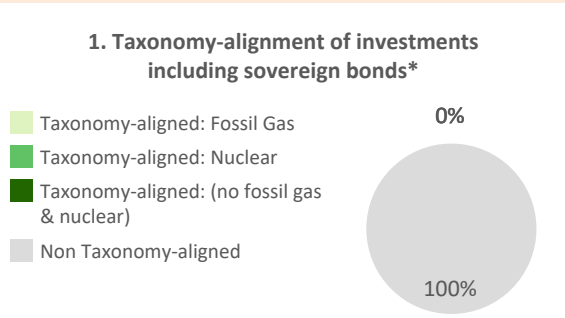
- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?*[1]**

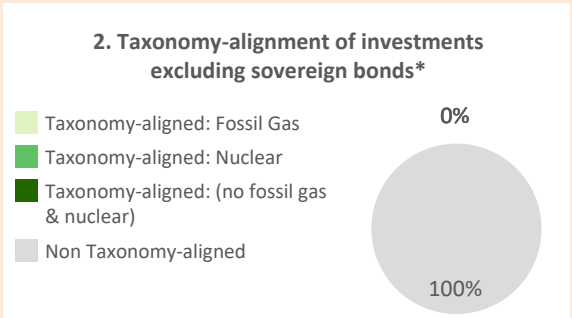
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





This graph represents up to 100% of the total investments.**

** For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

***The proportion of total investments shown in this graph is purely indicative and may vary over time. As the fund does not commit to making sustainable investments aligned with the EU Taxonomy, the proportion of any sovereign exposure in the fund's portfolio will not impact the proportion of sustainable investments aligned with the EU Taxonomy included in the graph.*

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

- ***What is the minimum share of investments in transitional and enabling activities?***

Although the fund commits to invest in sustainable investments within the meaning of the SFDR, there is no commitment to a minimum share of investments in transitional and enabling activities.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?



Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund intends to make a minimum of 30% sustainable investments with a combination of environmental and social objectives, as described above. Among these, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time. These sustainable investments will represent at least 30% of the portfolio holdings on an aggregated basis.

Although some of these sustainable investments may be EU Taxonomy aligned, due to lack of available data regarding the EU Taxonomy alignment of the underlying securities, the investment manager has not been able to confirm whether these investments are in fact EU Taxonomy aligned and accordingly will not consider them as such in calculations until this data is reported on or otherwise becomes more reliable. As such, the investment manager uses its own methodology to determine whether certain investments are sustainable in accordance with the SFDR sustainable investment test, and then invests in such assets for the fund.



What is the minimum share of socially sustainable investments?

As explained above, the fund may make sustainable investments which contribute to either environmental or social objectives. Among these, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time. These sustainable investments will represent at least 30% of the portfolio holdings on an aggregated basis.



What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The fund may have investments in hedging instruments for efficient portfolio management and in cash as ancillary liquidity. These instruments are included in the "#2 Other" category and are not subject to environmental and/or social screening or any minimum environmental or social safeguards.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.



Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_eurobond_aggregated_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
European Fixed Income Opportunities Fund	549300NSR0FF1GG4P265

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 30% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☒ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

The fund promotes the environmental characteristic of climate change mitigation by excluding investments in certain types of fossil fuels. In addition, the fund promotes the social characteristic of avoiding investments in activities which can cause harm to human health and wellbeing, in sovereign issuers that significantly violate social rights, and securitisations that violate responsible business or lending practices.

Further detail on the nature of these exclusions is set out below (in response to the question, "*What investment strategy does this financial product follow?*").

The fund also aims to make a minimum of 30% sustainable investments in:

- Corporate issuers whose business practices, products or solutions, make a net positive contribution towards United Nations' Sustainable Development Goals ("**SDGs**");
- Sovereign issuers with ESG scores in the top-2 ranks according to the investment manager's proprietary scoring methodology, associated with positive environmental or social attributes; or
- Sustainable Bonds, as defined further below, from any type of issuer, which make a positive environmental or social contribution through their use of proceeds, as explained in response to the question below, "*What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?*"

The fund has not designated a reference benchmark for the purpose of attaining its environmental or social characteristics.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The following sustainability indicators are used to measure the attainment of the fund's environmental and social characteristics:

- The fund's exposure, in percentage market value, to issuers that violate any of the exclusion criteria;
- The fund's percentage market value allocated to sustainable investments.

Additional details on the fund's exclusions criteria are provided below in response to the question, "*What investment strategy does this financial product follow?*"

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

The fund's sustainable investments will fall within one of the following categories:

- Green, Social or Sustainability Bonds ("Sustainable Bonds"), where the issuer commits to allocate the proceeds to projects making a positive environmental or social contribution. This includes, but is not limited to, bonds that align with the International Capital Market Association (ICMA)'s Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines. Sustainable Bonds mobilise financing directly towards a multiplicity of environmental and social projects whose focus spans across a number of sustainability objectives. Examples include, but are not limited to, financing for renewable energy, energy efficiency, clean transportation, affordable housing, and financial inclusion projects. The specific objectives to which the Sustainable Bonds contribute depend on the eligible environmental and social project categories of each security.
- Bonds from corporate issuers whose business practices, products or solutions, make a net positive contribution towards the SDGs. The SDGs were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet and ensure that by 2030 all people enjoy peace and prosperity. The investment manager defines positive contribution to the SDGs as a net positive aggregate alignment score across all the SDGs (i.e., scores measuring positive contribution to individual SDGs have to, in total, be greater than the total of any negative contribution scores), based on third-party data. The investment manager will also only include issuers which have sufficient positive SDG alignment (in the investment manager's view) with at least one individual SDG, and which do not have any material mis-alignments (in the investment manager's view) on any of the SDGs.

- Bonds from sovereign issuers with an ESG rank of 4 or 5, in a 1-5 range where 5 is best, based on the investment manager's proprietary ESG scoring methodology. Ranks of 4 and 5 reflect a country's positive contribution towards environmental and social themes such as decarbonisation, forestry conservation, promotion of education, health and wellbeing, and good living standards. The investment manager will, however, not treat the investment as sustainable if the sovereign issuer ranked 4 or 5 has experienced recent negative momentum as assessed through in-house research, which is not captured by ESG data providers. For example, this may include circumstances where a country is facing significant political and/or social instability.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

The fund seeks to ensure that the sustainable investments of the fund do not cause significant harm to relevant environmental or social sustainable investment objectives by:

- Testing whether the investment meets the thresholds set by the investment manager for each of the mandatory principal adverse impact ("PAI") indicators (see the response to the question, "*How have the indicators for adverse impacts on sustainability factors been taken into account?*" below for the details of this process); and
- Ensuring that the sustainable investments of the fund are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, where relevant (see the response to the question, "*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*" below for the details of this process). For sovereign sustainable investments, the investment manager tests against certain sanctions regimes, to ensure countries do not cause significant harm to environmental or social objectives.

This assessment is conducted using third-party data on the sustainability characteristics of the fund's holdings.

How have the indicators for adverse impacts on sustainability factors been taken into account?

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

The "do no significant harm" methodology applied by the investment manager on sustainable investments seeks to screen investments to identify any significant harm to any of the PAI indicators which are mandatory for the investment manager to consider under the SFDR rules, and which are relevant to the investment.

The investment manager has determined specific metrics and quantitative thresholds for what constitutes significant harm to screen PAI indicators that are relevant to the investment, using third-party data. The thresholds are set: (i) on an absolute value basis; (ii) on a relative basis in the context of the investment universe; or (iii) using pass/fail scores. Different metrics or thresholds may apply to issuers located in developed markets and in emerging markets, respectively. This is intended to reflect the different extent to which the investment manager deems that meeting minimum sustainability standards in these markets is currently achievable. In addition, different relative thresholds may apply to similar indicators: for example, the investment manager currently applies a lower threshold to determine significant adverse impact with respect to scope 3 emissions intensity as compared to scope 1 and 2 emissions intensity. This is because: (i) companies have less control over their indirect emissions; and (ii) data estimates for scope 3 emissions, which currently prevail over reported data compared to scope 1 and 2 emissions, may result in a less accurate PAI assessment.

The investment manager may use reasonable proxy indicators sourced from third parties to address the current lack of data for certain PAI indicators. The investment manager's use of proxy indicators will be kept under review and will be replaced by PAI data from third-party data providers, when the investment manager determines that sufficiently reliable data has become available.

The investment manager generally conducts the PAI assessment at the issuer level. However, where appropriate the assessment may be done at the security level in whole or in part. For instance, in the case of Sustainable Bonds, as defined above, the PAI indicators that are directly related to the sustainability factors targeted by the bond's use of proceeds will be assessed at the security level, through the investment manager's proprietary Sustainable Bond Evaluation Framework. As an example, the fund may invest in a Green Bond issued by a utility company that has a negative assessment of the PAI indicators related to GHG emissions and/or GHG intensity, as long as the investment manager evaluates that the issuer has a credible strategy to reduce its GHG emissions, and that the Green Bond specifically contributes towards such goal. Other PAI indicators that are unrelated to the Sustainable Bond's use of proceeds are still assessed at the issuer level.

The fund's PAI assessment is supported, on a qualitative and non-binding basis, by the investment manager's engagement with selected issuers on their corporate governance practices, as well as on other material sustainability issues, in line with the investment manager's Fixed Income Engagement Strategy, available on www.morganstanley.com/im.www.morganstanley.com/im.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The fund's sustainable investments exclude issuers which have experienced significant controversies that are deemed to violate the UN Global Compact, the UN Guiding Principles on Business and Human Rights, or the ILO Fundamental Principles, and issuers with significant controversies related to violations of the OECD Guidelines for Multinational Enterprises. This screening is done using third-party data.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund considers all of the mandatory PAI on sustainability factors which are relevant to the investment for the portion allocated to sustainable investments, as described above in response to the question, "*How have the indicators for adverse impacts on sustainability factors been taken into account?*"

The portion of the fund that is not made of sustainable investments considers the PAI only in part through the fund's exclusionary criteria, as follows:

- The fund excludes issuers which derive a certain percentage of revenue from thermal coal mining and extraction. The fund therefore partly considers the PAI indicator 4: exposure to companies active in the fossil fuel sector.
- The fund excludes issuers which derive any revenue from controversial weapons manufacturing or retail. The fund therefore considers in whole the PAI indicator 14: exposure to controversial weapons.
- The fund excludes sovereign issuers where there is evidence of them having caused significant harm from social violations, which the investment manager defines in relation to the bottom-10% ranked countries on an indicator reflecting the fulfilment of social rights, as further explained in response to the question, "*What investment strategy does this financial product follow?*" The fund therefore considers in part the PAI indicator number 16: investee countries subject to social violations.

The fund will make information available on how it has incorporated the PAIs into the fund in its periodic reports to investors.



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

As part of its investment strategy, the fund aims at reducing exposure to selected business activities which can cause danger to human health and wellbeing or the environment; to sovereign issuers that severely violate social rights; and to securitisations that violate responsible business or lending practices, through exclusionary screening.

The fund will make sustainable investments in Sustainable Bonds making a positive environmental or social contribution through their use of proceeds, bonds from corporate issuers whose business practices, products or solutions, make a net positive contribution towards the SDGs, or bonds from sovereign issuers with an ESG rank of 4 or 5,in a 1-5 range where 5 is best, based on the investment manager's proprietary ESG scoring methodology.

Binding criteria	
The fund will not invest in corporate issuers which:	**Derive any revenue from any of the following activities:** • Controversial weapons manufacturing or retail (including anti-personnel landmines, cluster munitions, biological or chemical weapons, and nuclear weapons); • Civilian firearms manufacturing or retail; • Tobacco manufacturing; or **Derive more than 5% revenue from any of the following activities:** • Thermal coal mining and extraction. The fund may, as an exception to this exclusion, invest in Sustainable Bonds which are intended to raise proceeds specifically for projects that promote positive environmental contributions mitigating the adverse sustainability impact of coal, such as alternative minerals, based on information available in the bond issuance documentation.
The fund will not invest in sovereign issuers which:	Are in the bottom-10% ranked countries for social violations, based on the investment manager's custom indicator. The social violations custom indicator is calculated by the investment manager taking into consideration a country's performance on issues including, but not limited to, the application of human rights and civil liberties, the quality of contract enforcement and security, freedom of expression, association and free media, as assessed by underlying data from third parties. In addition, any investments in sovereign issuers exhibiting positive momentum with respect to such violations, shall not be subject to the purchase restriction. For example, if a country is in the process of making significant remediation efforts, such as through electoral or policy reforms and engagement with civil society, with regard to any social violations, the investment manager may not exclude the investment from the fund, provided this is kept under review by the investment manager.

The fund will not invest in securitisations in which:	• The underlying loans show evidence of predatory lending, as determined by the applicable usury laws, and in the context of market rates and borrower's risk profile;* • The lender or servicer of the underlying assets has committed a severe breach of consumer protection standards: ◦ as established by the Consumer Financial Protection Bureau (CFPB) in the United States; or ◦ as established by any relevant regulatory and supervisory agency in the jurisdiction where the securitisation's originator and/or collateral are located; ◦ if the breach relates to the securitisation's underlying collateral, underwriting and servicing practices, unless there is evidence of the breach having been or being remediated;** or • The originator, lender or servicers has been involved in controversy cases related to business ethics and fraud that the investment manager views as significant based on data by relevant ESG data providers, and where the investment manager considers appropriate remedial action has not been taken. * A loan is considered a predatory loan if: • Interest rates do not comply with U.S. usury laws or the equivalent in other jurisdictions; or • Interest rates being offered exceed a limit for which the investment manager deems to be exceedingly higher than the industry standard. The investment manager may choose to proceed with an investment where interest rates where interest rates surpass this level if following enhanced due diligence (including through direct engagement with the lending team and/or servicing department on the securitisation deal), the investment manager determines that access to the loan is still beneficial to the borrower when taking into consideration its risk profile and alternative borrowing options. The interest rate levels which are considered industry standard are subject to periodic review by the investment manager, based on the prevailing market conditions and prevailing rates across the industry at the time. ** This exclusion criterion does not apply to lenders or servicers of U.S. government sponsored mortgage-backed securities, as their compliance of such securitisations with local regulatory standards is already monitored by the U.S. government on an ongoing basis. Such investments will be considered to fall within "#1 Aligned with E/S characteristics", in response to the question, "What is the asset allocation planned for this financial product?" For the avoidance of doubt, the exclusions to securitisations above do not apply to the fund's investments in Collateralised Loan Obligations (CLOs) and instead the following exclusions apply whereby the fund will not invest in CLOs in which: • The CLO manager has been involved in controversy cases that the investment manager views as significant based on data by relevant ESG data providers, where the investment manager considers appropriate remedial action has not been taken. The fund will also avoid CLO investments where the CLO manager is deemed to lack sufficient processes to evaluate the underlying collateral for significant environmental and/or social controversies, based on the investment manager's internal research, and where the investment manager considers appropriate remedial action has not been taken. • The underlying collateral shows evidence of environmental and/or social controversy cases that the investment manager views as significant based on data by relevant ESG data providers, and where the investment manager considers appropriate remedial action has not been taken.
Sustainable investments	The fund will maintain a minimum of 30% of sustainable investments, which meet the criteria as set out in response to the question, *"What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?"*

The Investment Manager may decide to implement additional restrictions to the fund, and such new restrictions will be disclosed in the fund's SFDR Website Disclosure.

In addition to the ESG considerations described in this summary on a binding basis, the fund integrates ESG considerations in the investment decision-making process to support its environmental and social

characteristics on a non-binding basis, based on the investment manager's in-house research and methodologies and on third-party data. For example, the investment manager aims to monitor business practices on an ongoing basis, through data on ESG controversies and standards screening that the investment manager sources from third party providers. The investment manager may consider controversy cases that it views as being significant based on ratings by relevant ESG data providers, and failures to comply with the UN Global Compact or the ILO Fundamental Principles, although such incidents will not automatically result in exclusion from the portfolio. In some cases, third-party data on specific issuers, ESG themes or the exclusions noted above may not be available and/or may be estimated by the investment manager using internal methodologies or reasonable estimates. The methodologies used by different data providers may also vary.

The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager. The investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with the investment team to conduct regular portfolio/performance reviews and systemic checks to ensure compliance with portfolio investment objectives and environmental and social characteristics, taking into account changing market conditions, information and strategy developments.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the investment strategy are described in the table above.

The criteria are implemented and monitored by the investment manager using a combination of third-party data and in-house research.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

- ***What is the policy to assess good governance practices of the investee companies?***

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

As part of its bottom-up, fundamental research process, the investment manager systematically incorporates the assessment of an issuer's corporate governance and business practices, including but not limited to evidence of sound management structures and employee relations, fair remuneration of staff, and tax compliance, in order to ensure that every investee company follows good governance practices.

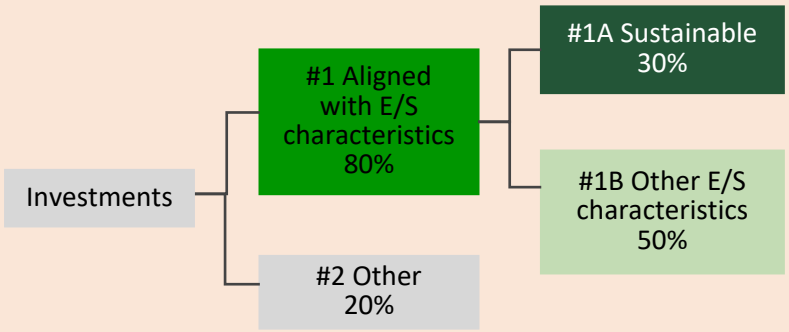
This is done through the monitoring of data on governance-related, as well as on other environmental and/or social factors and controversies, sourced from third party providers, through in-house research, and through engagement with the management of selected issuers on corporate governance and disclosure issues.

In the interests of transparency, given the fund also invests in sovereign bonds, the investment manager notes that it also assesses investee sovereign issuers' government effectiveness, political stability, control of corruption, and regulatory quality, among other factors.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned** with E/S characteristics covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The exclusions (as described above) will be applied to at least 80% of the portfolio, however the fund also expects to allocate a minimum of 30% of its assets to sustainable investments. Among these sustainable investments, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time.

A maximum of 20% of the fund's assets may be invested in hedging and/or cash instruments for efficient portfolio management purposes, which do not align with any environmental or social characteristics.

As explained above, any investments that are held by the fund but become restricted because they breach the investment exclusions set out above, after they are acquired for the fund, will be sold. Such sales will take place over a period of time to be determined by the investment manager, taking into account the best interests of the shareholders of the fund. Such investments are included in the "#2 Other" category.

These percentages are measured according to the value of the investments.

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

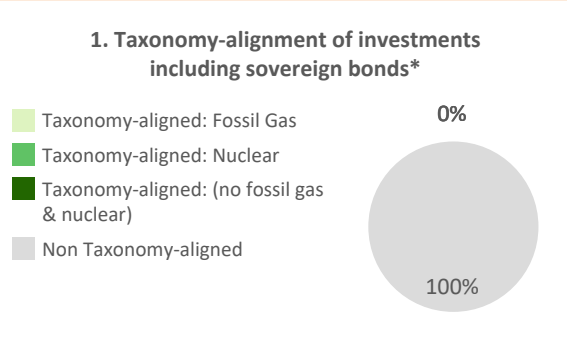
● ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?***[1]

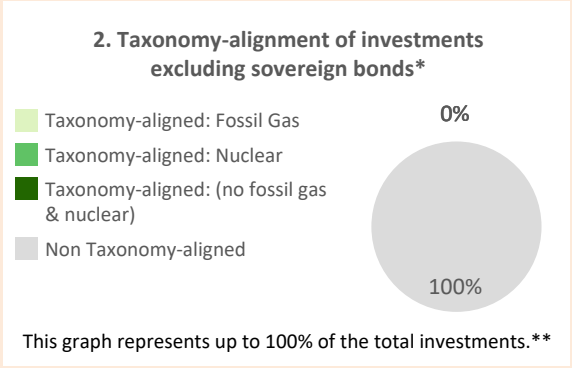
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





This graph represents up to 100% of the total investments.**

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

***The proportion of total investments shown in this graph is purely indicative and may vary over time. As the fund does not commit to making sustainable investments aligned with the EU Taxonomy, the proportion of any sovereign exposure in the fund's portfolio will not impact the proportion of sustainable investments aligned with the EU Taxonomy included in the graph.*

● ***What is the minimum share of investments in transitional and enabling activities?***

Although the fund commits to invest in sustainable investments within the meaning of SFDR, there is no commitment to a minimum share of investments in transitional and enabling activities.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund intends to make a minimum of 30% sustainable investments, as defined under SFDR, with a combination of environmental and social objectives, as described above. Among these, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time. These sustainable investments will represent at least 30% of the portfolio holdings on an aggregated basis.

Although some of these sustainable investments may be EU Taxonomy aligned, due to lack of available data regarding the EU Taxonomy alignment of the underlying securities, the investment manager has not been able to confirm whether these investments are in fact EU Taxonomy aligned and accordingly will not consider them as such in calculations until this data is reported on or otherwise becomes more reliable. As such, the investment manager uses its own methodology to determine whether certain investments are sustainable in accordance with the SFDR sustainable investment test, and then invests in such assets for the fund.

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

What is the minimum share of socially sustainable investments?

As explained above, the fund may make sustainable investments which contribute to either environmental or social objectives. Among these, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time. These sustainable investments will represent at least 30% of the portfolio holdings on an aggregated basis.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The fund may have investments in hedging instruments for efficient portfolio management and in cash as ancillary liquidity. These instruments are included in the "#2 Other" category and are not subject to environmental and/or social screening or any minimum environmental or social safeguards.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Not applicable.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Where can I find more product specific information online?

More product-specific information can be found on the website:
https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_europeanfixedincomeopportunities_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
European High Yield Bond Fund	CV1X7ZNWEZI3H0SHCK68

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 5% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☒ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

The fund promotes the environmental characteristic of climate change mitigation by excluding investments in certain types of fossil fuels. In addition, the fund promotes the social characteristic of avoiding investments in certain activities which can cause harm to human health and wellbeing.

Further detail on the nature of these exclusions is set out below (in response to the question, "*What investment strategy does this financial product follow?*").

The fund also aims to make a minimum of 5% sustainable investments in:

- Corporate issuers whose business practices, products or solutions, make a net positive contribution towards United Nations' Sustainable Development Goals ("SDGs"); or
- Sustainable Bonds, as defined further below, which make a positive environmental or social contribution through their use of proceeds, as explained in response to the question below, *"What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?".*

The fund has not designated a reference benchmark for the purpose of attaining its environmental or social characteristics.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The following sustainability indicators are used to measure the attainment of the fund's environmental and social characteristics:

- The fund's exposure, in percentage market value, to issuers that violate any of the exclusion criteria;
- The fund's percentage market value allocated to sustainable investments.

Additional details on the fund's exclusions criteria are provided below in response to the question, *"What investment strategy does this financial product follow?".*

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

The fund's sustainable investments will fall within one of the following categories:

- Green, Social or Sustainability Bonds ("Sustainable Bonds"), where the issuer commits to allocate the proceeds to projects making a positive environmental or social contribution. This includes, but is not limited to, bonds that align with the International Capital Market Association (ICMA)'s Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines. Sustainable Bonds mobilise financing directly towards a multiplicity of environmental and social projects whose focus spans across a number of sustainability objectives. Examples include, but are not limited to, financing for renewable energy, energy efficiency, clean transportation, affordable housing, and financial inclusion projects. The specific objectives to which the Sustainable Bonds contribute depend on the eligible environmental and social project categories of each security.
- Bonds from corporate issuers whose business practices, products or solutions, make a net positive contribution towards the SDGs. The SDGs were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet and ensure that by 2030 all people enjoy peace and prosperity. The investment manager defines positive contribution to the SDGs as a net positive aggregate alignment score across all the SDGs (i.e., scores measuring positive contribution to individual SDGs have to, in total, be greater than the total of any negative contribution scores), based on third-party data. The investment manager will also only include issuers which have sufficient positive SDG alignment (in the investment manager's view) with at least one individual SDG, and which do not have any material mis-alignments (in the investment manager's view) on any of the SDGs.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

The investment manager seeks to ensure that the sustainable investments of the fund do not cause significant harm to relevant environmental or social sustainable investment objectives by:

- Testing whether the investment meets the thresholds set by the investment manager for each of the mandatory principal adverse impact ("PAI") indicators (see the response to the question, "*How have*

the indicators for adverse impacts on sustainability factors been taken into account?" below for the details of this process); and

- Ensuring that the sustainable investments of the fund are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (see the response to the question, "H*ow are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*" below for the details of this process).

This assessment is conducted using third-party data on the sustainability characteristics of the fund's holdings.

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

The "do no significant harm" methodology applied by the investment manager on sustainable investments seeks to screen investments to identify any significant harm to any of the PAI indicators which are mandatory for the investment manager to consider under the SFDR rules, and which are relevant to the investment.

The investment manager has determined specific metrics and quantitative thresholds for what constitutes significant harm to screen PAI indicators that are relevant to the investment, using third-party data. The thresholds are set: (i) on an absolute value basis; (ii) on a relative basis in the context of the investment universe; or (iii) using pass/fail scores. Different metrics or thresholds may apply to issuers located in developed markets and in emerging markets, respectively. This is intended to reflect the different extent to which the investment manager deems that meeting minimum sustainability standards in these markets is currently achievable . In addition, different relative thresholds may apply to similar indicators: for example, the investment manager currently applies a lower threshold to determine significant adverse impact with respect to scope 3 emissions intensity as compared to scope 1 and 2 emissions intensity. This is because: (i) companies have less control over their indirect emissions; and (ii) data estimates for scope 3 emissions, which currently prevail over reported data compared to scope 1 and 2 emissions, may result in a less accurate PAI assessment.

The investment manager may use reasonable proxy indicators sourced from third parties to address the current lack of data for certain PAI indicators. The investment manager's use of proxy indicators will be kept under review, and will be replaced by PAI data from third-party data providers when the investment manager determines that sufficiently reliable data has become available.

The investment manager generally conducts the PAI assessment at the issuer level. However, where appropriate the assessment may be done at the security level in whole or in part. For instance, in the case of Sustainable Bonds, as defined above, the PAI indicators that are directly related to the sustainability factors targeted by the bond's use of proceeds will be assessed at the security level. As an example, the fund may invest in a Green Bond issued by a utility company that has a negative assessment under the PAI indicators related to GHG emissions and/or GHG intensity, as long as the investment manager evaluates that the issuer has a credible strategy to reduce its GHG emissions and the Green Bond specifically contributes towards such goal. Other PAI indicators that are unrelated to the Sustainable Bond's use of proceeds are assessed at the issuer level.

The fund's PAI assessment is supported, on a qualitative and non-binding basis, by the investment manager's engagement with selected issuers on their corporate governance practices, as well as on other material sustainability issues, in line with the investment manager's Fixed Income Engagement Strategy, available on www.morganstanley.com/im.

— *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The fund's sustainable investments exclude issuers which have experienced significant controversies that are deemed to violate the UN Global Compact, the UN Guiding Principles on Business and Human Rights, or the ILO Fundamental Principles, and issuers with significant controversies related to violations of the OECD Guidelines for Multinational Enterprises. This screening is done using third-party data.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund considers all of the mandatory PAI on sustainability factors which are relevant to the investment for the portion allocated to sustainable investments, as described above in response to the question, "*How have the indicators for adverse impacts on sustainability factors been taken into account?*"

The portion of the fund that is not made of sustainable investments considers the PAI only in part through the fund's exclusionary criteria, as follows:

- The fund excludes issuers which derive a certain percentage of revenue from thermal coal mining and extraction. The fund therefore partly considers the PAI indicator 4: exposure to companies active in the fossil fuel sector.
- The fund excludes issuers which derive any revenue from controversial weapons manufacturing or retail. The fund therefore considers in whole the PAI indicator 14: exposure to controversial weapons.

The fund will make information available on how it has incorporated the PAIs into the fund in its periodic reports to investors.



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

As part of its investment strategy, the fund aims at reducing exposure to selected business activities which can cause danger to human health and wellbeing or the environment, through exclusionary screening. The fund will also make sustainable investments in Sustainable Bonds making a positive environmental or social contribution through their use of proceeds, or bonds from corporate issuers whose business practices, products or solutions, make a net positive contribution towards the SDGs.

Binding criteria	
The fund will not invest in corporate issuers which:	Derive any revenue from any of the following activities: • Controversial weapons manufacturing or retail (including anti-personnel landmines, cluster munitions, biological or chemical weapons, and nuclear weapons); • Civilian firearms manufacturing or retail; • Tobacco manufacturing; or Derive more than 5% revenue from any of the following activities: • Thermal coal mining and extraction. The fund may, as an exception to this exclusion, invest in Sustainable Bonds which are intended to raise proceeds specifically for projects that promote positive environmental contributions mitigating the adverse sustainability impact of coal, such as alternative minerals, based on information available in the bond issuance documentation.
Sustainable investments	The fund will maintain a minimum of 5% of sustainable investments, which meet the criteria as set out in response to the question, "What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?"

The investment manager may decide to implement additional restrictions to the fund, and such new restrictions will be disclosed in the fund's SFDR Website Disclosure.

In addition to the ESG considerations described in this summary on a binding basis, the fund integrates ESG considerations in the investment decision-making process to support its environmental and social characteristics on a non-binding basis, based on the investment manager's in-house research and methodologies and on third-party data. For example, the investment manager aims to monitor business practices on an ongoing basis, through data on ESG controversies and standards screening that the investment manager sources from third party providers. The investment manager may consider controversy cases that it views as being significant based on ratings by relevant ESG data providers, and failures to comply with the UN Global Compact or the ILO Fundamental Principles, although such incidents will not automatically result in exclusion from the portfolio. In some cases, third-party data on specific issuers, ESG themes or the exclusions noted above may not be available and/or may be estimated by the investment manager using internal methodologies or reasonable estimates. The methodologies used by different data providers may also vary.

The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager. The investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with the investment team to conduct regular portfolio/performance reviews and systemic checks to ensure compliance with portfolio investment objectives and environmental and social characteristics, taking into account changing market conditions, information and strategy developments.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the investment strategy are described in the table above.

The criteria are implemented and monitored by the investment manager using a combination of third-party data and in-house research.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

- ***What is the policy to assess good governance practices of the investee companies?***

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

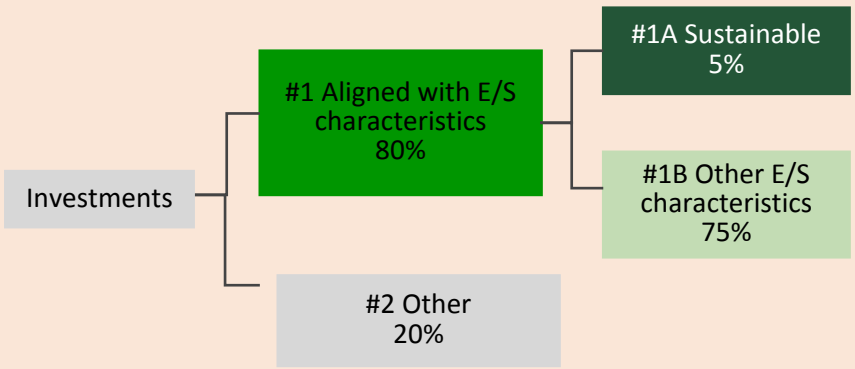
As part of its bottom-up, fundamental research process, the investment manager systematically incorporates the assessment of an issuer's corporate governance and business practices, including but not limited to evidence of sound management structures and employee relations, fair remuneration of staff, and tax compliance, in order to ensure that every investee company follows good governance practices.

This is done through the monitoring of data on governance-related, as well as on other environmental and/or social factors and controversies, sourced from third party providers, through in-house research, and through engagement with the management of selected issuers on corporate governance and disclosure issues.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned** with E/S characteristics covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The exclusions (as described above) will be applied to at least 80% of the portfolio, however the fund also expects to allocate a minimum of 5% of its assets to sustainable investments. Among these sustainable investments, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time.

A maximum of 20% of the fund may be invested in hedging instruments for efficient portfolio management and in cash as ancillary liquidity, which do not align with any environmental or social characteristics, as described in the response to question, "*What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards*" further below.

Any investments that are held by the fund but become restricted because they breach the investment exclusions set out above, after they are acquired for the fund, will be sold. Such sales will take place over a period of time to be determined by the investment manager, taking into account the best interests of the shareholders of the fund. Such investments are included in the "#2 Other" category.

These percentages are measured according to the market value of the investments.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Derivatives may be used by the fund for investment or efficient portfolio management (including hedging) purposes only. These instruments are not used to attain the environmental or social characteristics of the fund.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

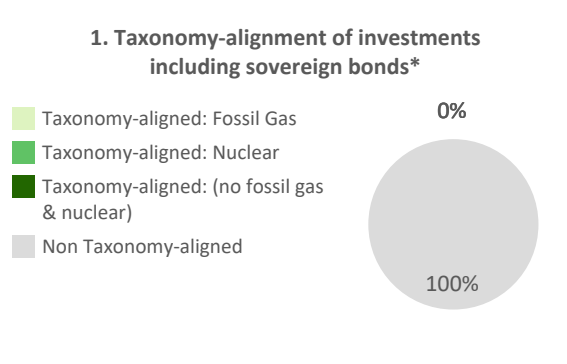
● ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?***[1]

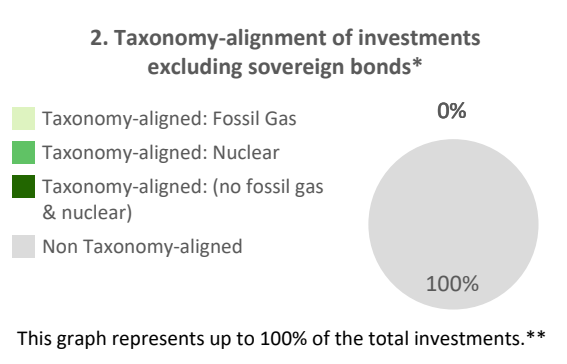
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





This graph represents up to 100% of the total investments.**

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

***The proportion of total investments shown in this graph is purely indicative and may vary over time. As the fund does not commit to making sustainable investments aligned with the EU Taxonomy, the proportion of any sovereign exposure in the fund's portfolio will not impact the proportion of sustainable investments aligned with the EU Taxonomy included in the graph.*

● ***What is the minimum share of investments in transitional and enabling activities?***

Although the fund commits to invest in sustainable investments within the meaning of the SFDR, there is no commitment to a minimum share of investments in transitional and enabling activities.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund intends to make a minimum of 5% sustainable investments, as defined under the SFDR, with a combination of environmental and social objectives, as described above. Among these, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time. These sustainable investments will represent at least 5% of the portfolio holdings on an aggregated basis.

Although some of these sustainable investments may be Taxonomy aligned, due to lack of available data regarding the Taxonomy alignment of the underlying securities, the investment manager has not been able to confirm whether these investments are in fact Taxonomy aligned and accordingly will not consider them as such in calculations until this data is reported on or otherwise becomes more reliable. As such, the investment manager uses its own methodology to determine whether certain investments are sustainable in accordance with the SFDR sustainable investment test, and then invests in such assets for the fund.

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

What is the minimum share of socially sustainable investments?

As explained above, the fund may make sustainable investments which contribute to either environmental or social objectives. Among these, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time. These sustainable investments will represent at least 5% of the portfolio holdings on an aggregated basis.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The fund may have investments in hedging instruments for efficient portfolio management and in cash as ancillary liquidity. These instruments are included in the "#2 Other" category and are not subject to environmental and/or social screening or any minimum environmental or social safeguards.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.

Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_globalhighyieldbond_aggregated_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
Floating Rate ABS Fund	549300T7UJE2TXHL2Z08

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

The fund promotes the social characteristic of avoiding investments in securitisations that violate responsible business or lending practices.

Further detail on the nature of these exclusions is set out below (in response to the question, "*What investment strategy does this financial product follow?*").

The fund has not designated a reference benchmark for the purpose of attaining its social characteristics.

- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The sustainability indicator used to measure the attainment of the fund's social characteristic of avoiding investments in securitisations which violate responsible business or lending practices is the proportion of the fund, in percentage market value, invested in securitisations which breach any of the exclusion criteria.

Additional details on the fund's exclusions criteria are provided below in response to the question, "*What investment strategy does this financial product follow*?"

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable.

- ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable.

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

Not applicable.

— *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Not applicable.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☐ **Yes**

☒ **No**

The fund does not consider principal adverse impact ("**PAI**") indicators.



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

As part of its investment strategy, the fund aims at reducing exposure to securitisations that violate responsible business or lending practices, through exclusionary screening.

Binding criteria	Description
The fund will not invest in securitisations in which:	The underlying loans show evidence of predatory lending, as determined by the applicable usury laws, and in the context of market rates and borrower's risk profile;* The lender or servicer of the underlying assets has committed severe malpractice around payment collection or has unjustifiably aggressive foreclosure practices; The lender or servicer of the underlying assets has committed a severe breach of consumer protection standards: as established by the Consumer Financial Protection Bureau (CFPB) in the United States; or as established by any relevant regulatory and supervisory agency in the jurisdiction where the securitisation's originator and/or collateral are located; if the breach relates to the securitisation's underlying collateral, underwriting and servicing practices, unless the investment manager considers there is evidence of the breach having been or being remediated;** or The originator, lender or servicer has been involved in controversy cases related to business ethics and fraud that the investment manager views as significant based on data by relevant ESG data providers, and where the investment manager considers appropriate remedial action has not been taken. * A loan is considered a predatory loan if: interest rates do not comply with U.S. usury laws or the equivalent in other jurisdictions; or interest rates being offered exceed a limit for which the investment manager deems to be exceedingly higher than the industry standard. The investment manager may choose to proceed with an investment where interest rates surpass this level if following enhanced due diligence (including through direct engagement with the lending team and/or servicing department on the securitisation deal), the investment manager determines that access to the loan is still beneficial to the borrower when taking into consideration its risk profile and alternative borrowing options. The interest rate levels which are considered industry standard are subject to periodic review by the investment manager, based on the prevailing market conditions and prevailing rates across the industry at the time. For the avoidance of doubt, the exclusions to securitisations above do not apply to the fund's investments in Collateralised Loan Obligations (CLOs) and instead the following exclusions apply whereby the fund will not invest in CLOs in which: • The CLO manager has been involved in controversy cases that the investment manager views as significant based on data by relevant ESG data providers, where the investment manager considers appropriate remedial action has not been taken. The fund will also avoid CLO investments where the CLO manager is deemed to lack sufficient processes to evaluate the underlying collateral for significant environmental and/or social controversies, based on the investment manager's internal research, and where the investment manager considers appropriate remedial action has not been taken. • The underlying collateral shows evidence of environmental and/or social controversy cases that the investment manager views as significant based on data by relevant ESG data providers, and where the investment manager considers appropriate remedial action has not been taken.
	** This exclusion criterion does not apply to lenders or servicers of U.S. government sponsored mortgage-backed securities, as their compliance of such securitisations with local regulatory standards is already monitored by the U.S. government on an ongoing basis. Such investments will be considered to fall within "#1 Aligned with E/S characteristics", in response to the question, "What is the asset allocation planned for this financial product?".

The investment manager may decide to implement additional restrictions to the fund, and such new restrictions will be disclosed in the fund's SFDR Website Disclosure.

In addition to the ESG considerations described in this document on a binding basis, the fund integrates ESG considerations in the investment decision-making process to support its social characteristics on a non-binding basis, based on the investment manager's in-house research and ESG scoring methodologies and, where available, on third-party data. In some cases, third-party data on specific issuers, ESG themes or the exclusions

noted above may not be available and/or may be estimated by the investment manager using internal methodologies or reasonable estimates. The methodologies used by different data providers may also vary.

The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager. The investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with the investment team to conduct regular portfolio/performance reviews and systemic checks to ensure compliance with portfolio investment objectives, investment and client guidelines, taking into account changing market conditions, information and strategy development

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the investment strategy consist of the exclusionary screening criteria applied to the portfolio construction process, as described in the table above.

The criteria are implemented and monitored by the investment manager using a combination of third-party data and in-house research.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

- ***What is the policy to assess good governance practices of the investee companies?***

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

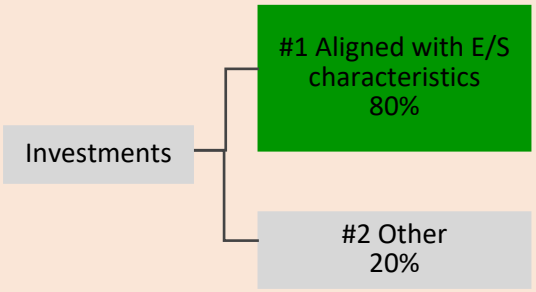
As part of its bottom-up, fundamental research process, the investment manager systematically incorporates the assessment of the securitisation's corporate governance and business practices, including but not limited to the business ethics of lenders and servicers, their legal standing and compliance with all regulatory standards under the applicable jurisdictions, the ownership, management and financial structure of lenders, servicers, or special purpose vehicles established in relation to the securitization, and evidence of tax compliance, in order to ensure that every securitisation in which the fund invests follows good governance practices.

This is done through the gathering of information and data on governance-related, as well as on other environmental and/or social factors and controversies, as part of the investment due diligence process, through in-house research or third-party data, where available, and through engagement with management teams of issuers of lenders or servicers, on an as needed basis, to request further details around the securitization, such as clarifications on loan rates setting and payment collection mechanisms. The investment manager also monitors the governance of the originators and the collateral over the life of the investment, through third-party providers, including rating agencies' changes in the annual assessments of the investments.

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

What is the asset allocation planned for this financial product?



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The social exclusions (as described above) will be applied to at least 80% of the portfolio. A maximum of 20% of the fund may be invested in hedging and/or cash instruments for efficient portfolio management purposes, which do not align with any social characteristics, as described in the response to question, "*What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards*" further below.

Any investments that are held by the fund but become restricted because they breach the investment exclusions set out above, after they are acquired for the fund, will be sold. Such sales will take place over a period of time to be determined by the investment manager, taking into account the best interests of the shareholders of the fund. Such investments are included in the "#2 Other" category.

These percentages are measured according to the value of the investments.

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

Derivatives may be used by the fund for investment or efficient portfolio management (including hedging) purposes only. These instruments are not used to attain the social characteristics of the fund.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

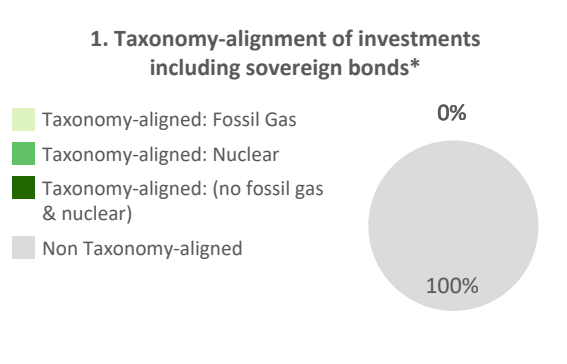
● ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?***[1]

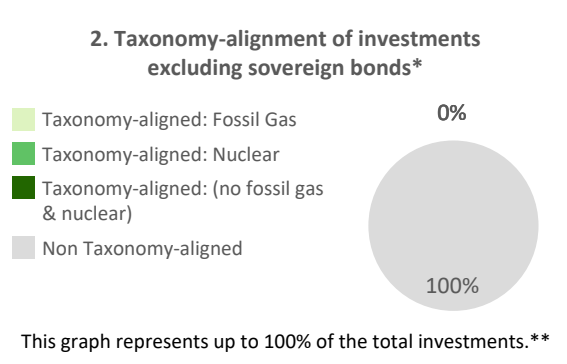
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





This graph represents up to 100% of the total investments.**

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

***The proportion of total investments shown in this graph is purely indicative and may vary over time. As the fund does not commit to making sustainable investments aligned with the EU Taxonomy, the proportion of any sovereign exposure in the fund's portfolio will not impact the proportion of sustainable investments aligned with the EU Taxonomy included in the graph.*

● ***What is the minimum share of investments in transitional and enabling activities?***

As the fund does not commit to invest any sustainable investment within the meaning of the EU Taxonomy, the minimum share of investments in transitional and enabling activities within the meaning of the EU Taxonomy is therefore also set at 0%.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The fund promotes social characteristics but does not commit to making any sustainable investments. As a consequence, the fund does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

What is the minimum share of socially sustainable investments?

Not applicable.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The fund may have investments in hedging instruments for efficient portfolio management and in cash as ancillary liquidity. These instruments are included in the "#2 Other" category and are not subject to environmental and/or social screening or any minimum environmental or social safeguards.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.

Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_securitised_aggregated_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
Global Asset Backed Securities Focused Fund	254900Q1PQGYNB1JBJ13

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 20% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☒ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

The fund promotes the following environmental and social characteristics:

- **Exclusions:** The fund promotes the social characteristic of avoiding investments in mortgage-backed securities or any other asset-backed securities ("securitisations") that violate responsible business or lending practices.
- **Best-in-class ESG screening:** The fund also seeks to invest in securitisations that it considers to be best-in-class on ESG matters, based on proprietary ESG scores calculated by the investment manager, and in doing do, it seeks to promote environmental or social characteristics, such as, but not limited to, certified energy efficient buildings, affordable housing lending or access to credit for underserved social groups.
- **Sustainable Investments:** The fund aims to make a minimum of 20% sustainable investments in Sustainable Securitisations (as defined below), which make a positive environmental and/or social contribution through their use of proceeds, as explained in response to the question below, "*What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?*".

The fund has not designated a reference benchmark for the purpose of attaining its environmental and social characteristics.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The following sustainability indicators are used to measure the attainment of the fund's environmental and social characteristics:

- The proportion of the fund invested in securitisations which breach any of the exclusion criteria;
- The fund's ESG Securitisation score (1-5, 5 is best), calculated at the aggregate portfolio level, based on the investment manager's proprietary ESG scoring methodology;
- The proportion of the fund invested in securitisations rated 1 or 2, based on the above mentioned ESG scoring methodology; and
- The fund's percentage market value allocated to sustainable investments.

Details on the exclusionary criteria and the investment manager's ESG scoring methodology are provided further below in response to the question "*What investment strategy does this financial product follow?*".

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

The fund's sustainable investments consist of Green, Social or Sustainability Securitised Bonds ("**Sustainable Securitisations**"), where the issuer commits to allocate the proceeds to projects making a positive environmental or social contribution. This includes, but is not limited to, bonds that align with the International Capital Market Association (ICMA)'s Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines, as well as certain pooled securitisations with a clearly identified environmental or social objective.

Sustainable Securitisations mobilise financing directly towards a multiplicity of environmental and social projects whose focus spans across a number of sustainability objectives. Examples include, but are not limited to, financing for renewable energy, energy efficiency, affordable housing, and financial inclusion projects. The specific objectives to which the Sustainable Securitisations contribute depend on the eligible environmental and social project categories of each security.

All Sustainable Securitisations held in the fund are assessed using the investment manager's proprietary Sustainable Bond Evaluation Framework. This evaluation considers whether the transaction aligns with best practices in terms of criteria for identifying eligible environmental or social projects to be financed; how the allocation of the proceeds to those eligible projects is monitored; the likely environmental or social benefits of the securities in question; and adherence to any applicable recognised market guidelines.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

The fund's sustainable investments should not cause significant harm to any environmental or social objective. This is assessed by avoiding investments in issuers or securitisation collaterals that violate minimum social

safeguards and by excluding issuers or securitisation collaterals which breach the criteria set for the principal adverse impact ("PAI") indicators which the investment manager is required to consider by the EU Sustainable Finance Disclosure Regulation ("SFDR") rules, and which are relevant to the investment.

This assessment is conducted using in-house proprietary as well as third-party research on the sustainability characteristics of the fund's holdings.

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

The "do no significant harm" methodology applied by the investment manager on sustainable investments seeks to exclude investments that cause harm to any of the PAI indicators which are mandatory for the investment manager to consider under SFDR, and which are relevant to the investment.

The investment manager has determined specific metrics and thresholds for what constitutes significant harm to screen PAI indicators that are relevant to the investment, using in-house research and, where available, third-party data to support the analysis.

The investment manager may use reasonable proxy indicators defined by its ESG research team or sourced from third parties to address the current lack of data for certain PAI indicators. The investment manager's use of proxy indicators will be kept under review and will be replaced by data from third-party data providers, when the investment manager determines that sufficiently reliable data has become available.

The investment manager conducts the PAI assessment at either the issuer level or the securitisation's collateral level, depending on the relevance of each applicable indicator in the context of the investment. As an example, in the case of a Green Securitised Bonds with proceeds financing energy efficient buildings, the assessment of any violations of UNGC and OECD Guidelines will be conducted at the securitisation issuer's level, however the assessment of PAI indicators associated with GHG emissions or fossil fuel exposure will be conducted at the collateral level.

The fund's PAI assessment is supported, on a qualitative and non-binding basis, by the investment manager's engagement with selected issuers on their corporate governance practices, as well as on other material sustainability issues, in line with the investment manager's Fixed Income Engagement Strategy, available on www.morganstanley.com/im.

— *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Investments are screened using third party data, where available, regarding the issuer's compliance with the UN Guiding Principles on Business and Human Rights. Where the application of this screen reveals potential non-compliance, or where data is not available, the investment manager conducts additional desktop research to verify the issuer's practices.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

In considering if an investment can be regarded as a sustainable investment, the investment manager considers the mandatory principal adverse impact ("**PAI**") indicators under SFDR.

In addition, the fund considers certain PAIs through its proprietary Best-in-Class ESG Screening and scoring process, and, where relevant, through the fund's exclusions, such as (but not limited to) PAI 1 "GHG emissions", and PAI 4 "Exposure to companies active in the fossil fuel sector".

The fund will make information available on how it has incorporated the PAIs into the fund in its periodic reports to investors.

What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

As part of its investment strategy, the fund aims at reducing exposure to securitisations that violate responsible business or lending practices, through exclusionary screening.

The fund also makes a proportion of allocations to Sustainable Securitisations, where the issuer commits to allocate the proceeds to projects making a positive environmental or social contribution. This includes, but is not limited to, securitisations that align with the International Capital Market Association (ICMA)'s Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines. The investment manager also deploys a proprietary Sustainable Bond Evaluation Framework, as previously described, through which the robustness, expected impact and transparency of such instruments in the fund are assessed.

In addition, all securitisations included in the fund are subject to a Best-in-Class ESG Screening. The investment manager assigns to securitisations an ESG Securitised Score (from 1 to 5, where 5 is the best) based on analysis of the nature of the underlying loan/asset, taking into account ESG considerations including, but not limited to: the environmental impact of the underlying properties in commercial mortgage-backed securities (e.g., industrial plants, waste and pollution) and in asset-backed securities (autos or aircraft emissions); the type of borrowers in residential mortgage-backed securities and consumer loan asset-backed securities (e.g., affordable lending to disadvantaged borrowers or to underserved demographics); and lending and collection practices of lenders and servicers. The fund shall not knowingly purchase a securitisation deemed to have negative sustainability characteristics, based on the investment manager's proprietary securitised ESG score, and will seek to make allocations to securitisations with positive environmental or social characteristics, such as, but not limited to, certified energy efficient buildings, affordable housing lending or access to credit for underserved social groups.

Binding criteria	Description

Exclusions - The fund will not invest in securitisations in which:	The underlying loans show evidence of predatory lending, as determined by the applicable usury laws, and in the context of market rates and borrower's risk profile;* The lender or servicer of the underlying assets has committed severe malpractice around payment collection or has unjustifiably aggressive foreclosure practices; The lender or servicer of the underlying assets has committed a severe breach of consumer protection standards: as established by the Consumer Financial Protection Bureau (CFPB) in the United States; or as established by any relevant regulatory and supervisory agency in the jurisdiction where the securitisation's originator and/or collateral are located; if the breach relates to the securitisation's underlying collateral, underwriting and servicing practices, unless the investment manager considers there is evidence of the breach having been or being remediated;** or The originator, lender or servicer has been involved in controversy cases related to business ethics and fraud that the investment manager views as significant based on data by relevant ESG data providers, and where the investment manager considers appropriate remedial action has not been taken. * A loan is considered a predatory loan if: interest rates do not comply with U.S. usury laws or the equivalent in other jurisdictions; or interest rates being offered exceed a limit for which the investment manager deems to be exceedingly higher than the industry standard. The investment manager may choose to proceed with an investment where interest rates surpass this level if following enhanced due diligence (including through direct engagement with the lending team and/or servicing department on the securitisation deal), the investment manager determines that access to the loan is still beneficial to the borrower when taking into consideration its risk profile and alternative borrowing options. The interest rate levels which are considered industry standard are subject to periodic review by the investment manager, based on the prevailing market conditions and prevailing rates across the industry at the time. ** This exclusion criterion does not apply to lenders or servicers of U.S. government sponsored mortgage-backed securities, as their compliance of such securitisations with local regulatory standards is already monitored by the U.S. government on an ongoing basis. Such investments will be considered to fall within "#1 Aligned with E/S characteristics", in response to the question, "What is the asset allocation planned for this financial product?". For the avoidance of doubt, the exclusions to securitisations above do not apply to the fund's investments in Collateralised Loan Obligations (CLOs) and instead the following exclusions apply whereby the fund will not invest in CLOs in which: • The CLO manager has been involved in controversy cases that the investment manager views as significant based on data by relevant ESG data providers, where the investment manager considers appropriate remedial action has not been taken. The fund will also avoid CLO investments where the CLO manager is deemed to lack sufficient processes to evaluate the underlying collateral for significant environmental and/or social controversies, based on the investment manager's internal research, and where the investment manager considers appropriate remedial action has not been taken. • The underlying collateral shows evidence of environmental and/or social controversy cases that the investment manager views as significant based on data by relevant ESG data providers, and where the investment manager considers appropriate remedial action has not been taken.

Paris Aligned Benchmark Exclusions* – The fund will not invest in securitisations where the issuer or the underlying assets are related to the following activities: *Note: the securitised investment universe tends, by its nature, to have limited exposure to the business activities covered by these exclusions. The investment manager will, nevertheless, take such activities into consideration as part of its research based and, to the extent possible, data-driven screening of investments in the fund.	• Any activities (i.e. production, manufacturing, distribution or corporate ownership) related to controversial weapons (including anti-personnel landmines, cluster munitions, biological or chemical weapons, and nuclear weapons); • Manufacturing or production of tobacco; • Significant violations of the UNGC Principles or the OECD Guidelines for Multinational Enterprises, without evidence of material remediation and improvement; • Exploration, mining, extraction, distribution or refining of thermal and metallurgical coal, where a company derives 1% or more revenue from such business activity; • Exploration, extraction, refining or distribution of oil fuels, where a company derives 10% or more revenue from such business activity; • Exploration, extraction, manufacturing or distribution of gaseous fuels, where a company derives 50% or more revenue from such business activity; for the avoidance of doubt, biogas, biomethane, renewable and low carbon hydrogen or other gas that is considered renewable would not be excluded from the fund's universe; or • Electricity generation based on thermal coal, oil and/or natural gas (either individually or combined), where a company derives 50% or more revenue from such business activity.
Best-in-class ESG screening	The fund will only invest in securitisations which are rated 3, 4, 5 in an ESG score range of 1-5, where 5 is best. The distribution of ratings is not homogenous. A rating of 3 or greater than 3 signifies that the underlying assets of the securitisation demonstrate responsible lending practices. There is no minimum percentage of securitisations which must be excluded from the investment universe in order to meet this characteristic. Additional details on the investment manager's ESG scoring methodologies are available on www.morganstanley.com/im.
Sustainable investments	The fund will maintain a minimum of 20% of sustainable investments, which meet the criteria as set out in response to the question, *"What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?"*

The investment manager may decide to implement additional restrictions to the fund, and such new restrictions will be disclosed in the fund's SFDR Website Disclosure.

In addition to the ESG considerations described in this summary on a binding basis, the fund integrates ESG considerations in the investment decision-making process to support its environmental and social characteristics on a non-binding basis, based on the investment manager's in-house research and methodologies and on third-party data. In some cases, third-party data on specific issuers, ESG themes or the exclusions noted above may not be available and/or may be estimated by the investment manager using internal methodologies or reasonable estimates. The methodologies used by different data providers may also vary.

The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager. The investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with the investment team to conduct regular portfolio/performance reviews and systemic checks to ensure compliance with portfolio investment objectives, investment and client guidelines, taking into account changing market conditions, information and strategy developments.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The binding elements of the investment strategy are applied to the portfolio construction process, as described in the table above.

The criteria are implemented and monitored by the investment manager using a combination of third-party data and in-house research.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

- ***What is the policy to assess good governance practices of the investee companies?***

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

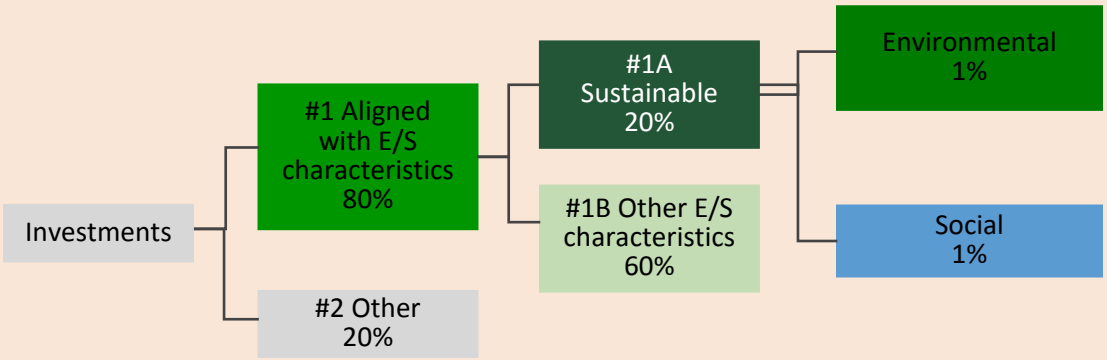
As part of its bottom-up, fundamental research process, the investment manager systematically incorporates the assessment of the securitisation's corporate governance and business practices, including but not limited to the business ethics of lenders and servicers, their legal standing and compliance with all regulatory standards under the applicable jurisdictions, the ownership, management and financial structure of lenders, servicers, or special purpose vehicles established in relation to the securitization, and evidence of tax compliance, in order to ensure that every securitisation in which the fund invests follows good governance practices.

This is done through the gathering of information and data on governance-related, as well as on other environmental and/or social factors and controversies, as part of the investment due diligence process, through in-house research or third-party data, where available, and through engagement with management teams of issuers of lenders or servicers, on an as needed basis, to request further details around the securitization, such as clarifications on loan rates setting and payment collection mechanisms. The investment manager also monitors the governance of the originators and the collateral over the life of the investment, through third-party providers, including rating agencies' changes in the annual assessments of the investments.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned** with E/S characteristics covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The exclusions and best-in-class screening criteria (as described above) will be applied to at least 80% of the portfolio, however the fund also expects to allocate a minimum of 20% of its assets to sustainable investments. Among these sustainable investments, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time.

A maximum of 20% of the fund may be invested in hedging instruments for efficient portfolio management and in cash as ancillary liquidity, which do not align with any environmental or social characteristics, as described in the response to question, "*What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards*" further below.

Any investments that are held by the fund but become restricted because they breach the investment exclusions set out above, after they are acquired for the fund, will be sold. Such sales will take place over a period of time to be determined by the investment manager, taking into account the best interests of the shareholders of the fund. Such investments are included in the "#2 Other" category.

These percentages are measured according to the market value of the investments.

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

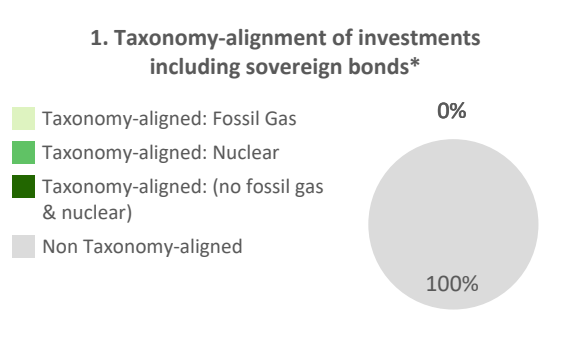
● ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?***[1]

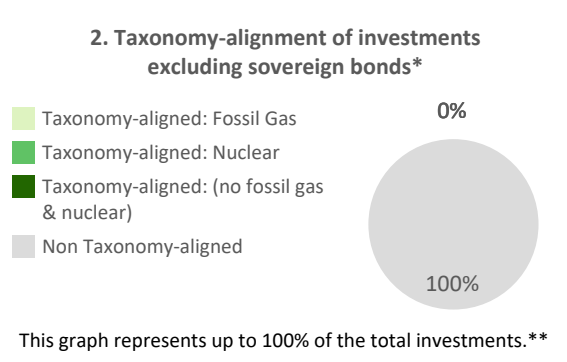
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





This graph represents up to 100% of the total investments.**

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

***The proportion of total investments shown in this graph is purely indicative and may vary over time. As the fund does not commit to making sustainable investments aligned with the EU Taxonomy, the proportion of any sovereign exposure in the fund's portfolio will not impact the proportion of sustainable investments aligned with the EU Taxonomy included in the graph.*

● ***What is the minimum share of investments in transitional and enabling activities?***

Although the fund commits to invest in sustainable investments within the meaning of the SFDR, there is no commitment to a minimum share of investments in transitional and enabling activities.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund intends to make a minimum of 20% of sustainable investments with a combination of environmental and social objectives, as described above. Among these, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time. These sustainable investments will represent at least 20% of the portfolio holdings on an aggregated basis.

Although some of these sustainable investments may be EU Taxonomy aligned, due to lack of available data regarding the EU Taxonomy alignment of the underlying securities, the investment manager has not been able to confirm whether these investments are in fact EU Taxonomy aligned and accordingly will not consider them as such in calculations until this data is reported on or otherwise becomes more reliable.

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

What is the minimum share of socially sustainable investments?

As explained above, the fund may make sustainable investments which contribute to either environmental or social objectives. Among these, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time. These sustainable investments will represent at least 10% of the portfolio holdings on an aggregated basis.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The fund may have investments in hedging instruments for efficient portfolio management and in cash as ancillary liquidity. These instruments are included in the "#2 Other" category and are not subject to environmental and/or social screening or any minimum environmental or social safeguards.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.

Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_globalassetbackedsecuritiesfocused_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
Global Asset Backed Securities Fund	5493000D3CS7FYLIY330

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

The fund promotes the social characteristic of avoiding investments in securitisations that violate responsible business or lending practices.

Further detail on the nature of these exclusions is set out below (in response to the question, "*What investment strategy does this financial product follow?*").

The fund has not designated a reference benchmark for the purpose of attaining its social characteristics.

- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The sustainability indicator used to measure the attainment of the fund's social characteristic of avoiding investments in securitisations which violate responsible business or lending practices is the proportion of the fund, in percentage market value, invested in securitisations which breach any of the exclusion criteria.

Additional details on the fund's exclusions criteria are provided below in response to the question, "*What investment strategy does this financial product follow*?"

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable.

- ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable.

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

Not applicable.

— *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Not applicable.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☐ **Yes**

☒ **No**

The fund does not consider principal adverse impact ("**PAI**") indicators.



What investment strategy does this financial product follow?

As part of its investment strategy, the fund aims at reducing exposure to securitisations that violate responsible business or lending practices, through exclusionary screening.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

Binding criteria	Description
The fund will not invest in securitisations in which:	The underlying loans show evidence of predatory lending, as determined by the applicable usury laws, and in the context of market rates and borrower's risk profile;* The lender or servicer of the underlying assets has committed severe malpractice around payment collection or has unjustifiably aggressive foreclosure practices; The lender or servicer of the underlying assets has committed a severe breach of consumer protection standards: as established by the Consumer Financial Protection Bureau (CFPB) in the United States; or as established by any relevant regulatory and supervisory agency in the jurisdiction where the securitisation's originator and/or collateral are located; if the breach relates to the securitisation's underlying collateral, underwriting and servicing practices, unless the investment manager considers there is evidence of the breach having been or being remediated;** or The originator, lender or servicer has been involved in controversy cases related to business ethics and fraud that the investment manager views as significant based on data by relevant ESG data providers, and where the investment manager considers appropriate remedial action has not been taken. * A loan is considered a predatory loan if: interest rates do not comply with U.S. usury laws or the equivalent in other jurisdictions; or interest rates being offered exceed a limit for which the investment manager deems to be exceedingly higher than the industry standard. The investment manager may choose to proceed with an investment where interest rates surpass this level if following enhanced due diligence (including through direct engagement with the lending team and/or servicing department on the securitisation deal), the investment manager determines that access to the loan is still beneficial to the borrower when taking into consideration its risk profile and alternative borrowing options. The interest rate levels which are considered industry standard are subject to periodic review by the investment manager, based on the prevailing market conditions and prevailing rates across the industry at the time. For the avoidance of doubt, the exclusions to securitisations above do not apply to the fund's investments in Collateralised Loan Obligations (CLOs) and instead the following exclusions apply whereby the fund will not invest in CLOs in which: • The CLO manager has been involved in controversy cases that the investment manager views as significant based on data by relevant ESG data providers, where the investment manager considers appropriate remedial action has not been taken. The fund will also avoid CLO investments where the CLO manager is deemed to lack sufficient processes to evaluate the underlying collateral for significant environmental and/or social controversies, based on the investment manager's internal research, and where the investment manager considers appropriate remedial action has not been taken. • The underlying collateral shows evidence of environmental and/or social controversy cases that the investment manager views as significant based on data by relevant ESG data providers, and where the investment manager considers appropriate remedial action has not been taken.
	** This exclusion criterion does not apply to lenders or servicers of U.S. government sponsored mortgage-backed securities, as their compliance of such securitisations with local regulatory standards is already monitored by the U.S. government on an ongoing basis. Such investments will be considered to fall within "#1 Aligned with E/S characteristics", in response to the question, "What is the asset allocation planned for this financial product?".

The investment manager may decide to implement additional restrictions to the fund, and such new restrictions will be disclosed in the fund's SFDR Website Disclosure.

In addition to the ESG considerations described in this document on a binding basis, the fund integrates ESG considerations in the investment decision-making process to support its social characteristics on a non-binding basis, based on the investment manager's in-house research and ESG scoring methodologies and, where available, on third-party data. In some cases, third-party data on specific issuers, ESG themes or the exclusions

noted above may not be available and/or may be estimated by the investment manager using internal methodologies or reasonable estimates. The methodologies used by different data providers may also vary.

The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager. The investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with the investment team to conduct regular portfolio/performance reviews and systemic checks to ensure compliance with portfolio investment objectives, investment and client guidelines, taking into account changing market conditions, information and strategy developments.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the investment strategy consist of the exclusionary screening criteria applied to the portfolio construction process, as described in the table above.

The criteria are implemented and monitored by the investment manager using a combination of third-party data and in-house research.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

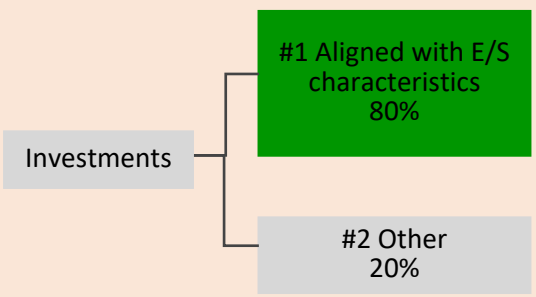
- ***What is the policy to assess good governance practices of the investee companies?***

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

As part of its bottom-up, fundamental research process, the investment manager systematically incorporates the assessment of the securitisation's corporate governance and business practices, including but not limited to the business ethics of lenders and servicers, their legal standing and compliance with all regulatory standards under the applicable jurisdictions, the ownership, management and financial structure of lenders, servicers, or special purpose vehicles established in relation to the securitization, and evidence of tax compliance, in order to ensure that every securitisation in which the fund invests follows good governance practices.

This is done through the gathering of information and data on governance-related, as well as on other environmental and/or social factors and controversies, as part of the investment due diligence process, through in-house research or third-party data, where available, and through engagement with management teams of issuers of lenders or servicers, on an as needed basis, to request further details around the securitization, such as clarifications on loan rates setting and payment collection mechanisms. The investment manager also monitors the governance of the originators and the collateral over the life of the investment, through third-party providers, including rating agencies' changes in the annual assessments of the investments.

What is the asset allocation planned for this financial product?



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

The social exclusions (as described above) will be applied to at least 80% of the portfolio. A maximum of 20% of the fund may be invested in hedging and/or cash instruments for efficient portfolio management purposes, which do not align with any social characteristics, as described in the response to question, "*What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards*" further below.

Any investments that are held by the fund but become restricted because they breach the investment exclusions set out above, after they are acquired for the fund, will be sold. Such sales will take place over a period of time to be determined by the investment manager, taking into account the best interests of the shareholders of the fund. Such investments are included in the "#2 Other" category.

These percentages are measured according to the value of the investments.

***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

Derivatives may be used by the fund for investment or efficient portfolio management (including hedging) purposes only. These instruments are not used to attain the social characteristics of the fund.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

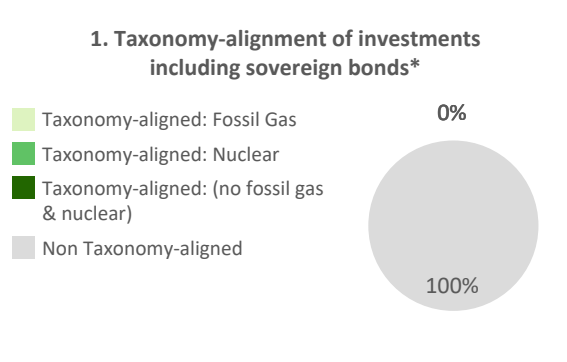
● ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?***[1]

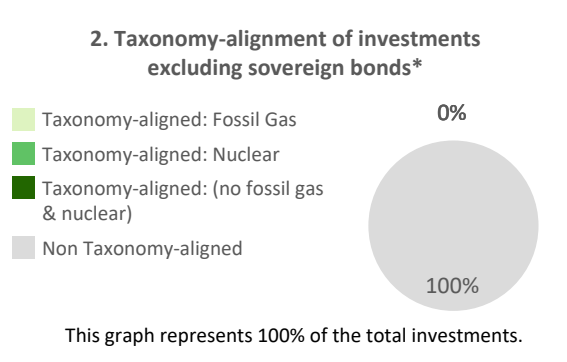
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





This graph represents 100% of the total investments.

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

● ***What is the minimum share of investments in transitional and enabling activities?***

As the fund does not commit to invest any sustainable investment within the meaning of the EU Taxonomy, the minimum share of investments in transitional and enabling activities within the meaning of the EU Taxonomy is therefore also set at 0%.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The fund promotes social characteristics but does not commit to making any sustainable investments. As a consequence, the fund does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

What is the minimum share of socially sustainable investments?

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Not applicable.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The fund may have investments in hedging instruments for efficient portfolio management and in cash as ancillary liquidity. These instruments are included in the "#2 Other" category and are not subject to environmental and/or social screening or any minimum environmental or social safeguards.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.

Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_securitised_aggregated_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
Global Bond Fund	XTIK5CR06MPXCNXP7M95

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 20% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☒ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

The fund promotes the environmental characteristic of climate change mitigation by excluding investments in certain types of fossil fuels. In addition, the fund promotes the social characteristic of avoiding investments in activities which can cause harm to human health and wellbeing, in sovereign issuers that significantly violate social rights, and securitisations that violate responsible business or lending practices.

Further detail on the nature of these exclusions is set out below (in response to the question, "*What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?*").

The fund also aims to make a minimum of 20% sustainable investments in:

- Corporate issuers whose business practices, products or solutions, make a net positive contribution towards United Nations' Sustainable Development Goals ("**SDGs**");
- Sovereign issuers with ESG scores in the top-2 ranks according to the investment manager's proprietary scoring methodology, associated with positive environmental or social attributes; or
- Sustainable Bonds, from any type of issuer, which make a positive environmental or social contribution through their use of proceeds, as explained in response to the question below, "*What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?*"

The fund has not designated a reference benchmark for the purpose of attaining its environmental or social characteristics.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The following sustainability indicators are used to measure the attainment of the fund's environmental and social characteristics:

- The fund's exposure, in percentage market value, to issuers that violate any of the exclusion criteria;
- The fund's percentage market value allocated to sustainable investments.

Additional details on the fund's exclusions criteria are provided below in response to the question, "*What investment strategy does this financial product follow?*"

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

The fund's sustainable investments will fall within one of the following categories:

- Green, Social or Sustainability Bonds ("Sustainable Bonds"), where the issuer commits to allocate the proceeds to projects making a positive environmental or social contribution. This includes, but is not limited to, bonds that align with the International Capital Market Association (ICMA)'s Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines. Sustainable Bonds mobilise financing directly towards a multiplicity of environmental and social projects whose focus spans across a number of sustainability objectives. Examples include, but are not limited to, financing for renewable energy, energy efficiency, clean transportation, affordable housing, and financial inclusion projects. The specific objectives to which the Sustainable Bonds contribute depend on the eligible environmental and social project categories of each security.
- Bonds from corporate issuers whose business practices, products or solutions, make a net positive contribution towards the SDGs. The SDGs were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet and ensure that by 2030 all people enjoy peace and prosperity. The investment manager defines positive contribution to the SDGs as a net positive aggregate alignment score across all the SDGs (i.e., scores measuring positive contribution to individual SDGs have to, in total, be greater than the total of any negative contribution scores), based on third-party data. The investment manager will also only include issuers which have sufficient positive SDG alignment (in the investment manager's view) with at least one individual SDG, and

which do not have any material mis-alignments (in the investment manager's view) on any of the SDGs.

- Bonds from sovereign issuers with an ESG rank of 4 or 5, in a 1-5 range where 5 is best, based on the investment manager's proprietary ESG scoring methodology. Ranks of 4 and 5 reflect a country's positive contribution towards environmental and social themes such as decarbonisation, forestry conservation, promotion of education, health and wellbeing, and good living standards. The investment manager will, however, not treat the investment as sustainable if the sovereign issuer ranked 4 or 5 has experienced recent negative momentum as assessed through in-house research, which is not captured by ESG data providers. For example, this may include circumstances where a country is facing significant political and/or social instability.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

The investment manager seeks to ensure that the sustainable investments of the fund do not cause significant harm to relevant environmental or social sustainable investment objectives by:

- Testing whether the investment meets the thresholds set by the investment manager for each of the mandatory principal adverse impact ("PAI") indicators (see the response to the question, "*How have the indicators for adverse impacts on sustainability factors been taken into account?*" below for the details of this process); and
- Ensuring that the sustainable investments of the fund are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, where relevant (see the response to the question, "*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*" below for the details of this process). For sovereign sustainable investments, the investment manager tests against certain sanctions regimes, to ensure countries do not cause significant harm to environmental or social objectives.

This assessment is conducted using third-party data on the sustainability characteristics of the fund's holdings.

How have the indicators for adverse impacts on sustainability factors been taken into account?

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

The "do no significant harm" methodology applied by the investment manager on sustainable investments seeks to screen investments to identify any significant harm to any of the PAI indicators which are mandatory for the investment manager to consider under the SFDR rules, and which are relevant to the investment.

The investment manager has determined specific metrics and quantitative thresholds for what constitutes significant harm to screen PAI indicators that are relevant to the investment, using third-party data. The thresholds are set: (i) on an absolute value basis; (ii) on a relative basis in the context of the investment universe; or (iii) using pass/fail scores. Different metrics or thresholds may apply to issuers located in developed markets and in emerging markets, respectively. This is intended to reflect the different extent to which the investment manager deems that meeting minimum sustainability standards in these markets is currently achievable. In addition, different relative thresholds may apply to similar indicators: for example, the investment manager currently applies a lower threshold to determine significant adverse impact with respect to scope 3 emissions intensity as compared to scope 1 and 2 emissions intensity. This is because: (i) companies have less control over their indirect emissions; and (ii) data estimates for scope 3 emissions, which currently prevail over reported data compared to scope 1 and 2 emissions, may result in a less accurate PAI assessment.

The investment manager may use reasonable proxy indicators sourced from third parties to address the current lack of data for certain PAI indicators. The investment manager's use of proxy indicators will be kept under review and will be replaced by PAI data from third-party data providers, when the investment manager determines that sufficiently reliable data has become available.

The investment manager generally conducts the PAI assessment at the issuer level. However, where appropriate the assessment may be done at the security level in whole or in part. For instance, in the case of Sustainable Bonds, as defined above, the PAI indicators that are directly related to the sustainability factors targeted by the bond's use of proceeds will be assessed at the security level, through the investment manager's proprietary Sustainable Bond Evaluation Framework. As an example, the fund may invest in a Green Bond issued by a utility company that has a negative assessment of the PAI indicators related to GHG emissions and/or GHG intensity, as long as the investment manager evaluates that the issuer has a credible strategy to reduce its GHG emissions, and that the Green Bond specifically contributes towards such goal.

Other PAI indicators that are unrelated to the Sustainable Bond's use of proceeds are still assessed at the issuer level.
The fund's PAI assessment is supported, on a qualitative and non-binding basis, by the investment manager's engagement with selected issuers on their corporate governance practices, as well as on other material sustainability issues, in line with the investment manager's Fixed Income Engagement Strategy, available on www.morganstanley.com/im.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The fund's sustainable investments exclude issuers which have experienced significant controversies that are deemed to violate the UN Global Compact, the UN Guiding Principles on Business and Human Rights, or the ILO Fundamental Principles, and issuers with significant controversies related to violations of the OECD Guidelines for Multinational Enterprises. This screening is done using third-party data.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund considers all of the mandatory PAI on sustainability factors which are relevant to the investment for the portion allocated to sustainable investments, as described above in response to the question, "*How have the indicators for adverse impacts on sustainability factors been taken into account?*"

The portion of the fund that is not made of sustainable investments considers the PAI only in part through the fund's exclusionary criteria, as follows:

- The fund excludes issuers which derive a certain percentage of revenue from thermal coal mining and extraction, or a portion of revenue from coal-fired power generation. The fund therefore partly considers the PAI indicator 4: exposure to companies active in the fossil fuel sector.
- The fund excludes issuers which have committed violations of the UN Global Compact, the UN Guiding Principles on Business and Human Rights, or the ILO Fundamental Principles, or which have experienced significant controversies relating to violations of the OECD Guidelines for Multinational Enterprises. The fund therefore considers the PAI indicator number 10: violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises.
- The fund excludes issuers which derive any revenue from controversial weapons manufacturing or retail. The fund therefore considers in whole the PAI indicator 14: exposure to controversial weapons.
- The fund excludes sovereign issuers where there is evidence of them having caused significant harm from social violations, which the investment manager defines in relation to the bottom-10% ranked countries on an indicator reflecting the fulfilment of social rights, as further explained in response to the question, "*What investment strategy does this financial product follow?*" The fund therefore considers in part the PAI indicator number 16: investee countries subject to social violations.

The fund will make information available on how it has incorporated the PAIs into the fund in its periodic reports to investors.



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

As part of its investment strategy, the fund aims at reducing exposure to selected business activities which can cause danger to human health and wellbeing or the environment; to sovereign issuers that severely violate social rights; and to securitisations that violate responsible business or lending practices, through exclusionary screening.

The fund will make sustainable investments in Sustainable Bonds making a positive environmental or social contribution through their use of proceeds, bonds from corporate issuers whose business practices, products or solutions, make a net positive contribution towards the SDGs, or bonds from sovereign issuers with an ESG rank of 4 or 5,in a 1-5 range where 5 is best, based on the investment manager's proprietary ESG scoring methodology.

Binding criteria	
The fund will not invest in corporate issuers which:	**<u>Derive any revenue from any of the following activities:</u>** • Controversial weapons manufacturing or retail (including anti-personnel landmines, cluster munitions, biological or chemical weapons, and nuclear weapons); • Civilian firearms manufacturing or retail; • Tobacco manufacturing; or **<u>Derive more than 5% revenue from any of the following activities:</u>** • Thermal coal mining and extraction;* **<u>Derive more than 10% revenue from any of the following activities:</u>** • Military or conventional weapons, or weapons systems manufacturing or retail; • Gambling; **<u>Derive more than 20% revenue from any of the following activities:</u>** • Coal-fired power generation;* or **<u>Violate any of the following global norms:</u>** • UN Global Compact, UN Guiding Principles on Business and Human Rights, ILO fundamental Principles, or OECD Guidelines for Multinational Enterprises, without evidence of material remediation and improvement. *The fund may, as an exception to the exclusions related to fossil fuels listed above, invest in Sustainable Bonds which are intended to raise proceeds specifically for projects that promote positive environmental contributions mitigating the adverse sustainability impact of those fossil fuels, such as renewable energy or energy efficiency, based on information available in the bond issuance documentation.
The fund will not invest in sovereign issuers which:	Are in the bottom-10% ranked countries for social violations, based on the investment manager's custom indicator. The social violations custom indicator is calculated by the investment manager taking into consideration a country's performance on issues including, but not limited to, the application of human rights and civil liberties, the quality of contract enforcement and security, freedom of expression, association and free media, as assessed by underlying data from third parties. In addition, any investments in sovereign issuers exhibiting positive momentum with respect to such violations, shall not be subject to the purchase restriction. For example, if a country is in the process of making significant remediation efforts, such as through electoral or policy reforms and engagement with civil society, with regard to any social violations, the investment manager may not exclude the investment from the fund, provided this is kept under review by the investment manager.

The fund will not invest in securitisations in which:	• The underlying loans show evidence of predatory lending, as determined by the applicable usury laws, and in the context of market rates and borrower's risk profile;* • The lender or servicer of the underlying assets has committed a severe breach of consumer protection standards: ◦ as established by the Consumer Financial Protection Bureau (CFPB) in the United States; or ◦ as established by any relevant regulatory and supervisory agency in the jurisdiction where the securitisation's originator and/or collateral are located; ◦ if the breach relates to the securitisation's underlying collateral, underwriting and servicing practices, unless there is evidence of the breach having been or being remediated;** or • The originator, lender or servicers has been involved in controversy cases related to business ethics and fraud that the investment manager views as significant based on data by relevant ESG data providers, and where the investment manager considers appropriate remedial action has not been taken. * A loan is considered a predatory loan if: • Interest rates do not comply with U.S. usury laws or the equivalent in other jurisdictions; or • Interest rates being offered exceed a limit for which the investment manager deems to be exceedingly higher than the industry standard. The investment manager may choose to proceed with an investment where interest rates where interest rates surpass this level if following enhanced due diligence (including through direct engagement with the lending team and/or servicing department on the securitisation deal), the investment manager determines that access to the loan is still beneficial to the borrower when taking into consideration its risk profile and alternative borrowing options. The interest rate levels which are considered industry standard are subject to periodic review by the investment manager, based on the prevailing market conditions and prevailing rates across the industry at the time. ** This exclusion criterion does not apply to lenders or servicers of U.S. government sponsored mortgage-backed securities, as their compliance of such securitisations with local regulatory standards is already monitored by the U.S. government on an ongoing basis. Such investments will be considered to fall within "#1 Aligned with E/S characteristics", in response to the question, "What is the asset allocation planned for this financial product?" For the avoidance of doubt, the exclusions to securitisations above do not apply to the fund's investments in Collateralised Loan Obligations (CLOs) and instead the following exclusions apply whereby the fund will not invest in CLOs in which: • The CLO manager has been involved in controversy cases that the investment manager views as significant based on data by relevant ESG data providers, where the investment manager considers appropriate remedial action has not been taken. The fund will also avoid CLO investments where the CLO manager is deemed to lack sufficient processes to evaluate the underlying collateral for significant environmental and/or social controversies, based on the investment manager's internal research, and where the investment manager considers appropriate remedial action has not been taken. • The underlying collateral shows evidence of environmental and/or social controversy cases that the investment manager views as significant based on data by relevant ESG data providers, and where the investment manager considers appropriate remedial action has not been taken.
Sustainable investments	The fund will maintain a minimum of 20% of sustainable investments, which meet the criteria as set out in response to the question, *"What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?"*

The investment manager may decide to implement additional restrictions to the fund, and such new restrictions will be disclosed in the fund's SFDR Website Disclosure.

In addition to the ESG considerations described in this summary on a binding basis, the fund integrates ESG considerations in the investment decision-making process to support its environmental and social characteristics on a non-binding basis, based on the investment manager's in-house research and methodologies and on third-party data. In some cases, third-party data on specific issuers, ESG themes or the exclusions noted above may not be available and/or may be estimated by the investment manager using internal methodologies or reasonable estimates. The methodologies used by different data providers may also vary.

The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager. The investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with the investment team to conduct regular portfolio/performance reviews and systemic checks to ensure compliance with portfolio investment objectives and environmental and social characteristics, taking into account changing market conditions, information and strategy developments.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the investment strategy are described in the table above.

The criteria are implemented and monitored by the investment manager using a combination of third-party data and in-house research.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

- ***What is the policy to assess good governance practices of the investee companies?***

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

As part of its bottom-up, fundamental research process, the investment manager systematically incorporates the assessment of an issuer's corporate governance and business practices, including but not limited to evidence of sound management structures and employee relations, fair remuneration of staff, and tax compliance, in order to ensure that every investee company follows good governance practices.

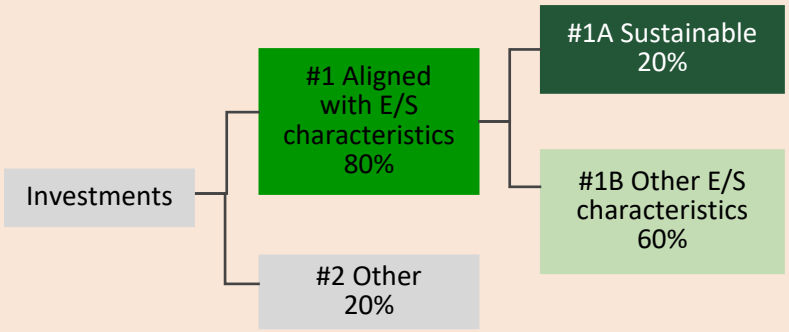
This is done through the monitoring of data on governance-related, as well as on other environmental and/or social factors and controversies, sourced from third party providers, through in-house research, and through engagement with the management of selected issuers on corporate governance and disclosure issues.

In the interests of transparency, given the fund also invests in sovereign bonds, the investment manager notes that it also assesses investee sovereign issuers' government effectiveness, political stability, control of corruption, and regulatory quality, among other factors.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned** with E/S characteristics covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The exclusions (as described above) will be applied to at least 80% of the portfolio, however the fund also expects to allocate a minimum of 20% of its assets to sustainable investments. Among these sustainable investments, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time.

A maximum of 20% of the fund's assets may be invested in hedging and/or cash instruments for efficient portfolio management purposes, which do not align with any environmental or social characteristics.

As explained above, any investments that are held by the fund but become restricted because they breach the investment exclusions set out above, after they are acquired for the fund, will be sold. Such sales will take place over a period of time to be determined by the investment manager, taking into account the best interests of the shareholders of the fund. Such investments are included in the "#2 Other" category.

These percentages are measured according to the value of the investments.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

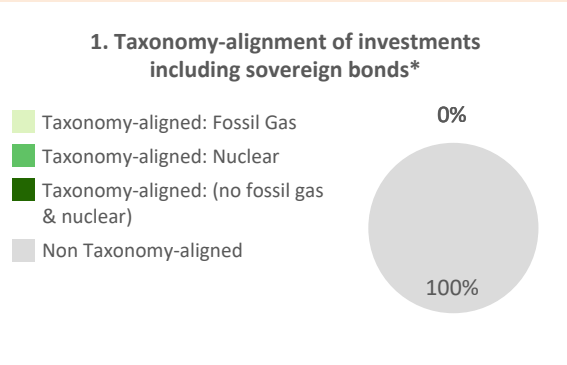
● ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?***[1]

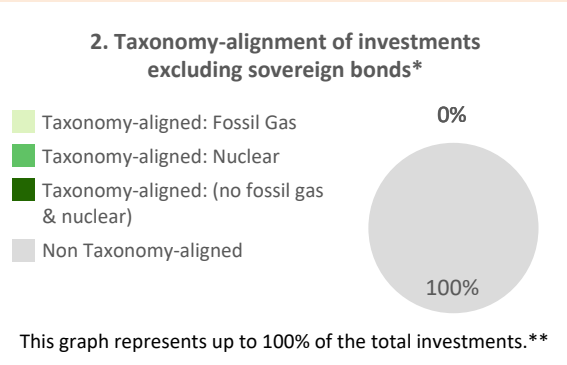
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





This graph represents up to 100% of the total investments.**

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

***The proportion of total investments shown in this graph is purely indicative and may vary over time. As the fund does not commit to making sustainable investments aligned with the EU Taxonomy, the proportion of any sovereign exposure in the fund's portfolio will not impact the proportion of sustainable investments aligned with the EU Taxonomy included in the graph.*

● ***What is the minimum share of investments in transitional and enabling activities?***

Although the fund commits to invest in sustainable investments within the meaning of the SFDR, there is no commitment to a minimum share of investments in transitional and enabling activities.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund may make sustainable investments, as defined under the SFDR, which contribute to either environmental or social objectives. Among these, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time. These sustainable investments will represent at least 20% of the portfolio holdings on an aggregated basis.

The fund's sustainable investments with an environmental objective **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Although some of these sustainable investments may be Taxonomy aligned, due to lack of available data regarding the Taxonomy alignment of the underlying securities, the investment manager has not been able to confirm whether these investments are in fact Taxonomy aligned and accordingly will not consider them as such in calculations until this data is reported on or otherwise becomes more reliable. As such, the investment manager uses its own methodology to determine whether certain investments are sustainable in accordance with the SFDR sustainable investment test, and then invests in such assets for the fund.



What is the minimum share of socially sustainable investments?

The fund intends to make a minimum of 20% sustainable investments, with a combination of environmental and social objectives. Among these, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time. These sustainable investments will represent at least 20% of the portfolio holdings on an aggregated basis.



What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The fund may have investments in hedging instruments for efficient portfolio management and in cash as ancillary liquidity. These instruments are included in the "#2 Other" category and are not subject to environmental and/or social screening or any minimum environmental or social safeguards.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.



Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_globalbond_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
Global Convertible Bond Fund	K3YUM7KVWUDP746NXC39

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 5% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☒ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

The fund promotes the environmental characteristic of climate change mitigation by excluding investments in certain types of fossil fuels. In addition, the fund promotes the social characteristic of avoiding investments in certain activities which can cause harm to human health and wellbeing.

Further detail on the nature of these exclusions is set out below (in response to the question, "*What investment strategy does this financial product follow?*").

The fund also aims to make a minimum of 5% sustainable investments in:

- Corporate issuers whose business practices, products or solutions, make a net positive contribution towards United Nations' Sustainable Development Goals ("SDGs"); or
- Sustainable Bonds, as defined further below, which make a positive environmental or social contribution through their use of proceeds, as explained in response to the question below, *"What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?".*

The fund has not designated a reference benchmark for the purpose of attaining its environmental or social characteristics.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The following sustainability indicators are used to measure the attainment of the fund's environmental and social characteristics:

- The fund's exposure, in percentage market value, to issuers that violate any of the exclusion criteria;
- The fund's percentage market value allocated to sustainable investments.

Additional details on the fund's exclusions criteria are provided below in response to the question, *"What investment strategy does this financial product follow?".*

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

The fund's sustainable investments will fall within one of the following categories:

- Green, Social or Sustainability Bonds ("Sustainable Bonds"), where the issuer commits to allocate the proceeds to projects making a positive environmental or social contribution. This includes, but is not limited to, bonds that align with the International Capital Market Association (ICMA)'s Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines. Sustainable Bonds mobilise financing directly towards a multiplicity of environmental and social projects whose focus spans across a number of sustainability objectives. Examples include, but are not limited to, financing for renewable energy, energy efficiency, clean transportation, affordable housing, and financial inclusion projects. The specific objectives to which the Sustainable Bonds contribute depend on the eligible environmental and social project categories of each security.
- Bonds from corporate issuers whose business practices, products or solutions, make a net positive contribution towards the SDGs. The SDGs were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet and ensure that by 2030 all people enjoy peace and prosperity. The investment manager defines positive contribution to the SDGs as a net positive aggregate alignment score across all the SDGs (i.e., scores measuring positive contribution to individual SDGs have to, in total, be greater than the total of any negative contribution scores), based on third-party data. The investment manager will also only include issuers which have sufficient positive SDG alignment (in the investment manager's view) with at least one individual SDG, and which do not have any material mis-alignments (in the investment manager's view) on any of the SDGs.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

The investment manager seeks to ensure that the sustainable investments of the fund do not cause significant harm to relevant environmental or social sustainable investment objectives by:

- Testing whether the investment meets the thresholds set by the investment manager for each of the mandatory principal adverse impact ("PAI") indicators (see the response to the question, "*How have the indicators for adverse impacts on sustainability factors been taken into account?*" below for the details of this process); and
- Ensuring that the sustainable investments of the fund are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (see the response to the question, "H*ow are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*" below for the details of this process).

This assessment is conducted using third-party data on the sustainability characteristics of the fund's holdings.

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

The "do no significant harm" methodology applied by the investment manager on sustainable investments seeks to screen investments to identify any significant harm to any of the PAI indicators which are mandatory for the investment manager to consider under the SFDR rules, and which are relevant to the investment.

The investment manager has determined specific metrics and quantitative thresholds for what constitutes significant harm to screen PAI indicators that are relevant to the investment, using third-party data. The thresholds are set: (i) on an absolute value basis; (ii) on a relative basis in the context of the investment universe; or (iii) using pass/fail scores. Different metrics or thresholds may apply to issuers located in developed markets and in emerging markets, respectively. This is intended to reflect the different extent to which the investment manager deems that meeting minimum sustainability standards in these markets is currently achievable . In addition, different relative thresholds may apply to similar indicators: for example, the investment manager currently applies a lower threshold to determine significant adverse impact with respect to scope 3 emissions intensity as compared to scope 1 and 2 emissions intensity. This is because: (i) companies have less control over their indirect emissions; and (ii) data estimates for scope 3 emissions, which currently prevail over reported data compared to scope 1 and 2 emissions, may result in a less accurate PAI assessment.

The investment manager may use reasonable proxy indicators sourced from third parties to address the current lack of data for certain PAI indicators. The investment manager's use of proxy indicators will be kept under review, and will be replaced by PAI data from third-party data providers when the investment manager determines that sufficiently reliable data has become available.

The investment manager generally conducts the PAI assessment at the issuer level. However, where appropriate the assessment may be done at the security level in whole or in part. For instance, in the case of Sustainable Bonds, as defined above, the PAI indicators that are directly related to the sustainability factors targeted by the bond's use of proceeds will be assessed at the security level. As an example, the fund may invest in a Green Bond issued by a utility company that has a negative assessment under the PAI indicators related to GHG emissions and/or GHG intensity, as long as the investment manager evaluates that the issuer has a credible strategy to reduce its GHG emissions and the Green Bond specifically contributes towards such goal. Other PAI indicators that are unrelated to the Sustainable Bond's use of proceeds are assessed at the issuer level.

The fund's PAI assessment is supported, on a qualitative and non-binding basis, by the investment manager's engagement with selected issuers on their corporate governance practices, as well as on other material sustainability issues, in line with the investment manager's Fixed Income Engagement Strategy, available on www.morganstanley.com/im.

— *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The fund's sustainable investments exclude issuers which have experienced significant controversies that are deemed to violate the UN Global Compact, the UN Guiding Principles on Business and Human Rights, or the ILO Fundamental Principles, and issuers with significant controversies related to violations of the OECD Guidelines for Multinational Enterprises. This screening is done using third-party data.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund considers all of the mandatory PAI on sustainability factors which are relevant to the investment for the portion allocated to sustainable investments, as described above in response to the question, "*How have the indicators for adverse impacts on sustainability factors been taken into account?*"

The portion of the fund that is not made of sustainable investments considers the PAI only in part through the fund's exclusionary criteria, as follows:

- The fund excludes issuers which derive a certain percentage of revenue from thermal coal mining and extraction. The fund therefore partly considers the PAI indicator 4: exposure to companies active in the fossil fuel sector.
- The fund excludes issuers which derive any revenue from controversial weapons manufacturing or retail. The fund therefore considers in whole the PAI indicator 14: exposure to controversial weapons.

The fund will make information available on how it has incorporated the PAIs into the fund in its periodic reports to investors.



What investment strategy does this financial product follow?

As part of its investment strategy, the fund aims at reducing exposure to selected business activities which can cause danger to human health and wellbeing or the environment, through exclusionary screening. The fund will also make sustainable investments in Sustainable Bonds making a positive environmental or social contribution through their use of proceeds, or bonds from corporate issuers whose business practices, products or solutions, make a net positive contribution towards the SDGs.

Binding criteria	
The fund will not invest in corporate issuers which:	Derive any revenue from any of the following activities: • Controversial weapons manufacturing or retail (including anti-personnel landmines, cluster munitions, biological or chemical weapons, and nuclear weapons); • Civilian firearms manufacturing or retail; • Tobacco manufacturing; or Derive more than 5% revenue from any of the following activities: • Thermal coal mining and extraction. The fund may, as an exception to this exclusion, invest in Sustainable Bonds which are intended to raise proceeds specifically for projects that promote positive environmental contributions mitigating the adverse sustainability impact of coal, such as alternative minerals, based on information available in the bond issuance documentation.
Sustainable investments	The fund will maintain a minimum of 5% of sustainable investments, which meet the criteria as set out in response to the question, "What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?"

The investment manager may decide to implement additional restrictions to the fund, and such new restrictions will be disclosed in the fund's SFDR Website Disclosure.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

In addition to the ESG considerations described in this summary on a binding basis, the fund integrates ESG considerations in the investment decision-making process to support its environmental and social characteristics on a non-binding basis, based on the investment manager's in-house research and methodologies and on third-party data. For example, the investment manager aims to monitor business practices on an ongoing basis, through data on ESG controversies and standards screening that the investment manager sources from third party providers. The investment manager may consider controversy cases that it views as being significant based on ratings by relevant ESG data providers, and failures to comply with the UN Global Compact or the ILO Fundamental Principles, although such incidents will not automatically result in exclusion from the portfolio. In some cases, third-party data on specific issuers, ESG themes or the exclusions noted above may not be available and/or may be estimated by the investment manager using internal methodologies or reasonable estimates. The methodologies used by different data providers may also vary.

The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager. The investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with the investment team to conduct regular portfolio/performance reviews and systemic checks to ensure compliance with portfolio investment objectives and environmental and social characteristics, taking into account changing market conditions, information and strategy developments.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The binding elements of the investment strategy are described in the table above.

The criteria are implemented and monitored by the investment manager using a combination of third-party data and in-house research.

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

Not applicable.

What is the policy to assess good governance practices of the investee companies?

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

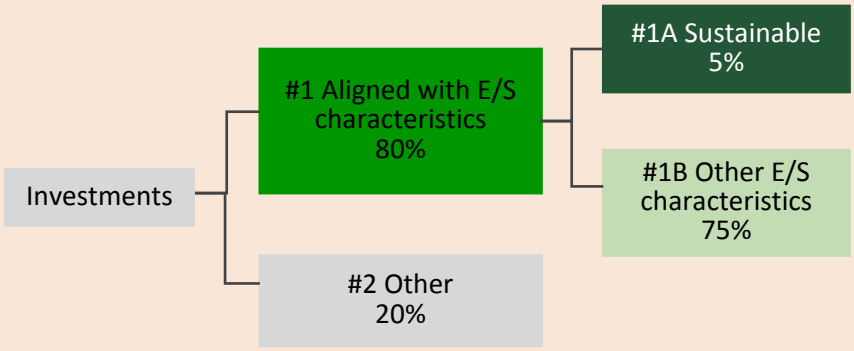
As part of its bottom-up, fundamental research process, the investment manager systematically incorporates the assessment of an issuer's corporate governance and business practices, including but not limited to evidence of sound management structures and employee relations, fair remuneration of staff, and tax compliance, in order to ensure that every investee company follows good governance practices.

This is done through the monitoring of data on governance-related, as well as on other environmental and/or social factors and controversies, sourced from third party providers, through in-house research, and through engagement with the management of selected issuers on corporate governance and disclosure issues.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned** with E/S characteristics covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The exclusions (as described above) will be applied to at least 80% of the portfolio, however the fund also expects to allocate a minimum of 5% of its assets to sustainable investments. Among these sustainable investments, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time.

A maximum of 20% of the fund may be invested in hedging instruments for efficient portfolio management and in cash as ancillary liquidity, which do not align with any environmental or social characteristics, as described in the response to question, "*What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards*" further below.

Any investments that are held by the fund but become restricted because they breach the investment exclusions set out above, after they are acquired for the fund, will be sold. Such sales will take place over a period of time to be determined by the investment manager, taking into account the best interests of the shareholders of the fund. Such investments are included in the "#2 Other" category.

These percentages are measured according to the market value of the investments.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Derivatives may be used by the fund for investment or efficient portfolio management (including hedging) purposes only. These instruments are not used to attain the environmental or social characteristics of the fund.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

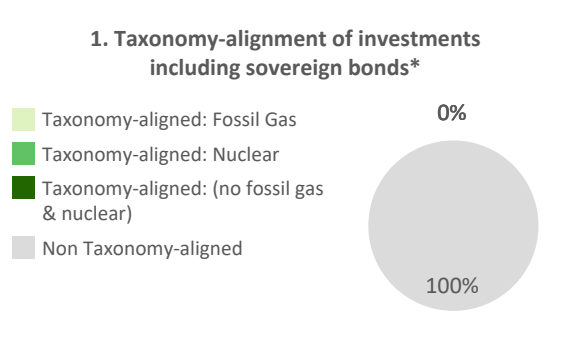
- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?[1]***

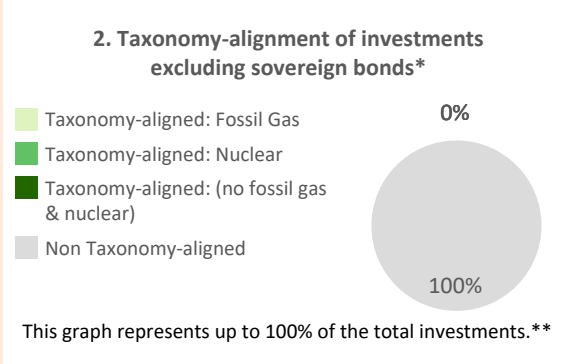
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





This graph represents up to 100% of the total investments.**

** For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

***The proportion of total investments shown in this graph is purely indicative and may vary over time. As the fund does not commit to making sustainable investments aligned with the EU Taxonomy, the proportion of any sovereign exposure in the fund's portfolio will not impact the proportion of sustainable investments aligned with the EU Taxonomy included in the graph.*

- ***What is the minimum share of investments in transitional and enabling activities?***

Although the fund commits to invest in sustainable investments within the meaning of the SFDR, there is no commitment to a minimum share of investments in transitional and enabling activities.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund intends to make a minimum of 5% sustainable investments, as defined under the SFDR, with a combination of environmental and social objectives, as described above. Among these, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time. These sustainable investments will represent at least 5% of the portfolio holdings on an aggregated basis.

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Although some of these sustainable investments may be Taxonomy aligned, due to lack of available data regarding the Taxonomy alignment of the underlying securities, the investment manager has not been able to confirm whether these investments are in fact Taxonomy aligned and accordingly will not consider them as such in calculations until this data is reported on or otherwise becomes more reliable. As such, the investment manager uses its own methodology to determine whether certain investments are sustainable in accordance with the SFDR sustainable investment test, and then invests in such assets for the fund.



What is the minimum share of socially sustainable investments?

As explained above, the fund may make sustainable investments which contribute to either environmental or social objectives. Among these, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time. These sustainable investments will represent at least 5% of the portfolio holdings on an aggregated basis.



What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The fund may have investments in hedging instruments for efficient portfolio management and in cash as ancillary liquidity. These instruments are included in the "#2 Other" category and are not subject to environmental and/or social screening or any minimum environmental or social safeguards.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.



Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_globalhighyieldbond_aggregated_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
Global Credit Fund	549300I79HKQYIXDUL59

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 40% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☒ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

The fund promotes the environmental characteristic of climate change mitigation by excluding investments in certain types of fossil fuels. In addition, the fund promotes the social characteristic of avoiding investments in certain activities which can cause harm to human health and wellbeing.

Further detail on the nature of these exclusions is set out below (in response to the question, *"What investment strategy does this financial product follow?"*).

The fund also supports the above environmental and social characteristics by aiming to make a minimum of 40% sustainable investments in:

- Corporate issuers whose business practices, products or solutions, make a net positive contribution towards United Nations' Sustainable Development Goals ("**SDGs**"); or
- Sustainable Bonds, as defined further below, which make a positive environmental or social contribution through their use of proceeds, as explained in response to the question below, *"What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?".*

The fund has not designated a reference benchmark for the purpose of attaining its environmental or social characteristics.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The following sustainability indicators are used to measure the attainment of the fund's environmental and social characteristics:

- The fund's exposure, in percentage market value, to issuers that violate any of the exclusion criteria;
- The fund's percentage market value allocated to sustainable investments.

Additional details on the fund's exclusions criteria are provided below in response to the question, "*What investment strategy does this financial product follow?*"

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

The fund's sustainable investments will fall within one of the following categories:

- Green, Social or Sustainability Bonds ("Sustainable Bonds"), where the issuer commits to allocate the proceeds to projects making a positive environmental or social contribution. This includes, but is not limited to, bonds that align with the International Capital Market Association (ICMA)'s Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines. Sustainable Bonds mobilise financing directly towards a variety of environmental and social projects whose focus spans across a number of sustainability objectives. Examples include, but are not limited to, financing for renewable energy, energy efficiency, clean transportation, affordable housing, and financial inclusion projects. The specific objectives to which the Sustainable Bonds contribute depend on the eligible environmental and social project categories of each security.
- Bonds from corporate issuers whose business practices, products or solutions, make a net positive contribution towards the SDGs. The SDGs were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet and ensure that by 2030 all people enjoy peace and prosperity. The investment manager defines positive contribution to the SDGs as a net positive aggregate alignment score across all the SDGs (i.e., scores measuring positive contribution to individual SDGs have to, in total, be greater than the total of any negative contribution scores), based on third-party data. The investment manager will also only include issuers which have sufficient positive SDG alignment (in the investment manager's view) with at least one individual SDG, and which do not have any material mis-alignments (in the investment manager's view) on any of the SDGs.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

The investment manager seeks to ensure that the sustainable investments of the fund do not cause significant harm to relevant environmental or social sustainable investment objectives by:

- Testing whether the investment meets the thresholds set by the investment manager for each of the mandatory principal adverse impact ("PAI") indicators (see the response to the question, "*How have the indicators for adverse impacts on sustainability factors been taken into account?*" below for the details of this process); and
- Ensuring that the sustainable investments of the fund are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (see the response to the question, "How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?" below for the details of this process).

This assessment is conducted using third-party data on the sustainability characteristics of the fund's holdings.

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

The "do no significant harm" methodology applied by the investment manager on sustainable investments seeks to screen investments to identify any significant harm to any of the PAI indicators which are mandatory for the investment manager to consider under the SFDR rules, and which are relevant to the investment.

The investment manager has determined specific metrics and quantitative thresholds for what constitutes significant harm to screen PAI indicators that are relevant to the investment, using third-party data. The thresholds are set: (i) on an absolute value basis; (ii) on a relative basis in the context of the investment universe; or (iii) using pass/fail scores. Different metrics or thresholds may apply to issuers located in developed markets and in emerging markets, respectively. This is intended to reflect the different extent to which the investment manager deems that meeting minimum sustainability standards in these markets is currently achievable. In addition, different relative thresholds may apply to similar indicators: for example, the investment manager currently applies a lower threshold to determine significant adverse impact with respect to scope 3 emissions intensity as compared to scope 1 and 2 emissions intensity. This is because: (i) companies have less control over their indirect emissions; and (ii) data estimates for scope 3 emissions, which currently prevail over reported data compared to scope 1 and 2 emissions, may result in a less accurate PAI assessment.

The investment manager may use reasonable proxy indicators sourced from third parties to address the current lack of data for certain PAI indicators. The investment manager's use of proxy indicators will be kept under review and will be replaced by PAI data from third-party data providers, when the investment manager determines that sufficiently reliable data has become available.

The investment manager generally conducts the PAI assessment at the issuer level. However, where appropriate the assessment may be done at the security level in whole or in part. For instance, in the case of Sustainable Bonds, as defined above, the PAI indicators that are directly related to the sustainability factors targeted by the bond's use of proceeds will be assessed at the security level. As an example, the fund may invest in a Green Bond issued by a utility company that has a negative assessment of the PAI indicators related to GHG emissions and/or GHG intensity, as long as the investment manager evaluates that the issuer has a credible strategy to reduce its GHG emissions, and that the Green Bond specifically contributes towards such goal. Other PAI indicators that are unrelated to the Sustainable Bond's use of proceeds are still assessed at the issuer level.

The fund's PAI assessment is supported, on a qualitative and non-binding basis, by the investment manager's engagement with selected issuers on their corporate governance practices, as well as on other material sustainability issues, in line with the investment manager's Fixed Income Engagement Strategy, available on www.morganstanley.com/im.

— *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The fund's sustainable investments exclude issuers which have experienced significant controversies that are deemed to violate the UN Global Compact, the UN Guiding Principles on Business and Human Rights, or the ILO Fundamental Principles, and issuers with significant controversies related to violations of the OECD Guidelines for Multinational Enterprises. This screening is done using third-party data.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund considers all of the mandatory PAI on sustainability factors which are relevant to the investment for the portion allocated to sustainable investments, as described above in response to the question, "*How have the indicators for adverse impacts on sustainability factors been taken into account*?"

The portion of the fund that is not made of sustainable investments considers the PAI only in part through the fund's exclusionary criteria, as follows:

- The fund excludes issuers which derive a certain percentage of revenue from thermal coal mining and extraction, or a portion of revenue from coal-fired power generation. The fund therefore considers the PAI indicator 4: exposure to companies active in the fossil fuel sector.
- The fund excludes issuers which have committed violations of the UN Global Compact, the UN Guiding Principles on Business and Human Rights, or the ILO Fundamental Principles, or which have experienced significant controversies relating to violations of the OECD Guidelines for Multinational Enterprises. The fund therefore considers the PAI indicator number 10: violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises.
- The fund excludes issuers which derive any revenue from controversial weapons manufacturing or retail. The fund therefore considers the PAI indicator 14: exposure to controversial weapons.

The fund will make information available on how it has incorporated the PAIs into the fund in its periodic reports to investors.



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

As part of its investment strategy, the fund aims at reducing exposure to selected business activities which can cause danger to human health and wellbeing or the environment, through exclusionary screening. The fund will also make sustainable investments in Sustainable Bonds making a positive environmental or social contribution through their use of proceeds, or bonds from corporate issuers whose business practices, products or solutions, make a net positive contribution towards the SDGs.

Binding criteria	
The fund will not invest in corporate issuers which:	**<u>Derive any revenue from any of the following activities:</u>** • Controversial weapons manufacturing or retail (including anti-personnel landmines, cluster munitions, biological or chemical weapons, and nuclear weapons); • Civilian firearms manufacturing or retail; • Tobacco manufacturing; or **<u>Derive more than 5% revenue from any of the following activities:</u>** • Thermal coal mining and extraction;* **<u>Derive more than 10% revenue from any of the following activities:</u>** • Military or conventional weapons, or weapons systems manufacturing or retail; • Gambling; **<u>Derive more than 20% revenue from any of the following activities:</u>** • Coal-fired power generation;* or **<u>Violate any of the following global norms:</u>** • UN Global Compact, UN Guiding Principles on Business and Human Rights, ILO fundamental Principles, or OECD Guidelines for Multinational Enterprises, without evidence of material remediation and improvement. *The fund may, as an exception to the exclusions related to fossil fuels listed above, invest in Sustainable Bonds which are intended to raise proceeds specifically for projects that promote positive environmental contributions mitigating the adverse sustainability impact of those fossil fuels, such as renewable energy or energy efficiency, based on information available in the bond issuance documentation.
Sustainable investments	The fund will maintain a minimum of 40% of sustainable investments, which meet the criteria as set out in response to the question, "*What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives*?"

The investment manager may decide to implement additional restrictions to the fund, and such new restrictions will be disclosed in the fund's SFDR Website Disclosure.

In addition to the ESG considerations described in this summary on a binding basis, the fund integrates ESG considerations in the investment decision-making process to support its environmental and social characteristics on a non-binding basis, based on the investment manager's in-house research and methodologies and on third-party data. In some cases, third-party data on specific issuers, ESG themes or the exclusions noted above may not be available and/or may be estimated by the investment manager using internal methodologies or reasonable estimates. The methodologies used by different data providers may also vary.

The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager. The investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with the investment team to conduct regular portfolio/performance reviews and systemic checks to ensure compliance with portfolio investment objectives and environmental and social characteristics, taking into account changing market conditions, information and strategy developments.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the investment strategy are described in the table above.

The criteria are implemented and monitored by the investment manager using a combination of third-party data and in-house research.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

- ***What is the policy to assess good governance practices of the investee companies?***

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

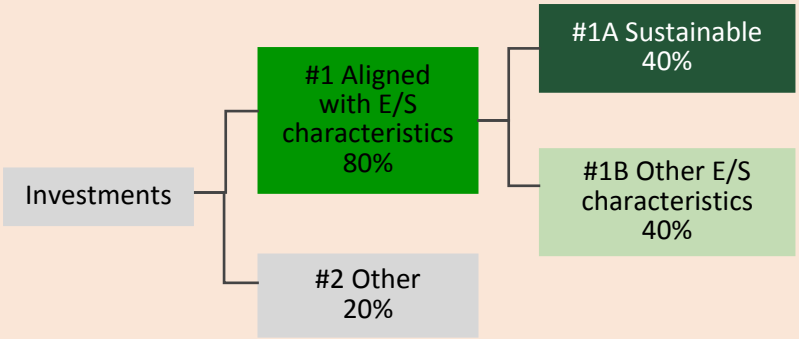
As part of its bottom-up, fundamental research process, the investment manager systematically incorporates the assessment of an issuer's corporate governance and business practices, including but not limited to evidence of sound management structures and employee relations, fair remuneration of staff, and tax compliance, in order to ensure that every investee company follows good governance practices.

This is done through the monitoring of data on governance-related, as well as on other environmental and/or social factors and controversies, sourced from third party providers, through in-house research, and through engagement with the management of selected issuers on corporate governance and disclosure issues.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned** with E/S characteristics covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The exclusions (as described above) will be applied to at least 80% of the portfolio, of which the fund also expects to allocate a minimum of 40% of its assets to sustainable investments. Among these sustainable investments, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time.

A maximum of 20% of the fund's assets may be invested in hedging instruments for efficient portfolio management and in cash as ancillary liquidity., which do not align with any environmental or social characteristics.

As explained above, any investments that are held by the fund but become restricted because they breach the investment exclusions set out above, after they are acquired for the fund, will be sold. Such sales will take place over a period of time to be determined by the investment manager, taking into account the best interests of the shareholders of the fund. Such investments are included in the "#2 Other" category.

These percentages are measured according to the value of the investments.

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

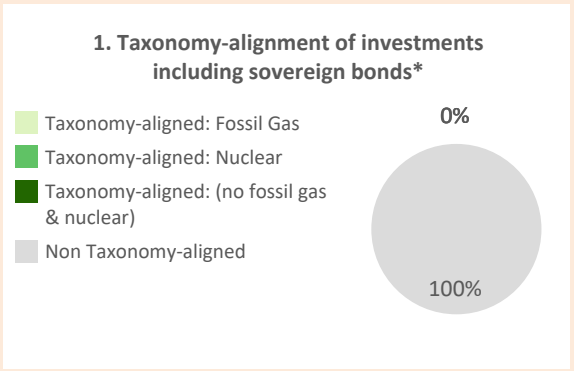
- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?***[1]

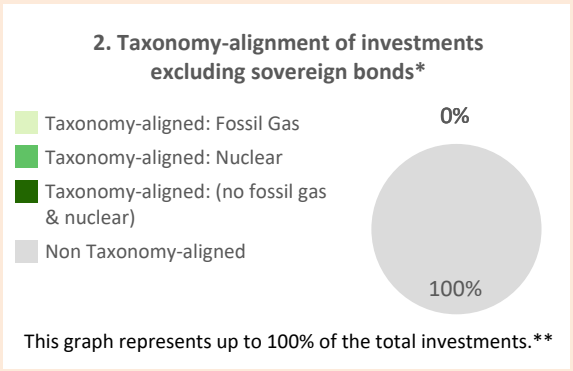
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





This graph represents up to 100% of the total investments.**

** For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

***The proportion of total investments shown in this graph is purely indicative and may vary over time. As the fund does not commit to making sustainable investments aligned with the EU Taxonomy, the proportion of any sovereign exposure in the fund's portfolio will not impact the proportion of sustainable investments aligned with the EU Taxonomy included in the graph.*

- ***What is the minimum share of investments in transitional and enabling activities?***

Although the fund commits to invest in sustainable investments within the meaning of the SFDR, there is no commitment to a minimum share of investments in transitional and enabling activities.

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund intends to make a minimum of 40% sustainable investments, as defined under the SFDR, with a combination of environmental and social objectives, as described above. Among these, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time. These sustainable investments will represent at least 40% of the portfolio holdings on an aggregated basis.

The fund's sustainable investments with an environmental objective **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.
Although some of these sustainable investments may be Taxonomy aligned, due to lack of available data regarding the Taxonomy alignment of the underlying securities, the investment manager has not been able to confirm whether these investments are in fact Taxonomy aligned and accordingly will not consider them as such in calculations until this data is reported on or otherwise becomes more reliable. As such, the investment manager uses its own methodology to determine whether certain investments are sustainable in accordance with the SFDR sustainable investment definition, and then invests in such assets for the fund.

What is the minimum share of socially sustainable investments?

As explained above, the fund may make sustainable investments which contribute to either environmental or social objectives. Among these, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time. These sustainable investments will represent at least 40% of the portfolio holdings on an aggregated basis.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The fund may have investments in hedging instruments for efficient portfolio management and in cash as ancillary liquidity. These instruments are included in the "#2 Other" category and are not subject to environmental and/or social screening or any minimum environmental or social safeguards.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.

Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_investmentgradecredit_aggregated_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
Global Fixed Income Opportunities Fund[1]	549300GM4KLC6LR0TV49

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10%[2] of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☒ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

[1] Until 27 September 2026, the fund will commit to invest at least 20% of its assets in sustainable investments.

What environmental and/or social characteristics are promoted by this financial product?

The fund promotes the environmental characteristic of climate change mitigation by excluding investments in certain types of fossil fuels. In addition, the fund promotes the social characteristic of avoiding investments in activities which can cause harm to human health and wellbeing, in sovereign issuers that significantly violate social rights, and securitisations that violate responsible business or lending practices.

Further detail on the nature of these exclusions is set out below (in response to the question, "*What investment strategy does this financial product follow?*").

The fund also aims to make a minimum of 10%[3] sustainable investments in:

- Corporate issuers whose business practices, products or solutions, make a net positive contribution towards United Nations' Sustainable Development Goals ("**SDGs**");
- Sovereign issuers with ESG scores in the top-2 ranks according to the investment manager's proprietary scoring methodology, associated with positive environmental or social attributes; or
- Sustainable Bonds, as defined further below, from any type of issuer, which make a positive environmental or social contribution through their use of proceeds, as explained in response to the question below, "*What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?*"

The fund has not designated a reference benchmark for the purpose of attaining its environmental or social characteristics.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The following sustainability indicators are used to measure the attainment of the fund's environmental and social characteristics:

- The fund's exposure, in percentage market value, to issuers that violate any of the exclusion criteria;
- The fund's percentage market value allocated to sustainable investments.

Additional details on the fund's exclusions criteria are provided below in response to the question, "*What investment strategy does this financial product follow?*"

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

The fund's sustainable investments will fall within one of the following categories:

- Green, Social or Sustainability Bonds ("Sustainable Bonds"), where the issuer commits to allocate the proceeds to projects making a positive environmental or social contribution. This includes, but is not limited to, bonds that align with the International Capital Market Association (ICMA)'s Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines. Sustainable Bonds mobilise financing directly towards a multiplicity of environmental and social projects whose focus spans across a number of sustainability objectives. Examples include, but are not limited to, financing for renewable energy, energy efficiency, clean transportation, affordable housing, and financial inclusion projects. The specific objectives to which the Sustainable Bonds contribute depend on the eligible environmental and social project categories of each security.
- Bonds from corporate issuers whose business practices, products or solutions, make a net positive contribution towards the SDGs. The SDGs were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet and ensure that by 2030 all people enjoy peace and prosperity. The investment manager defines positive contribution to the SDGs as a net positive aggregate alignment score across all the SDGs (i.e., scores measuring positive contribution to individual SDGs have to, in total, be greater than the total of any negative contribution scores), based on third-party data. The investment manager will also only include issuers which have sufficient positive SDG alignment (in the investment manager's view) with at least one individual SDG, and which do not have any material mis-alignments (in the investment manager's view) on any of the SDGs.

[3] Until 27 September 2026, the fund will commit to invest at least 20% of its assets in sustainable investments.

- Bonds from sovereign issuers with an ESG rank of 4 or 5, in a 1-5 range where 5 is best, based on the investment manager's proprietary ESG scoring methodology. Ranks of 4 and 5 reflect a country's positive contribution towards environmental and social themes such as decarbonisation, forestry conservation, promotion of education, health and wellbeing, and good living standards. The investment manager will, however, not treat the investment as sustainable if the sovereign issuer ranked 4 or 5 has experienced recent negative momentum as assessed through in-house research, which is not captured by ESG data providers. For example, this may include circumstances where a country is facing significant political and/or social instability.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

The fund seeks to ensure that the sustainable investments of the fund do not cause significant harm to relevant environmental or social sustainable investment objectives by:

- Testing whether the investment meets the thresholds set by the investment manager for each of the mandatory principal adverse impact ("PAI") indicators (see the response to the question, "*How have the indicators for adverse impacts on sustainability factors been taken into account?*" below for the details of this process); and
- Ensuring that the sustainable investments of the fund are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, where relevant (see the response to the question, "*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*" below for the details of this process). For sovereign sustainable investments, the investment manager tests against certain sanctions regimes, to ensure countries do not cause significant harm to environmental or social objectives.

This assessment is conducted using third-party data on the sustainability characteristics of the fund's holdings.

How have the indicators for adverse impacts on sustainability factors been taken into account?

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

The "do no significant harm" methodology applied by the investment manager on sustainable investments seeks to screen investments to identify any significant harm to any of the PAI indicators which are mandatory for the investment manager to consider under the SFDR rules, and which are relevant to the investment.

The investment manager has determined specific metrics and quantitative thresholds for what constitutes significant harm to screen PAI indicators that are relevant to the investment, using third-party data. The thresholds are set: (i) on an absolute value basis; (ii) on a relative basis in the context of the investment universe; or (iii) using pass/fail scores. Different metrics or thresholds may apply to issuers located in developed markets and in emerging markets, respectively. This is intended to reflect the different extent to which the investment manager deems that meeting minimum sustainability standards in these markets is currently achievable. In addition, different relative thresholds may apply to similar indicators: for example, the investment manager currently applies a lower threshold to determine significant adverse impact with respect to scope 3 emissions intensity as compared to scope 1 and 2 emissions intensity. This is because: (i) companies have less control over their indirect emissions; and (ii) data estimates for scope 3 emissions, which currently prevail over reported data compared to scope 1 and 2 emissions, may result in a less accurate PAI assessment.

The investment manager may use reasonable proxy indicators sourced from third parties to address the current lack of data for certain PAI indicators. The investment manager's use of proxy indicators will be kept under review and will be replaced by PAI data from third-party data providers, when the investment manager determines that sufficiently reliable data has become available.

The investment manager generally conducts the PAI assessment at the issuer level. However, where appropriate the assessment may be done at the security level in whole or in part. For instance, in the case of Sustainable Bonds, as defined above, the PAI indicators that are directly related to the sustainability factors targeted by the bond's use of proceeds will be assessed at the security level, through the investment manager's proprietary Sustainable Bond Evaluation Framework. As an example, the fund may invest in a Green Bond issued by a utility company that has a negative assessment of the PAI indicators related to GHG emissions and/or GHG intensity, as long as the investment manager evaluates that the issuer has a credible strategy to reduce its GHG emissions, and that the Green Bond specifically contributes towards such goal. Other PAI indicators that are unrelated to the Sustainable Bond's use of proceeds are still assessed at the issuer level. The fund's PAI assessment is supported, on a qualitative and non-binding basis, by the investment manager's engagement with selected issuers on their corporate governance practices, as well as on other material sustainability issues, in line with the investment manager's Fixed Income Engagement Strategy, available on www.morganstanley.com/im.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The fund's sustainable investments exclude issuers which have experienced significant controversies that are deemed to violate the UN Global Compact, the UN Guiding Principles on Business and Human Rights, or the ILO Fundamental Principles, and issuers with significant controversies related to violations of the OECD Guidelines for Multinational Enterprises. This screening is done using third-party data.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund considers all of the mandatory PAI on sustainability factors which are relevant to the investment for the portion allocated to sustainable investments, as described above in response to the question, "*How have the indicators for adverse impacts on sustainability factors been taken into account?*"

The portion of the fund that is not made of sustainable investments considers the PAI only in part through the fund's exclusionary criteria, as follows:

- The fund excludes issuers which derive a certain percentage of revenue from thermal coal mining and extraction. The fund therefore partly considers the PAI indicator 4: exposure to companies active in the fossil fuel sector.
- The fund excludes issuers which derive any revenue from controversial weapons manufacturing or retail. The fund therefore considers in whole the PAI indicator 14: exposure to controversial weapons.
- The fund excludes sovereign issuers where there is evidence of them having caused significant harm from social violations, which the investment manager defines in relation to the bottom-10% ranked countries on an indicator reflecting the fulfilment of social rights, as further explained in response to the question, "*What investment strategy does this financial product follow?*" The fund therefore considers in part the PAI indicator number 16: investee countries subject to social violations.

The fund will make information available on how it has incorporated the PAIs into the fund in its periodic reports to investors.



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

As part of its investment strategy, the fund aims at reducing exposure to selected business activities which can cause danger to human health and wellbeing or the environment; to sovereign issuers that severely violate social rights; and to securitisations that violate responsible business or lending practices, through exclusionary screening.

The fund will make sustainable investments in Sustainable Bonds making a positive environmental or social contribution through their use of proceeds, bonds from corporate issuers whose business practices, products or solutions, make a net positive contribution towards the SDGs, or bonds from sovereign issuers with an ESG rank of 4 or 5,in a 1-5 range where 5 is best, based on the investment manager's proprietary ESG scoring methodology.

Binding criteria	
The fund will not invest in corporate issuers which:	**<u>Derive any revenue from any of the following activities:</u>** • Controversial weapons manufacturing or retail (including anti-personnel landmines, cluster munitions, biological or chemical weapons, and nuclear weapons); • Civilian firearms manufacturing or retail; • Tobacco manufacturing; or **<u>Derive more than 5% revenue from any of the following activities:</u>** • Thermal coal mining and extraction. The fund may, as an exception to this exclusion, invest in Sustainable Bonds which are intended to raise proceeds specifically for projects that promote positive environmental contributions mitigating the adverse sustainability impact of coal, such as alternative minerals, based on information available in the bond issuance documentation.
The fund will not invest in sovereign issuers which:	Are in the bottom-10% ranked countries for social violations, based on the investment manager's custom indicator. The social violations custom indicator is calculated by the investment manager taking into consideration a country's performance on issues including, but not limited to, the application of human rights and civil liberties, the quality of contract enforcement and security, freedom of expression, association and free media, as assessed by underlying data from third parties. In addition, any investments in sovereign issuers exhibiting positive momentum with respect to such violations, shall not be subject to the purchase restriction. For example, if a country is in the process of making significant remediation efforts, such as through electoral or policy reforms and engagement with civil society, with regard to any social violations, the investment manager may not exclude the investment from the fund, provided this is kept under review by the investment manager.

The fund will not invest in securitisations in which:	• The underlying loans show evidence of predatory lending, as determined by the applicable usury laws, and in the context of market rates and borrower's risk profile;* • The lender or servicer of the underlying assets has committed a severe breach of consumer protection standards: ◦ as established by the Consumer Financial Protection Bureau (CFPB) in the United States; or ◦ as established by any relevant regulatory and supervisory agency in the jurisdiction where the securitisation's originator and/or collateral are located; ◦ if the breach relates to the securitisation's underlying collateral, underwriting and servicing practices, unless there is evidence of the breach having been or being remediated;** or • The originator, lender or servicers has been involved in controversy cases related to business ethics and fraud that the investment manager views as significant based on data by relevant ESG data providers, and where the investment manager considers appropriate remedial action has not been taken. * A loan is considered a predatory loan if: • Interest rates do not comply with U.S. usury laws or the equivalent in other jurisdictions; or • Interest rates being offered exceed a limit for which the investment manager deems to be exceedingly higher than the industry standard. The investment manager may choose to proceed with an investment where interest rates where interest rates surpass this level if following enhanced due diligence (including through direct engagement with the lending team and/or servicing department on the securitisation deal), the investment manager determines that access to the loan is still beneficial to the borrower when taking into consideration its risk profile and alternative borrowing options. The interest rate levels which are considered industry standard are subject to periodic review by the investment manager, based on the prevailing market conditions and prevailing rates across the industry at the time. ** This exclusion criterion does not apply to lenders or servicers of U.S. government sponsored mortgage-backed securities, as their compliance of such securitisations with local regulatory standards is already monitored by the U.S. government on an ongoing basis. Such investments will be considered to fall within "#1 Aligned with E/S characteristics", in response to the question, "What is the asset allocation planned for this financial product?" For the avoidance of doubt, the exclusions to securitisations above do not apply to the fund's investments in Collateralised Loan Obligations (CLOs) and instead the following exclusions apply whereby the fund will not invest in CLOs in which: • The CLO manager has been involved in controversy cases that the investment manager views as significant based on data by relevant ESG data providers, where the investment manager considers appropriate remedial action has not been taken. The fund will also avoid CLO investments where the CLO manager is deemed to lack sufficient processes to evaluate the underlying collateral for significant environmental and/or social controversies, based on the investment manager's internal research, and where the investment manager considers appropriate remedial action has not been taken. • The underlying collateral shows evidence of environmental and/or social controversy cases that the investment manager views as significant based on data by relevant ESG data providers, and where the investment manager considers appropriate remedial action has not been taken.
Sustainable investments	The fund will maintain a minimum of 10%[4] of sustainable investments, which meet the criteria as set out in response to the question, *"What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?"*

[4] Until 27 September 2026, the fund will commit to invest at least 20% of its assets in sustainable investments.

The Investment Manager may decide to implement additional restrictions to the fund, and such new restrictions will be disclosed in the fund's SFDR Website Disclosure.

In addition to the ESG considerations described in this summary on a binding basis, the fund integrates ESG considerations in the investment decision-making process to support its environmental and social characteristics on a non-binding basis, based on the investment manager's in-house research and methodologies and on third-party data. For example, the investment manager aims to monitor business practices on an ongoing basis, through data on ESG controversies and standards screening that the investment manager sources from third party providers. The investment manager may consider controversy cases that it views as being significant based on ratings by relevant ESG data providers, and failures to comply with the UN Global Compact or the ILO Fundamental Principles, although such incidents will not automatically result in exclusion from the portfolio. In some cases, third-party data on specific issuers, ESG themes or the exclusions noted above may not be available and/or may be estimated by the investment manager using internal methodologies or reasonable estimates. The methodologies used by different data providers may also vary.

The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager. The investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with the investment team to conduct regular portfolio/performance reviews and systemic checks to ensure compliance with portfolio investment objectives and environmental and social characteristics, taking into account changing market conditions, information and strategy developments.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the investment strategy are described in the table above.

The criteria are implemented and monitored by the investment manager using a combination of third-party data and in-house research.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

- ***What is the policy to assess good governance practices of the investee companies?***

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

As part of its bottom-up, fundamental research process, the investment manager systematically incorporates the assessment of an issuer's corporate governance and business practices, including but not limited to evidence of sound management structures and employee relations, fair remuneration of staff, and tax compliance, in order to ensure that every investee company follows good governance practices.

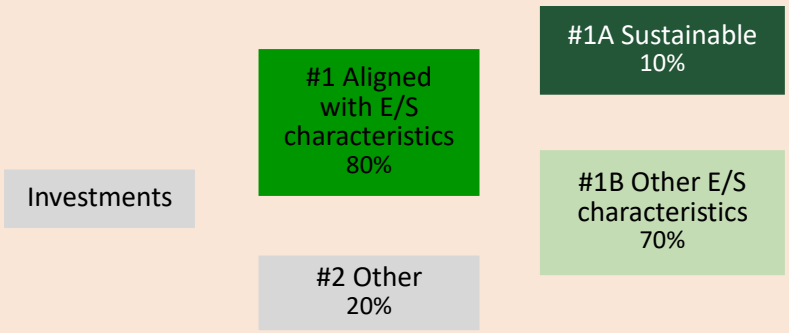
This is done through the monitoring of data on governance-related, as well as on other environmental and/or social factors and controversies, sourced from third party providers, through in-house research, and through engagement with the management of selected issuers on corporate governance and disclosure issues.

In the interests of transparency, given the fund also invests in sovereign bonds, the investment manager notes that it also assesses investee sovereign issuers' government effectiveness, political stability, control of corruption, and regulatory quality, among other factors.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned** with E/S characteristics covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The exclusions (as described above) will be applied to at least 80% of the portfolio, however the fund also expects to allocate a minimum of 10%[5] of its assets to sustainable investments. Among these sustainable investments, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time.

A maximum of 20% of the fund's assets may be invested in hedging instruments for efficient portfolio management and in cash as ancillary liquidity , which do not align with any environmental or social characteristics.

As explained above, any investments that are held by the fund but become restricted because they breach the investment exclusions set out above, after they are acquired for the fund, will be sold. Such sales will take place over a period of time to be determined by the investment manager, taking into account the best interests of the shareholders of the fund. Such investments are included in the "#2 Other" category.

These percentages are measured according to the value of the investments.

[5] Until 27 September 2026, the fund will commit to invest at least 20% of its assets in sustainable investments.

● ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

● ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?*[6]**

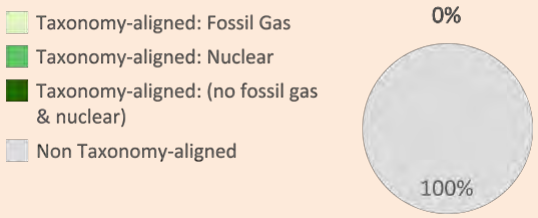
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

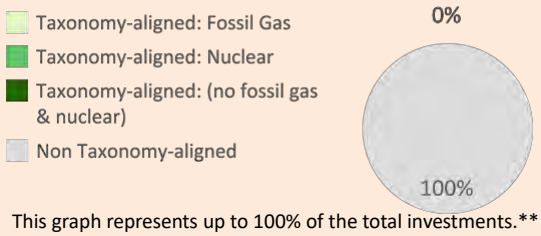
☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*

1. Taxonomy-alignment of investments including sovereign bonds*



2. Taxonomy-alignment of investments excluding sovereign bonds*



This graph represents up to 100% of the total investments.**

** For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

***The proportion of total investments shown in this graph is purely indicative and may vary over time. As the fund does not commit to making sustainable investments aligned with the EU Taxonomy, the proportion of any sovereign exposure in the fund's portfolio will not impact the proportion of sustainable investments aligned with the EU Taxonomy included in the graph.*

[6] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

- ***What is the minimum share of investments in transitional and enabling activities?***

Although the fund commits to invest in sustainable investments within the meaning of SFDR, there is no commitment to a minimum share of investments in transitional and enabling activities.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund intends to make a minimum of 10%[7] sustainable investments, as defined under SFDR, with a combination of environmental and social objectives, as described above. Among these, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time. These sustainable investments will represent at least 10%[8] of the portfolio holdings on an aggregated basis.

Although some of these sustainable investments may be EU Taxonomy aligned, due to lack of available data regarding the EU Taxonomy alignment of the underlying securities, the investment manager has not been able to confirm whether these investments are in fact EU Taxonomy aligned and accordingly will not consider them as such in calculations until this data is reported on or otherwise becomes more reliable. As such, the investment manager uses its own methodology to determine whether certain investments are sustainable in accordance with the SFDR sustainable investment test, and then invests in such assets for the fund.

What is the minimum share of socially sustainable investments?

As explained above, the fund may make sustainable investments which contribute to either environmental or social objectives. Among these, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time. These sustainable investments will represent at least 10%[9] of the portfolio holdings on an aggregated basis.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The fund may have investments in hedging instruments for efficient portfolio management and in cash as ancillary liquidity. These instruments are included in the "#2 Other" category and are not subject to environmental and/or social screening or any minimum environmental or social safeguards.

Is a specific index designated as a reference benchmark to determine whether this financial aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.

Where can I find more product specific information online?

More product-specific information can be found on the website:
https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_globalfixedincomeopportunities_en.pdf

[7] Until 27 September 2026, the fund will commit to invest at least 20% of its assets in sustainable investments.
[8] Until 27 September 2026, the fund will commit to invest at least 20% of its assets in sustainable investments.
[9] Until 27 September 2026, the fund will commit to invest at least 20% of its assets in sustainable investments.

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
Global High Yield Bond Fund	549300IGC07J6G0N2H29

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 5% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☒ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

The fund promotes the environmental characteristic of climate change mitigation by excluding investments in certain types of fossil fuels. In addition, the fund promotes the social characteristic of avoiding investments in certain activities which can cause harm to human health and wellbeing.

Further detail on the nature of these exclusions is set out below (in response to the question, "*What investment strategy does this financial product follow?*").

The fund also aims to make a minimum of 5% sustainable investments in:

- Corporate issuers whose business practices, products or solutions, make a net positive contribution towards United Nations' Sustainable Development Goals ("SDGs"); or
- Sustainable Bonds, as defined further below, which make a positive environmental or social contribution through their use of proceeds, as explained in response to the question below, *"What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?".*

The fund has not designated a reference benchmark for the purpose of attaining its environmental or social characteristics.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The following sustainability indicators are used to measure the attainment of the fund's environmental and social characteristics:

- The fund's exposure, in percentage market value, to issuers that violate any of the exclusion criteria;
- The fund's percentage market value allocated to sustainable investments.

Additional details on the fund's exclusions criteria are provided below in response to the question, *"What investment strategy does this financial product follow?".*

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

The fund's sustainable investments will fall within one of the following categories:

- Green, Social or Sustainability Bonds ("Sustainable Bonds"), where the issuer commits to allocate the proceeds to projects making a positive environmental or social contribution. This includes, but is not limited to, bonds that align with the International Capital Market Association (ICMA)'s Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines. Sustainable Bonds mobilise financing directly towards a multiplicity of environmental and social projects whose focus spans across a number of sustainability objectives. Examples include, but are not limited to, financing for renewable energy, energy efficiency, clean transportation, affordable housing, and financial inclusion projects. The specific objectives to which the Sustainable Bonds contribute depend on the eligible environmental and social project categories of each security.
- Bonds from corporate issuers whose business practices, products or solutions, make a net positive contribution towards the SDGs. The SDGs were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet and ensure that by 2030 all people enjoy peace and prosperity. The investment manager defines positive contribution to the SDGs as a net positive aggregate alignment score across all the SDGs (i.e., scores measuring positive contribution to individual SDGs have to, in total, be greater than the total of any negative contribution scores), based on third-party data. The investment manager will also only include issuers which have sufficient positive SDG alignment (in the investment manager's view) with at least one individual SDG, and which do not have any material mis-alignments (in the investment manager's view) on any of the SDGs.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

The investment manager seeks to ensure that the sustainable investments of the fund do not cause significant harm to relevant environmental or social sustainable investment objectives by:

- Testing whether the investment meets the thresholds set by the investment manager for each of the mandatory principal adverse impact ("PAI") indicators (see the response to the question, "*How have the indicators for adverse impacts on sustainability factors been taken into account?*" below for the details of this process); and
- Ensuring that the sustainable investments of the fund are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (see the response to the question, "H*ow are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*" below for the details of this process).

This assessment is conducted using third-party data on the sustainability characteristics of the fund's holdings.

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

The "do no significant harm" methodology applied by the investment manager on sustainable investments seeks to screen investments to identify any significant harm to any of the PAI indicators which are mandatory for the investment manager to consider under the SFDR rules, and which are relevant to the investment.

The investment manager has determined specific metrics and quantitative thresholds for what constitutes significant harm to screen PAI indicators that are relevant to the investment, using third-party data. The thresholds are set: (i) on an absolute value basis; (ii) on a relative basis in the context of the investment universe; or (iii) using pass/fail scores. Different metrics or thresholds may apply to issuers located in developed markets and in emerging markets, respectively. This is intended to reflect the different extent to which the investment manager deems that meeting minimum sustainability standards in these markets is currently achievable . In addition, different relative thresholds may apply to similar indicators: for example, the investment manager currently applies a lower threshold to determine significant adverse impact with respect to scope 3 emissions intensity as compared to scope 1 and 2 emissions intensity. This is because: (i) companies have less control over their indirect emissions; and (ii) data estimates for scope 3 emissions, which currently prevail over reported data compared to scope 1 and 2 emissions, may result in a less accurate PAI assessment.

The investment manager may use reasonable proxy indicators sourced from third parties to address the current lack of data for certain PAI indicators. The investment manager's use of proxy indicators will be kept under review, and will be replaced by PAI data from third-party data providers when the investment manager determines that sufficiently reliable data has become available.

The investment manager generally conducts the PAI assessment at the issuer level. However, where appropriate the assessment may be done at the security level in whole or in part. For instance, in the case of Sustainable Bonds, as defined above, the PAI indicators that are directly related to the sustainability factors targeted by the bond's use of proceeds will be assessed at the security level. As an example, the fund may invest in a Green Bond issued by a utility company that has a negative assessment under the PAI indicators related to GHG emissions and/or GHG intensity, as long as the investment manager evaluates that the issuer has a credible strategy to reduce its GHG emissions and the Green Bond specifically contributes towards such goal. Other PAI indicators that are unrelated to the Sustainable Bond's use of proceeds are assessed at the issuer level.

The fund's PAI assessment is supported, on a qualitative and non-binding basis, by the investment manager's engagement with selected issuers on their corporate governance practices, as well as on other material sustainability issues, in line with the investment manager's Fixed Income Engagement Strategy, available on www.morganstanley.com/im.

— *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The fund's sustainable investments exclude issuers which have experienced significant controversies that are deemed to violate the UN Global Compact, the UN Guiding Principles on Business and Human Rights, or the ILO Fundamental Principles, and issuers with significant controversies related to violations of the OECD Guidelines for Multinational Enterprises. This screening is done using third-party data.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund considers all of the mandatory PAI on sustainability factors which are relevant to the investment for the portion allocated to sustainable investments, as described above in response to the question, "*How have the indicators for adverse impacts on sustainability factors been taken into account?*"

The portion of the fund that is not made of sustainable investments considers the PAI only in part through the fund's exclusionary criteria, as follows:

- The fund excludes issuers which derive a certain percentage of revenue from thermal coal mining and extraction. The fund therefore partly considers the PAI indicator 4: exposure to companies active in the fossil fuel sector.
- The fund excludes issuers which derive any revenue from controversial weapons manufacturing or retail. The fund therefore considers in whole the PAI indicator 14: exposure to controversial weapons.

The fund will make information available on how it has incorporated the PAIs into the fund in its periodic reports to investors.



What investment strategy does this financial product follow?

As part of its investment strategy, the fund aims at reducing exposure to selected business activities which can cause danger to human health and wellbeing or the environment, through exclusionary screening. The fund will also make sustainable investments in Sustainable Bonds making a positive environmental or social contribution through their use of proceeds, or bonds from corporate issuers whose business practices, products or solutions, make a net positive contribution towards the SDGs.

Binding criteria	
The fund will not invest in corporate issuers which:	Derive any revenue from any of the following activities: • Controversial weapons manufacturing or retail (including anti-personnel landmines, cluster munitions, biological or chemical weapons, and nuclear weapons); • Civilian firearms manufacturing or retail; • Tobacco manufacturing; or Derive more than 5% revenue from any of the following activities: • Thermal coal mining and extraction. The fund may, as an exception to this exclusion, invest in Sustainable Bonds which are intended to raise proceeds specifically for projects that promote positive environmental contributions mitigating the adverse sustainability impact of coal, such as alternative minerals, based on information available in the bond issuance documentation.
Sustainable investments	The fund will maintain a minimum of 5% of sustainable investments, which meet the criteria as set out in response to the question, "What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?"

The investment manager may decide to implement additional restrictions to the fund, and such new restrictions will be disclosed in the fund's SFDR Website Disclosure.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

In addition to the ESG considerations described in this summary on a binding basis, the fund integrates ESG considerations in the investment decision-making process to support its environmental and social characteristics on a non-binding basis, based on the investment manager's in-house research and methodologies and on third-party data. For example, the investment manager aims to monitor business practices on an ongoing basis, through data on ESG controversies and standards screening that the investment manager sources from third party providers. The investment manager may consider controversy cases that it views as being significant based on ratings by relevant ESG data providers, and failures to comply with the UN Global Compact or the ILO Fundamental Principles, although such incidents will not automatically result in exclusion from the portfolio. In some cases, third-party data on specific issuers, ESG themes or the exclusions noted above may not be available and/or may be estimated by the investment manager using internal methodologies or reasonable estimates. The methodologies used by different data providers may also vary.

The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager. The investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with the investment team to conduct regular portfolio/performance reviews and systemic checks to ensure compliance with portfolio investment objectives and environmental and social characteristics, taking into account changing market conditions, information and strategy developments.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the investment strategy are described in the table above.

The criteria are implemented and monitored by the investment manager using a combination of third-party data and in-house research.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

- ***What is the policy to assess good governance practices of the investee companies?***

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

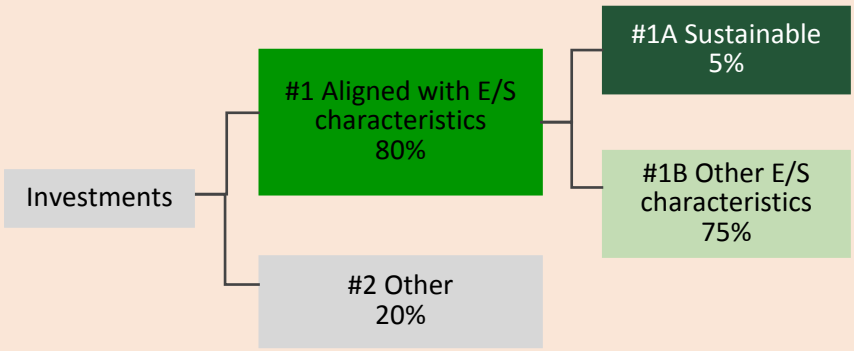
As part of its bottom-up, fundamental research process, the investment manager systematically incorporates the assessment of an issuer's corporate governance and business practices, including but not limited to evidence of sound management structures and employee relations, fair remuneration of staff, and tax compliance, in order to ensure that every investee company follows good governance practices.

This is done through the monitoring of data on governance-related, as well as on other environmental and/or social factors and controversies, sourced from third party providers, through in-house research, and through engagement with the management of selected issuers on corporate governance and disclosure issues.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned** with E/S characteristics covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The exclusions (as described above) will be applied to at least 80% of the portfolio, however the fund also expects to allocate a minimum of 5% of its assets to sustainable investments. Among these sustainable investments, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time.

A maximum of 20% of the fund may be invested in hedging instruments for efficient portfolio management and in cash as ancillary liquidity, which do not align with any environmental or social characteristics, as described in the response to question, "*What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards*" further below.

Any investments that are held by the fund but become restricted because they breach the investment exclusions set out above, after they are acquired for the fund, will be sold. Such sales will take place over a period of time to be determined by the investment manager, taking into account the best interests of the shareholders of the fund. Such investments are included in the "#2 Other" category.

These percentages are measured according to the market value of the investments.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Derivatives may be used by the fund for investment or efficient portfolio management (including hedging) purposes only. These instruments are not used to attain the environmental or social characteristics of the fund.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

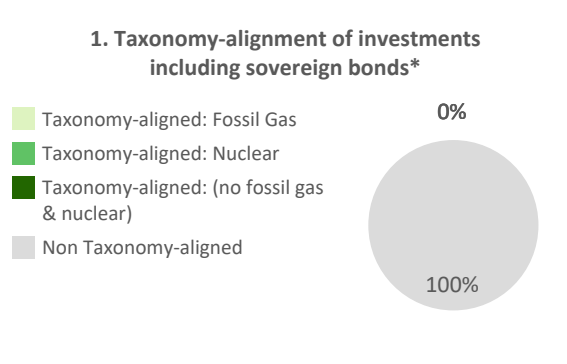
- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?[1]***

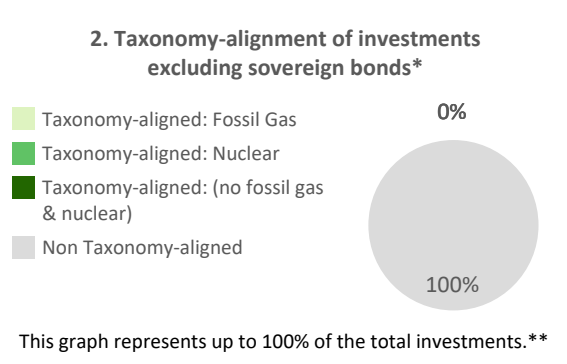
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





This graph represents up to 100% of the total investments.**

** For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

***The proportion of total investments shown in this graph is purely indicative and may vary over time. As the fund does not commit to making sustainable investments aligned with the EU Taxonomy, the proportion of any sovereign exposure in the fund's portfolio will not impact the proportion of sustainable investments aligned with the EU Taxonomy included in the graph.*

- ***What is the minimum share of investments in transitional and enabling activities?***

Although the fund commits to invest in sustainable investments within the meaning of the SFDR, there is no commitment to a minimum share of investments in transitional and enabling activities.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund intends to make a minimum of 5% sustainable investments, as defined under the SFDR, with a combination of environmental and social objectives, as described above. Among these, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time. These sustainable investments will represent at least 5% of the portfolio holdings on an aggregated basis.

Although some of these sustainable investments may be Taxonomy aligned, due to lack of available data regarding the Taxonomy alignment of the underlying securities, the investment manager has not been able to

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

confirm whether these investments are in fact Taxonomy aligned and accordingly will not consider them as such in calculations until this data is reported on or otherwise becomes more reliable. As such, the investment manager uses its own methodology to determine whether certain investments are sustainable in accordance with the SFDR sustainable investment test, and then invests in such assets for the fund.



What is the minimum share of socially sustainable investments?

As explained above, the fund may make sustainable investments which contribute to either environmental or social objectives. Among these, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time. These sustainable investments will represent at least 5% of the portfolio holdings on an aggregated basis.



What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The fund may have investments in hedging instruments for efficient portfolio management and in cash as ancillary liquidity. These instruments are included in the "#2 Other" category and are not subject to environmental and/or social screening or any minimum environmental or social safeguards.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.



Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_globalhighyieldbond_aggregated_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
Short Maturity Euro Bond Fund	IQZY8EWFJYACW1750M88

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 30% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☒ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

The fund promotes the environmental characteristic of climate change mitigation by excluding investments in certain types of fossil fuels. In addition, the fund promotes the social characteristic of avoiding investments in activities which can cause harm to human health and wellbeing, in sovereign issuers that significantly violate social rights, and securitisations that violate responsible business or lending practices.

Further detail on the nature of these exclusions is set out below (in response to the question, "*What investment strategy does this financial product follow?*").

The fund also aims to make a minimum of 30% sustainable investments in:

- Corporate issuers whose business practices, products or solutions, make a net positive contribution towards United Nations' Sustainable Development Goals ("**SDGs**");
- Sovereign issuers with ESG scores in the top-2 ranks according to the investment manager's proprietary scoring methodology, associated with positive environmental or social attributes; or
- Sustainable Bonds, as defined further below, from any type of issuer, which make a positive environmental or social contribution through their use of proceeds, as explained in response to the question below, "*What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?*"

The fund has not designated a reference benchmark for the purpose of attaining its environmental or social characteristics.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The following sustainability indicators are used to measure the attainment of the fund's environmental and social characteristics:

- The fund's exposure, in percentage market value, to issuers that violate any of the exclusion criteria;
- The fund's percentage market value allocated to sustainable investments.

Additional details on the fund's exclusions criteria are provided below in response to the question, "*What investment strategy does this financial product follow?*"

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

The fund's sustainable investments will fall within one of the following categories:

- Green, Social or Sustainability Bonds ("Sustainable Bonds"), where the issuer commits to allocate the proceeds to projects making a positive environmental or social contribution. This includes, but is not limited to, bonds that align with the International Capital Market Association (ICMA)'s Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines. Sustainable Bonds mobilise financing directly towards a multiplicity of environmental and social projects whose focus spans across a number of sustainability objectives. Examples include, but are not limited to, financing for renewable energy, energy efficiency, clean transportation, affordable housing, and financial inclusion projects. The specific objectives to which the Sustainable Bonds contribute depend on the eligible environmental and social project categories of each security.
- Bonds from corporate issuers whose business practices, products or solutions, make a net positive contribution towards the SDGs. The SDGs were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet and ensure that by 2030 all people enjoy peace and prosperity. The investment manager defines positive contribution to the SDGs as a net positive aggregate alignment score across all the SDGs (i.e., scores measuring positive contribution to individual SDGs have to, in total, be greater than the total of any negative contribution scores), based on third-party data. The investment manager will also only include issuers which have sufficient positive SDG alignment (in the investment manager's view) with at least one individual SDG, and which do not have any material mis-alignments (in the investment manager's view) on any of the SDGs.

- Bonds from sovereign issuers with an ESG rank of 4 or 5, in a 1-5 range where 5 is best, based on the investment manager's proprietary ESG scoring methodology. Ranks of 4 and 5 reflect a country's positive contribution towards environmental and social themes such as decarbonisation, forestry conservation, promotion of education, health and wellbeing, and good living standards. The investment manager will, however, not treat the investment as sustainable if the sovereign issuer ranked 4 or 5 has experienced recent negative momentum as assessed through in-house research, which is not captured by ESG data providers. For example, this may include circumstances where a country is facing significant political and/or social instability.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

The investment manager seeks to ensure that the sustainable investments of the fund do not cause significant harm to relevant environmental or social sustainable investment objectives by:

- Testing whether the investment meets the thresholds set by the investment manager for each of the mandatory principal adverse impact ("PAI") indicators (see the response to the question, "*How have the indicators for adverse impacts on sustainability factors been taken into account?*" below for the details of this process); and
- Ensuring that the sustainable investments of the fund are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, where relevant (see the response to the question, "*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*" below for the details of this process). For sovereign sustainable investments, the investment manager tests against certain sanctions regimes, to ensure countries do not cause significant harm to environmental or social objectives.

This assessment is conducted using third-party data on the sustainability characteristics of the fund's holdings.

How have the indicators for adverse impacts on sustainability factors been taken into account?

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

The "do no significant harm" methodology applied by the investment manager on sustainable investments seeks to screen investments to identify any significant harm to any of the PAI indicators which are mandatory for the investment manager to consider under the SFDR rules, and which are relevant to the investment.

The investment manager has determined specific metrics and quantitative thresholds for what constitutes significant harm to screen PAI indicators that are relevant to the investment, using third-party data. The thresholds are set: (i) on an absolute value basis; (ii) on a relative basis in the context of the investment universe; or (iii) using pass/fail scores. Different metrics or thresholds may apply to issuers located in developed markets and in emerging markets, respectively. This is intended to reflect the different extent to which the investment manager deems that meeting minimum sustainability standards in these markets is currently achievable. In addition, different relative thresholds may apply to similar indicators: for example, the investment manager currently applies a lower threshold to determine significant adverse impact with respect to scope 3 emissions intensity as compared to scope 1 and 2 emissions intensity. This is because: (i) companies have less control over their indirect emissions; and (ii) data estimates for scope 3 emissions, which currently prevail over reported data compared to scope 1 and 2 emissions, may result in a less accurate PAI assessment.

The investment manager may use reasonable proxy indicators sourced from third parties to address the current lack of data for certain PAI indicators. The investment manager's use of proxy indicators will be kept under review and will be replaced by PAI data from third-party data providers, when the investment manager determines that sufficiently reliable data has become available.

The investment manager generally conducts the PAI assessment at the issuer level. However, where appropriate the assessment may be done at the security level in whole or in part. For instance, in the case of Sustainable Bonds, as defined above, the PAI indicators that are directly related to the sustainability factors targeted by the bond's use of proceeds will be assessed at the security level, through the investment manager's proprietary Sustainable Bond Evaluation Framework. As an example, the fund may invest in a Green Bond issued by a utility company that has a negative assessment of the PAI indicators related to GHG emissions and/or GHG intensity, as long as the investment manager evaluates that the issuer has a credible strategy to reduce its GHG emissions, and that the Green Bond specifically contributes towards such goal. Other PAI indicators that are unrelated to the Sustainable Bond's use of proceeds are still assessed at the issuer level.

The fund's PAI assessment is supported, on a qualitative and non-binding basis, by the investment manager's engagement with selected issuers on their corporate governance practices, as well as on other material sustainability issues, in line with the investment manager's Fixed Income Engagement Strategy, available on www.morganstanley.com/im.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The fund's sustainable investments exclude issuers which have experienced significant controversies that are deemed to violate the UN Global Compact, the UN Guiding Principles on Business and Human Rights, or the ILO Fundamental Principles, and issuers with significant controversies related to violations of the OECD Guidelines for Multinational Enterprises. This screening is done using third-party data.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund considers all of the mandatory PAI on sustainability factors which are relevant to the investment for the portion allocated to sustainable investments, as described above in response to the question, "*How have the indicators for adverse impacts on sustainability factors been taken into account?*"

The portion of the fund that is not made of sustainable investments considers the PAI only in part through the fund's exclusionary criteria, as follows:

- The fund excludes issuers which derive a certain percentage of revenue from thermal coal mining and extraction, or a portion of revenue from coal-fired power generation. The fund therefore partly considers the PAI indicator 4: exposure to companies active in the fossil fuel sector.
- The fund excludes issuers which have committed violations of the UN Global Compact, the UN Guiding Principles on Business and Human Rights, or the ILO Fundamental Principles, or which have experienced significant controversies relating to violations of the OECD Guidelines for Multinational Enterprises. The fund therefore considers the PAI indicator number 10: violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises.
- The fund excludes issuers which derive any revenue from controversial weapons manufacturing or retail. The fund therefore considers in whole the PAI indicator 14: exposure to controversial weapons.
- The fund excludes sovereign issuers where there is evidence of them having caused significant harm from social violations, which the investment manager defines in relation to the bottom-10% ranked countries on an indicator reflecting the fulfilment of social rights, as further explained in response to the question, "*What investment strategy does this financial product follow?*" The fund therefore considers in part the PAI indicator number 16: investee countries subject to social violations.

The fund will make information available on how it has incorporated the PAIs into the fund in its periodic reports to investors.



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

As part of its investment strategy, the fund aims at reducing exposure to selected business activities which can cause danger to human health and wellbeing or the environment; to sovereign issuers that severely violate social rights; and to securitisations that violate responsible business or lending practices, through exclusionary screening.

The fund will make sustainable investments in Sustainable Bonds making a positive environmental or social contribution through their use of proceeds, bonds from corporate issuers whose business practices, products or solutions, make a net positive contribution towards the SDGs, or bonds from sovereign issuers with an ESG rank of 4 or 5,in a 1-5 range where 5 is best, based on the investment manager's proprietary ESG scoring methodology.

Binding criteria	
The fund will not invest in corporate issuers which:	**<u>Derive any revenue from any of the following activities:</u>** • Controversial weapons manufacturing or retail (including anti-personnel landmines, cluster munitions, biological or chemical weapons, and nuclear weapons); • Civilian firearms manufacturing or retail; • Tobacco manufacturing; or **<u>Derive more than 5% revenue from any of the following activities:</u>** • Thermal coal mining and extraction;* **<u>Derive more than 10% revenue from any of the following activities:</u>** • Military or conventional weapons, or weapons systems manufacturing or retail; • Gambling; **<u>Derive more than 20% revenue from any of the following activities:</u>** • Coal-fired power generation;* or **<u>Violate any of the following global norms:</u>** • UN Global Compact, UN Guiding Principles on Business and Human Rights, ILO fundamental Principles, or OECD Guidelines for Multinational Enterprises, without evidence of material remediation and improvement. *The fund may, as an exception to the exclusions related to fossil fuels listed above, invest in Sustainable Bonds which are intended to raise proceeds specifically for projects that promote positive environmental contributions mitigating the adverse sustainability impact of those fossil fuels, such as renewable energy or energy efficiency, based on information available in the bond issuance documentation.
The fund will not invest in sovereign issuers which:	Are in the bottom-10% ranked countries for social violations, based on the investment manager's custom indicator. The social violations custom indicator is calculated by the investment manager taking into consideration a country's performance on issues including, but not limited to, the application of human rights and civil liberties, the quality of contract enforcement and security, freedom of expression, association and free media, as assessed by underlying data from third parties. In addition, any investments in sovereign issuers exhibiting positive momentum with respect to such violations, shall not be subject to the purchase restriction. For example, if a country is in the process of making significant remediation efforts, such as through electoral or policy reforms and engagement with civil society, with regard to any social violations, the investment manager may not exclude the investment from the fund, provided this is kept under review by the investment manager.

The fund will not invest in securitisations in which:	• The underlying loans show evidence of predatory lending, as determined by the applicable usury laws, and in the context of market rates and borrower's risk profile;* • The lender or servicer of the underlying assets has committed a severe breach of consumer protection standards: ◦ as established by the Consumer Financial Protection Bureau (CFPB) in the United States; or ◦ as established by any relevant regulatory and supervisory agency in the jurisdiction where the securitisation's originator and/or collateral are located; ◦ if the breach relates to the securitisation's underlying collateral, underwriting and servicing practices, unless there is evidence of the breach having been or being remediated;** or • The originator, lender or servicers has been involved in controversy cases related to business ethics and fraud that the investment manager views as significant based on data by relevant ESG data providers, and where the investment manager considers appropriate remedial action has not been taken. * A loan is considered a predatory loan if: • Interest rates do not comply with U.S. usury laws or the equivalent in other jurisdictions; or • Interest rates being offered exceed a limit for which the investment manager deems to be exceedingly higher than the industry standard. The investment manager may choose to proceed with an investment where interest rates where interest rates surpass this level if following enhanced due diligence (including through direct engagement with the lending team and/or servicing department on the securitisation deal), the investment manager determines that access to the loan is still beneficial to the borrower when taking into consideration its risk profile and alternative borrowing options. The interest rate levels which are considered industry standard are subject to periodic review by the investment manager, based on the prevailing market conditions and prevailing rates across the industry at the time. ** This exclusion criterion does not apply to lenders or servicers of U.S. government sponsored mortgage-backed securities, as their compliance of such securitisations with local regulatory standards is already monitored by the U.S. government on an ongoing basis. Such investments will be considered to fall within "#1 Aligned with E/S characteristics", in response to the question, "What is the asset allocation planned for this financial product?" For the avoidance of doubt, the exclusions to securitisations above do not apply to the fund's investments in Collateralised Loan Obligations (CLOs) and instead the following exclusions apply whereby the fund will not invest in CLOs in which: • The CLO manager has been involved in controversy cases that the investment manager views as significant based on data by relevant ESG data providers, where the investment manager considers appropriate remedial action has not been taken. The fund will also avoid CLO investments where the CLO manager is deemed to lack sufficient processes to evaluate the underlying collateral for significant environmental and/or social controversies, based on the investment manager's internal research, and where the investment manager considers appropriate remedial action has not been taken. • The underlying collateral shows evidence of environmental and/or social controversy cases that the investment manager views as significant based on data by relevant ESG data providers, and where the investment manager considers appropriate remedial action has not been taken.
Sustainable investments	The fund will maintain a minimum of 30% of sustainable investments, which meet the criteria as set out in response to the question, *"What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?"*

The investment manager may decide to implement additional restrictions to the fund, and such new restrictions will be disclosed in the fund's SFDR Website Disclosure.

In addition to the ESG considerations described in this summary on a binding basis, the fund integrates ESG considerations in the investment decision-making process to support its environmental and social characteristics on a non-binding basis, based on the investment manager's in-house research and methodologies and on third-party data. In some cases, third-party data on specific issuers, ESG themes or the exclusions noted above may not be available and/or may be estimated by the investment manager using internal methodologies or reasonable estimates. The methodologies used by different data providers may also vary.

The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager. The investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with the investment team to conduct regular portfolio/performance reviews and systemic checks to ensure compliance with portfolio investment objectives and environmental and social characteristics, taking into account changing market conditions, information and strategy developments.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the investment strategy are described in the table above.

The criteria are implemented and monitored by the investment manager using a combination of third-party data and in-house research.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

- ***What is the policy to assess good governance practices of the investee companies?***

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

As part of its bottom-up, fundamental research process, the investment manager systematically incorporates the assessment of an issuer's corporate governance and business practices, including but not limited to evidence of sound management structures and employee relations, fair remuneration of staff, and tax compliance, in order to ensure that every investee company follows good governance practices.

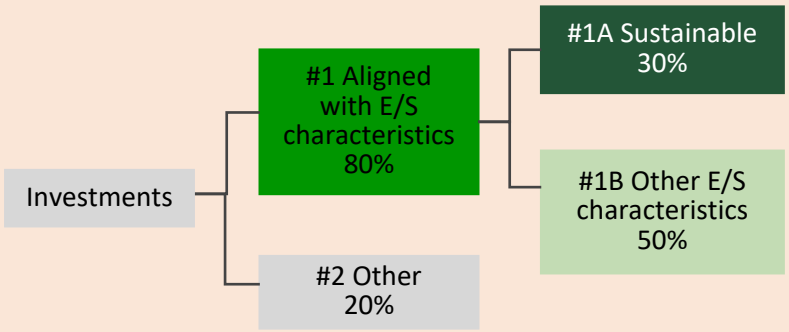
This is done through the monitoring of data on governance-related, as well as on other environmental and/or social factors and controversies, sourced from third party providers, through in-house research, and through engagement with the management of selected issuers on corporate governance and disclosure issues.

In the interests of transparency, given the fund also invests in sovereign bonds, the investment manager notes that it also assesses investee sovereign issuers' government effectiveness, political stability, control of corruption, and regulatory quality, among other factors.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned** with E/S characteristics covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The exclusions (as described above) will be applied to at least 80% of the portfolio, however the fund also expects to allocate a minimum of 30% of its assets to sustainable investments. Among these sustainable investments, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time.

A maximum of 20% of the fund's assets may be invested in hedging instruments for efficient portfolio management and in cash as ancillary liquidity, which do not align with any environmental or social characteristics.

As explained above, any investments that are held by the fund but become restricted because they breach the investment exclusions set out above, after they are acquired for the fund, will be sold. Such sales will take place over a period of time to be determined by the investment manager, taking into account the best interests of the shareholders of the fund. Such investments are included in the "#2 Other" category.

These percentages are measured according to the value of the investments.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

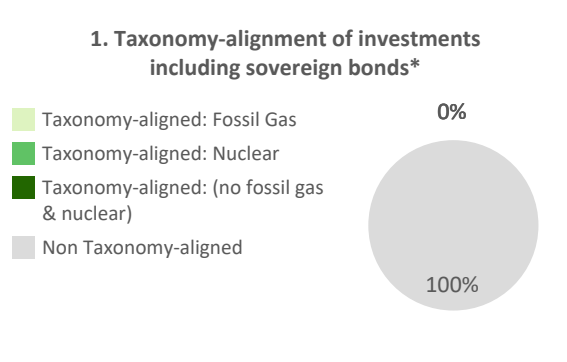
● ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?***[1]

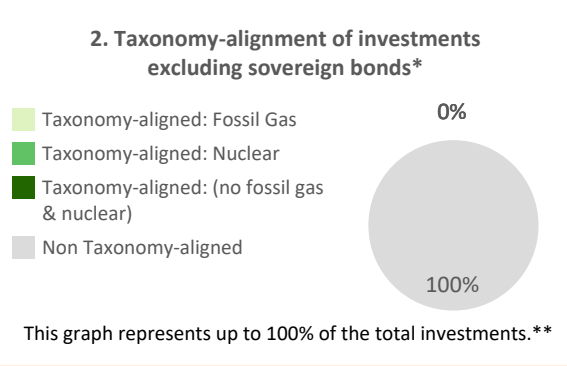
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





This graph represents up to 100% of the total investments.**

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

***The proportion of total investments shown in this graph is purely indicative and may vary over time. As the fund does not commit to making sustainable investments aligned with the EU Taxonomy, the proportion of any sovereign exposure in the fund's portfolio will not impact the proportion of sustainable investments aligned with the EU Taxonomy included in the graph.*

● ***What is the minimum share of investments in transitional and enabling activities?***

Although the fund commits to invest in sustainable investments within the meaning of the SFDR, there is no commitment to a minimum share of investments in transitional and enabling activities.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund intends to make a minimum of 30% sustainable investments with a combination of environmental and social objectives, as described above. Among these, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time. These sustainable investments will represent at least 30% of the portfolio holdings on an aggregated basis.

Although some of these sustainable investments may be EU Taxonomy aligned, due to lack of available data regarding the EU Taxonomy alignment of the underlying securities, the investment manager has not been able to confirm whether these investments are in fact EU Taxonomy aligned and accordingly will not consider them as such in calculations until this data is reported on or otherwise becomes more reliable. As such, the investment manager uses its own methodology to determine whether certain investments are sustainable in accordance with the SFDR sustainable investment test, and then invests in such assets for the fund.

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

What is the minimum share of socially sustainable investments?

As explained above, the fund may make sustainable investments which contribute to either environmental or social objectives. Among these, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time. These sustainable investments will represent at least 30% of the portfolio holdings on an aggregated basis.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The fund may have investments in hedging instruments for efficient portfolio management and in cash as ancillary liquidity. These instruments are included in the "#2 Other" category and are not subject to environmental and/or social screening or any minimum environmental or social safeguards.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.

Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_eurobond_aggregated_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
Strategic Income Fund	254900FL4VH52ZXWXT97

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

The fund promotes the environmental characteristic of climate change mitigation by excluding investments in certain types of fossil fuels. In addition, the fund promotes the social characteristic of avoiding investments in activities which can cause harm to human health and wellbeing, in sovereign issuers that significantly violate social rights, and securitisations that violate responsible business or lending practices.

Further detail on the nature of these exclusions is set out below (in response to the question, "*What investment strategy does this financial product follow?*").

The fund has not designated a reference benchmark for the purpose of attaining its environmental or social characteristics.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The sustainability indicator used to measure the attainment of the fund's environmental and social characteristics is the fund's exposure, in percentage market value, to issuers that violate any of the exclusion criteria.

Additional details on the fund's exclusions criteria are provided below in response to the question, "*What investment strategy does this financial product follow?*"

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

Not applicable

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

Not applicable

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Not applicable

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

— *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Not applicable

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund considers the PAIs only in part through the fund's exclusionary criteria, as follows:

- The fund excludes issuers which derive a certain percentage of revenue from thermal coal mining and extraction. The fund therefore partly considers the PAI indicator 4: exposure to companies active in the fossil fuel sector.
- The fund excludes issuers which derive any revenue from controversial weapons manufacturing or retail. The fund therefore considers in whole the PAI indicator 14: exposure to controversial weapons.
- The fund excludes sovereign issuers where there is evidence of them having caused significant harm from social violations, which the investment manager defines in relation to the bottom-10% ranked countries on an indicator reflecting the fulfilment of social rights, as further explained in response to the question, "*What investment strategy does this financial product follow?*" The fund therefore considers in part the PAI indicator number 16: investee countries subject to social violations.

The fund will make information available on how it has incorporated the PAIs into the fund in its periodic reports to investors.



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

As part of its investment strategy, the fund aims at reducing exposure to selected business activities which can cause danger to human health and wellbeing or the environment; to sovereign issuers that severely violate social rights; and to securitisations that violate responsible business or lending practices, through exclusionary screening.

Binding criteria	
The fund will not invest in corporate issuers which:	**Derive any revenue from any of the following activities:** • Controversial weapons manufacturing or retail (including anti-personnel landmines, cluster munitions, biological or chemical weapons, and nuclear weapons); • Civilian firearms manufacturing or retail; • Tobacco manufacturing; or **Derive more than 5% revenue from any of the following activities:** • Thermal coal mining and extraction. The fund may, as an exception to this exclusion, invest in Sustainable Bonds which are intended to raise proceeds specifically for projects that promote positive environmental contributions mitigating the adverse sustainability impact of coal, such as alternative minerals, based on information available in the bond issuance documentation.

The fund will not invest in sovereign issuers which:	Are in the bottom-10% ranked countries for social violations, based on the investment manager's custom indicator. The social violations custom indicator is calculated by the investment manager taking into consideration a country's performance on issues including, but not limited to, the application of human rights and civil liberties, the quality of contract enforcement and security, freedom of expression, association and free media, as assessed by underlying data from third parties. In addition, any investments in sovereign issuers exhibiting positive momentum with respect to such violations, shall not be subject to the purchase restriction. For example, if a country is in the process of making significant remediation efforts, such as through electoral or policy reforms and engagement with civil society, with regard to any social violations, the investment manager may not exclude the investment from the fund, provided this is kept under review by the investment manager.

The fund will not invest in securitisations in which:	• The underlying loans show evidence of predatory lending, as determined by the applicable usury laws, and in the context of market rates and borrower's risk profile;* • The lender or servicer of the underlying assets has committed a severe breach of consumer protection standards: ◦ as established by the Consumer Financial Protection Bureau (CFPB) in the United States; or ◦ as established by any relevant regulatory and supervisory agency in the jurisdiction where the securitisation's originator and/or collateral are located; if the breach relates to the securitisation's underlying collateral, underwriting and servicing practices, unless there is evidence of the breach having been or being remediated;** or • The originator, lender or servicers has been involved in controversy cases related to business ethics and fraud that the investment manager views as significant based on data by relevant ESG data providers, and where the investment manager considers appropriate remedial action has not been taken. * A loan is considered a predatory loan if: • Interest rates do not comply with U.S. usury laws or the equivalent in other jurisdictions; or • Interest rates being offered exceed a limit for which the investment manager deems to be exceedingly higher than the industry standard. The investment manager may choose to proceed with an investment where interest rates surpass this level if following enhanced due diligence (including through direct engagement with the lending team and/or servicing department on the securitisation deal), the investment manager determines that access to the loan is still beneficial to the borrower when taking into consideration its risk profile and alternative borrowing options. The interest rate levels which are considered industry standard are subject to periodic review by the investment manager, based on the prevailing market conditions and prevailing rates across the industry at the time. ** This exclusion criterion does not apply to lenders or servicers of U.S. government sponsored mortgage-backed securities, as their compliance of such securitisations with local regulatory standards is already monitored by the U.S. government on an ongoing basis. Such investments will be considered to fall within "#1 Aligned with E/S characteristics", in response to the question, "What is the asset allocation planned for this financial product?" For the avoidance of doubt, the exclusions to securitisations above do not apply to the fund's investments in Collateralised Loan Obligations (CLOs) and instead the following exclusions apply whereby the fund will not invest in CLOs in which: • The CLO manager has been involved in controversy cases that the investment manager views as significant based on data by relevant ESG data providers, where the investment manager considers appropriate remedial action has not been taken. The fund will also avoid CLO investments where the CLO manager is deemed to lack sufficient processes to evaluate the underlying collateral for significant environmental and/or social controversies, based on the investment manager's internal research, and where the investment manager considers appropriate remedial action has not been taken. • The underlying collateral shows evidence of environmental and/or social controversy cases that the investment manager views as significant based on data by relevant ESG data providers, and where the investment manager considers appropriate remedial action has not been taken.

The investment manager may decide to implement additional restrictions to the fund, and such new restrictions will be disclosed in the fund's SFDR Website Disclosure.

In addition to the ESG considerations described in this summary on a binding basis, the fund integrates ESG considerations in the investment decision-making process to support its environmental and social characteristics on a non-binding basis, based on the investment manager's in-house research and methodologies and on third-party data. For example, the investment manager aims to monitor business practices on an ongoing basis, through data on ESG controversies and standards screening that the investment manager sources from third party providers. In some cases, third-party data on specific issuers, ESG themes or the exclusions noted above may not be available and/or may be estimated by the investment manager using internal methodologies or reasonable estimates. The methodologies used by different data providers may also vary.

The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager. The investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with the investment team to conduct regular portfolio/performance reviews and systemic checks to ensure compliance with portfolio investment objectives and environmental and social characteristics, taking into account changing market conditions, information and strategy developments.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the investment strategy are described in the table above.

The criteria are implemented and monitored by the investment manager using a combination of third-party data and in-house research.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

- ***What is the policy to assess good governance practices of the investee companies?***

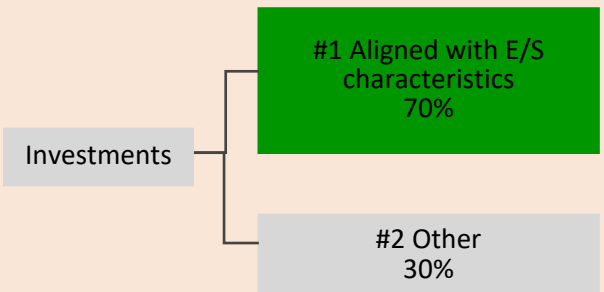
Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

As part of its bottom-up, fundamental research process, the investment manager systematically incorporates the assessment of an issuer's corporate governance and business practices, including but not limited to evidence of sound management structures and employee relations, fair remuneration of staff, and tax compliance, in order to ensure that every investee company follows good governance practices.

This is done through the monitoring of data on governance-related, as well as on other environmental and/or social factors and controversies, sourced from third party providers, through in-house research, and through engagement with the management of selected issuers on corporate governance and disclosure issues.

In the interests of transparency, given the fund also invests in sovereign bonds, the investment manager notes that it also assesses investee sovereign issuers' government effectiveness, political stability, control of corruption, and regulatory quality, among other factors.

What is the asset allocation planned for this financial product?



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

The exclusions (as described above) will be applied to at least 70% of the portfolio. A maximum of 30% of the fund may be invested in assets that do not align with any environmental or social characteristics, as described in the response to the question, *"What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards"* further below.

Any investments that are held by the fund but become restricted because they breach the investment exclusions set out above, after they are acquired for the fund, will be sold. Such sales will take place over a period of time to be determined by the investment manager, taking into account the best interests of the shareholders of the fund. Such investments are included in the "#2 Other" category.

These percentages are measured according to the value of the investments.

***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

Not applicable.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

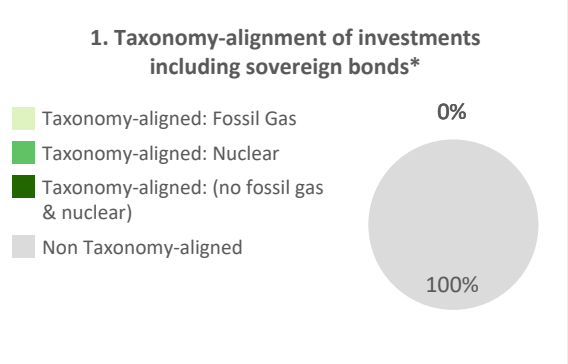
● ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?***[1]

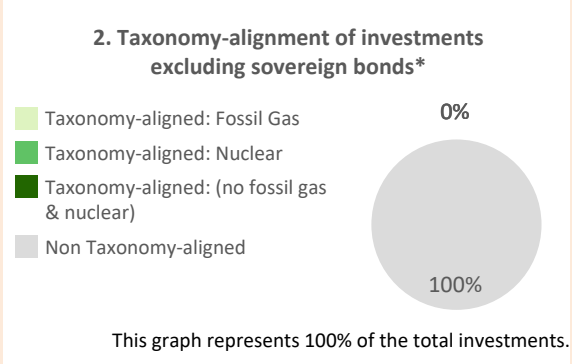
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





This graph represents 100% of the total investments.

** For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

***The proportion of total investments shown in this graph is purely indicative and may vary over time. As the Fund does not commit to making sustainable investments aligned with the EU Taxonomy, the proportion of any sovereign exposure in the Fund's portfolio will not impact the proportion of sustainable investments aligned with the EU Taxonomy included in the graph.*

● ***What is the minimum share of investments in transitional and enabling activities?***

As the fund does not commit to invest in any sustainable investments within the meaning of the EU Taxonomy, the minimum share of investments in transitional and enabling activities within the meaning of the EU Taxonomy is therefore also set at 0%.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund promotes environmental and social characteristics but does not commit to making any sustainable investments. As a consequence, the fund does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

What is the minimum share of socially sustainable investments?

Not applicable.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The fund may have investments in hedging instruments for efficient portfolio management and in cash as ancillary liquidity. These instruments are included in the "#2 Other" category and are not subject to environmental and/or social screening or any minimum environmental or social safeguards.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.

Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_strategicincome_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
US Dollar Corporate Bond Fund	549300A8CL51MXFJCN13

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 40% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☒ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

The fund promotes the environmental characteristic of climate change mitigation by excluding investments in certain types of fossil fuels. In addition, the fund promotes the social characteristic of avoiding investments in certain activities which can cause harm to human health and wellbeing.

Further detail on the nature of these exclusions is set out below (in response to the question, *"What investment strategy does this financial product follow?"*).

The fund also supports the above environmental and social characteristics by aiming to make a minimum of 40% sustainable investments in:

- Corporate issuers whose business practices, products or solutions, make a net positive contribution towards United Nations' Sustainable Development Goals ("**SDGs**"); or
- Sustainable Bonds, as defined further below, which make a positive environmental or social contribution through their use of proceeds, as explained in response to the question below, *"What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?".*

The fund has not designated a reference benchmark for the purpose of attaining its environmental or social characteristics.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The following sustainability indicators are used to measure the attainment of the fund's environmental and social characteristics:

- The fund's exposure, in percentage market value, to issuers that violate any of the exclusion criteria;
- The fund's percentage market value allocated to sustainable investments.

Additional details on the fund's exclusions criteria are provided below in response to the question, "*What investment strategy does this financial product follow?*"

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

The fund's sustainable investments will fall within one of the following categories:

- Green, Social or Sustainability Bonds ("Sustainable Bonds"), where the issuer commits to allocate the proceeds to projects making a positive environmental or social contribution. This includes, but is not limited to, bonds that align with the International Capital Market Association (ICMA)'s Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines. Sustainable Bonds mobilise financing directly towards a variety of environmental and social projects whose focus spans across a number of sustainability objectives. Examples include, but are not limited to, financing for renewable energy, energy efficiency, clean transportation, affordable housing, and financial inclusion projects. The specific objectives to which the Sustainable Bonds contribute depend on the eligible environmental and social project categories of each security.
- Bonds from corporate issuers whose business practices, products or solutions, make a net positive contribution towards the SDGs. The SDGs were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet and ensure that by 2030 all people enjoy peace and prosperity. The investment manager defines positive contribution to the SDGs as a net positive aggregate alignment score across all the SDGs (i.e., scores measuring positive contribution to individual SDGs have to, in total, be greater than the total of any negative contribution scores), based on third-party data. The investment manager will also only include issuers which have sufficient positive SDG alignment (in the investment manager's view) with at least one individual SDG, and which do not have any material mis-alignments (in the investment manager's view) on any of the SDGs.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

The investment manager seeks to ensure that the sustainable investments of the fund do not cause significant harm to relevant environmental or social sustainable investment objectives by:

- Testing whether the investment meets the thresholds set by the investment manager for each of the mandatory principal adverse impact ("PAI") indicators (see the response to the question, "*How have the indicators for adverse impacts on sustainability factors been taken into account?*" below for the details of this process); and
- Ensuring that the sustainable investments of the fund are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (see the response to the question, "How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?" below for the details of this process).

This assessment is conducted using third-party data on the sustainability characteristics of the fund's holdings.

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

The "do no significant harm" methodology applied by the investment manager on sustainable investments seeks to screen investments to identify any significant harm to any of the PAI indicators which are mandatory for the investment manager to consider under the SFDR rules, and which are relevant to the investment.

The investment manager has determined specific metrics and quantitative thresholds for what constitutes significant harm to screen PAI indicators that are relevant to the investment, using third-party data. The thresholds are set: (i) on an absolute value basis; (ii) on a relative basis in the context of the investment universe; or (iii) using pass/fail scores. Different metrics or thresholds may apply to issuers located in developed markets and in emerging markets, respectively. This is intended to reflect the different extent to which the investment manager deems that meeting minimum sustainability standards in these markets is currently achievable. In addition, different relative thresholds may apply to similar indicators: for example, the investment manager currently applies a lower threshold to determine significant adverse impact with respect to scope 3 emissions intensity as compared to scope 1 and 2 emissions intensity. This is because: (i) companies have less control over their indirect emissions; and (ii) data estimates for scope 3 emissions, which currently prevail over reported data compared to scope 1 and 2 emissions, may result in a less accurate PAI assessment.

The investment manager may use reasonable proxy indicators sourced from third parties to address the current lack of data for certain PAI indicators. The investment manager's use of proxy indicators will be kept under review and will be replaced by PAI data from third-party data providers, when the investment manager determines that sufficiently reliable data has become available.

The investment manager generally conducts the PAI assessment at the issuer level. However, where appropriate the assessment may be done at the security level in whole or in part. For instance, in the case of Sustainable Bonds, as defined above, the PAI indicators that are directly related to the sustainability factors targeted by the bond's use of proceeds will be assessed at the security level. As an example, the fund may invest in a Green Bond issued by a utility company that has a negative assessment of the PAI indicators related to GHG emissions and/or GHG intensity, as long as the investment manager evaluates that the issuer has a credible strategy to reduce its GHG emissions, and that the Green Bond specifically contributes towards such goal. Other PAI indicators that are unrelated to the Sustainable Bond's use of proceeds are still assessed at the issuer level.

The fund's PAI assessment is supported, on a qualitative and non-binding basis, by the investment manager's engagement with selected issuers on their corporate governance practices, as well as on other material sustainability issues, in line with the investment manager's Fixed Income Engagement Strategy, available on www.morganstanley.com/im.

— *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The fund's sustainable investments exclude issuers which have experienced significant controversies that are deemed to violate the UN Global Compact, the UN Guiding Principles on Business and Human Rights, or the

ILO Fundamental Principles, and issuers with significant controversies related to violations of the OECD Guidelines for Multinational Enterprises. This screening is done using third-party data.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund considers all of the mandatory PAI on sustainability factors which are relevant to the investment for the portion allocated to sustainable investments, as described above in response to the question, "*How have the indicators for adverse impacts on sustainability factors been taken into account*?"

The portion of the fund that is not made of sustainable investments considers the PAI only in part through the fund's exclusionary criteria, as follows:

- The fund excludes issuers which derive a certain percentage of revenue from thermal coal mining and extraction, or a portion of revenue from coal-fired power generation. The fund therefore considers the PAI indicator 4: exposure to companies active in the fossil fuel sector.
- The fund excludes issuers which have committed violations of the UN Global Compact, the UN Guiding Principles on Business and Human Rights, or the ILO Fundamental Principles, or which have experienced significant controversies relating to violations of the OECD Guidelines for Multinational Enterprises. The fund therefore considers the PAI indicator number 10: violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises.
- The fund excludes issuers which derive any revenue from controversial weapons manufacturing or retail. The fund therefore considers the PAI indicator 14: exposure to controversial weapons.

The fund will make information available on how it has incorporated the PAIs into the fund in its periodic reports to investors.



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

As part of its investment strategy, the fund aims at reducing exposure to selected business activities which can cause danger to human health and wellbeing or the environment, through exclusionary screening. The fund will also make sustainable investments in Sustainable Bonds making a positive environmental or social contribution through their use of proceeds, or bonds from corporate issuers whose business practices, products or solutions, make a net positive contribution towards the SDGs.

Binding criteria	
The fund will not invest in corporate issuers which:	**<u>Derive any revenue from any of the following activities:</u>** • Controversial weapons manufacturing or retail (including anti-personnel landmines, cluster munitions, biological or chemical weapons, and nuclear weapons); • Civilian firearms manufacturing or retail; • Tobacco manufacturing; or **<u>Derive more than 5% revenue from any of the following activities:</u>** • Thermal coal mining and extraction;* **<u>Derive more than 10% revenue from any of the following activities:</u>** • Military or conventional weapons, or weapons systems manufacturing or retail; • Gambling; **<u>Derive more than 20% revenue from any of the following activities:</u>** • Coal-fired power generation;* or **<u>Violate any of the following global norms:</u>** • UN Global Compact, UN Guiding Principles on Business and Human Rights, ILO fundamental Principles, or OECD Guidelines for Multinational Enterprises, without evidence of material remediation and improvement. *The fund may, as an exception to the exclusions related to fossil fuels listed above, invest in Sustainable Bonds which are intended to raise proceeds specifically for projects that promote positive environmental contributions mitigating the adverse sustainability impact of those fossil fuels, such as renewable energy or energy efficiency, based on information available in the bond issuance documentation.
Sustainable investments	The fund will maintain a minimum of 40% of sustainable investments, which meet the criteria as set out in response to the question, "*What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives*?"

The investment manager may decide to implement additional restrictions to the fund, and such new restrictions will be disclosed in the fund's SFDR Website Disclosure.

In addition to the ESG considerations described in this summary on a binding basis, the fund integrates ESG considerations in the investment decision-making process to support its environmental and social characteristics on a non-binding basis, based on the investment manager's in-house research and methodologies and on third-party data. In some cases, third-party data on specific issuers, ESG themes or the exclusions noted above may not be available and/or may be estimated by the investment manager using internal methodologies or reasonable estimates. The methodologies used by different data providers may also vary.

The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager. The investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with the investment team to conduct regular portfolio/performance reviews and systemic checks to ensure compliance with portfolio investment objectives and environmental and social characteristics, taking into account changing market conditions, information and strategy developments.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the investment strategy are described in the table above.

The criteria are implemented and monitored by the investment manager using a combination of third-party data and in-house research.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

- ***What is the policy to assess good governance practices of the investee companies?***

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

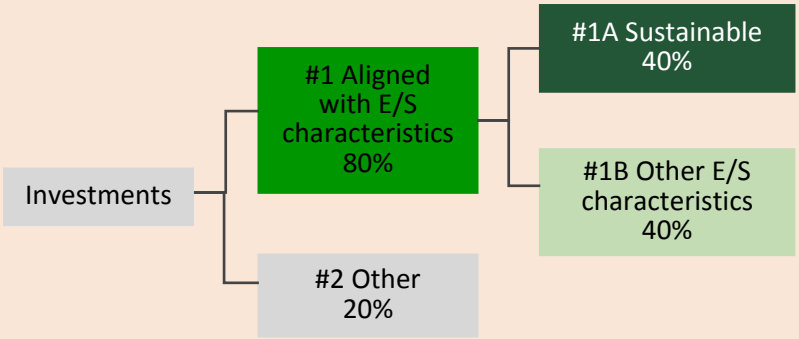
As part of its bottom-up, fundamental research process, the investment manager systematically incorporates the assessment of an issuer's corporate governance and business practices, including but not limited to evidence of sound management structures and employee relations, fair remuneration of staff, and tax compliance, in order to ensure that every investee company follows good governance practices.

This is done through the monitoring of data on governance-related, as well as on other environmental and/or social factors and controversies, sourced from third party providers, through in-house research, and through engagement with the management of selected issuers on corporate governance and disclosure issues.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned** with E/S characteristics covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The exclusions (as described above) will be applied to at least 80% of the portfolio, of which the fund also expects to allocate a minimum of 40% of its assets to sustainable investments. Among these sustainable investments, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time.

A maximum of 20% of the fund's assets may be invested in hedging instruments for efficient portfolio management and in cash as ancillary liquidity., which do not align with any environmental or social characteristics.

As explained above, any investments that are held by the fund but become restricted because they breach the investment exclusions set out above, after they are acquired for the fund, will be sold. Such sales will take place over a period of time to be determined by the investment manager, taking into account the best interests of the shareholders of the fund. Such investments are included in the "#2 Other" category.

These percentages are measured according to the value of the investments.

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

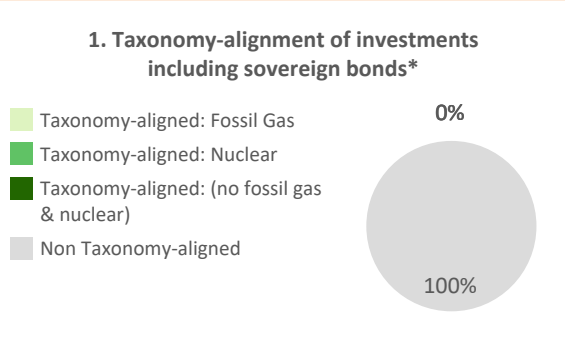
● ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?***[1]

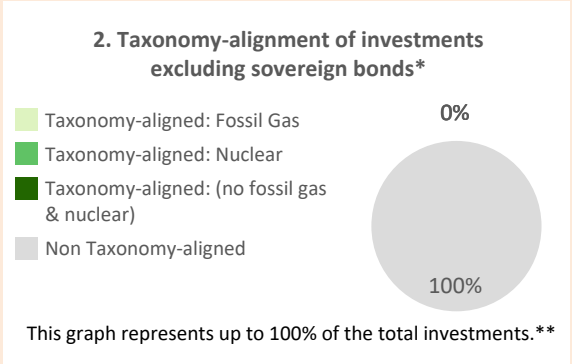
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





This graph represents up to 100% of the total investments.**

** For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

***The proportion of total investments shown in this graph is purely indicative and may vary over time. As the fund does not commit to making sustainable investments aligned with the EU Taxonomy, the proportion of any sovereign exposure in the fund's portfolio will not impact the proportion of sustainable investments aligned with the EU Taxonomy included in the graph.*

● ***What is the minimum share of investments in transitional and enabling activities?***

Although the fund commits to invest in sustainable investments within the meaning of the SFDR, there is no commitment to a minimum share of investments in transitional and enabling activities.

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund intends to make a minimum of 40% sustainable investments, as defined under the SFDR, with a combination of environmental and social objectives, as described above. Among these, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time. These sustainable investments will represent at least 40% of the portfolio holdings on an aggregated basis.

The fund's sustainable investments with an environmental objective **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.
Although some of these sustainable investments may be Taxonomy aligned, due to lack of available data regarding the Taxonomy alignment of the underlying securities, the investment manager has not been able to confirm whether these investments are in fact Taxonomy aligned and accordingly will not consider them as such in calculations until this data is reported on or otherwise becomes more reliable. As such, the investment manager uses its own methodology to determine whether certain investments are sustainable in accordance with the SFDR sustainable investment definition, and then invests in such assets for the fund.

What is the minimum share of socially sustainable investments?

As explained above, the fund may make sustainable investments which contribute to either environmental or social objectives. Among these, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time. These sustainable investments will represent at least 40% of the portfolio holdings on an aggregated basis.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The fund may have investments in hedging instruments for efficient portfolio management and in cash as ancillary liquidity. These instruments are included in the "#2 Other" category and are not subject to environmental and/or social screening or any minimum environmental or social safeguards.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.

Where can I find more product specific information online?

More product-specific information can be found on the website:
https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_investmentgradecredit_aggregated_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
US Dollar Short Duration Bond Fund	5493008B8KBFODOHZX52

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 15% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☒ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

The fund promotes the environmental characteristic of climate change mitigation by excluding investments in certain types of fossil fuels. In addition, the fund promotes the social characteristic of avoiding investments in activities which can cause harm to human health and wellbeing, in sovereign issuers that significantly violate social rights, and securitisations that violate responsible business or lending practices.

Further detail on the nature of these exclusions is set out below (in response to the question, "*What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?*").

The fund also aims to make a minimum of 15% sustainable investments in:

- Corporate issuers whose business practices, products or solutions, make a net positive contribution towards United Nations' Sustainable Development Goals ("**SDGs**");
- Sovereign issuers with ESG scores in the top-2 ranks according to the investment manager's proprietary scoring methodology, associated with positive environmental or social attributes; or
- Sustainable Bonds, from any type of issuer, which make a positive environmental or social contribution through their use of proceeds, as explained in response to the question below, "*What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?*"

The fund has not designated a reference benchmark for the purpose of attaining its environmental or social characteristics.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The following sustainability indicators are used to measure the attainment of the fund's environmental and social characteristics:

- The fund's exposure, in percentage market value, to issuers that violate any of the exclusion criteria;
- The fund's percentage market value allocated to sustainable investments.

Additional details on the fund's exclusions criteria are provided below in response to the question, "*What investment strategy does this financial product follow?*"

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

The fund's sustainable investments will fall within one of the following categories:

- Green, Social or Sustainability Bonds ("Sustainable Bonds"), where the issuer commits to allocate the proceeds to projects making a positive environmental or social contribution. This includes, but is not limited to, bonds that align with the International Capital Market Association (ICMA)'s Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines. Sustainable Bonds mobilise financing directly towards a multiplicity of environmental and social projects whose focus spans across a number of sustainability objectives. Examples include, but are not limited to, financing for renewable energy, energy efficiency, clean transportation, affordable housing, and financial inclusion projects. The specific objectives to which the Sustainable Bonds contribute depend on the eligible environmental and social project categories of each security.
- Bonds from corporate issuers whose business practices, products or solutions, make a net positive contribution towards the SDGs. The SDGs were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet and ensure that by 2030 all people enjoy peace and prosperity. The investment manager defines positive contribution to the SDGs as a net positive aggregate alignment score across all the SDGs (i.e., scores measuring positive contribution to individual SDGs have to, in total, be greater than the total of any negative contribution scores), based on third-party data. The investment manager will also only include issuers which have sufficient positive SDG alignment (in the investment manager's view) with at least one individual SDG, and

which do not have any material mis-alignments (in the investment manager's view) on any of the SDGs.

- Bonds from sovereign issuers with an ESG rank of 4 or 5, in a 1-5 range where 5 is best, based on the investment manager's proprietary ESG scoring methodology. Ranks of 4 and 5 reflect a country's positive contribution towards environmental and social themes such as decarbonisation, forestry conservation, promotion of education, health and wellbeing, and good living standards. The investment manager will, however, not treat the investment as sustainable if the sovereign issuer ranked 4 or 5 has experienced recent negative momentum as assessed through in-house research, which is not captured by ESG data providers. For example, this may include circumstances where a country is facing significant political and/or social instability.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

The investment manager seeks to ensure that the sustainable investments of the fund do not cause significant harm to relevant environmental or social sustainable investment objectives by:

- Testing whether the investment meets the thresholds set by the investment manager for each of the mandatory principal adverse impact ("PAI") indicators (see the response to the question, "*How have the indicators for adverse impacts on sustainability factors been taken into account?*" below for the details of this process); and
- Ensuring that the sustainable investments of the fund are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, where relevant (see the response to the question, "*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*" below for the details of this process). For sovereign sustainable investments, the investment manager tests against certain sanctions regimes, to ensure countries do not cause significant harm to environmental or social objectives.

This assessment is conducted using third-party data on the sustainability characteristics of the fund's holdings.

How have the indicators for adverse impacts on sustainability factors been taken into account?

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

The "do no significant harm" methodology applied by the investment manager on sustainable investments seeks to screen investments to identify any significant harm to any of the PAI indicators which are mandatory for the investment manager to consider under the SFDR rules, and which are relevant to the investment.

The investment manager has determined specific metrics and quantitative thresholds for what constitutes significant harm to screen PAI indicators that are relevant to the investment, using third-party data. The thresholds are set: (i) on an absolute value basis; (ii) on a relative basis in the context of the investment universe; or (iii) using pass/fail scores. Different metrics or thresholds may apply to issuers located in developed markets and in emerging markets, respectively. This is intended to reflect the different extent to which the investment manager deems that meeting minimum sustainability standards in these markets is currently achievable. In addition, different relative thresholds may apply to similar indicators: for example, the investment manager currently applies a lower threshold to determine significant adverse impact with respect to scope 3 emissions intensity as compared to scope 1 and 2 emissions intensity. This is because: (i) companies have less control over their indirect emissions; and (ii) data estimates for scope 3 emissions, which currently prevail over reported data compared to scope 1 and 2 emissions, may result in a less accurate PAI assessment.

The investment manager may use reasonable proxy indicators sourced from third parties to address the current lack of data for certain PAI indicators. The investment manager's use of proxy indicators will be kept under review and will be replaced by PAI data from third-party data providers, when the investment manager determines that sufficiently reliable data has become available.

The investment manager generally conducts the PAI assessment at the issuer level. However, where appropriate the assessment may be done at the security level in whole or in part. For instance, in the case of Sustainable Bonds, as defined above, the PAI indicators that are directly related to the sustainability factors targeted by the bond's use of proceeds will be assessed at the security level, through the investment manager's proprietary Sustainable Bond Evaluation Framework. As an example, the fund may invest in a Green Bond issued by a utility company that has a negative assessment of the PAI indicators related to GHG emissions and/or GHG intensity, as long as the investment manager evaluates that the issuer has a credible strategy to reduce its GHG emissions, and that the Green Bond specifically contributes towards such goal.

Other PAI indicators that are unrelated to the Sustainable Bond's use of proceeds are still assessed at the issuer level.
The fund's PAI assessment is supported, on a qualitative and non-binding basis, by the investment manager's engagement with selected issuers on their corporate governance practices, as well as on other material sustainability issues, in line with the investment manager's Fixed Income Engagement Strategy, available on www.morganstanley.com/im.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The fund's sustainable investments exclude issuers which have experienced significant controversies that are deemed to violate the UN Global Compact, the UN Guiding Principles on Business and Human Rights, or the ILO Fundamental Principles, and issuers with significant controversies related to violations of the OECD Guidelines for Multinational Enterprises. This screening is done using third-party data.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund considers all of the mandatory PAI on sustainability factors which are relevant to the investment for the portion allocated to sustainable investments, as described above in response to the question, "*How have the indicators for adverse impacts on sustainability factors been taken into account?*"

The portion of the fund that is not made of sustainable investments considers the PAI only in part through the fund's exclusionary criteria, as follows:

- The fund excludes issuers which derive a certain percentage of revenue from thermal coal mining and extraction, or a portion of revenue from coal-fired power generation. The fund therefore partly considers the PAI indicator 4: exposure to companies active in the fossil fuel sector.
- The fund excludes issuers which have committed violations of the UN Global Compact, the UN Guiding Principles on Business and Human Rights, or the ILO Fundamental Principles, or which have experienced significant controversies relating to violations of the OECD Guidelines for Multinational Enterprises. The fund therefore considers the PAI indicator number 10: violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises.
- The fund excludes issuers which derive any revenue from controversial weapons manufacturing or retail. The fund therefore considers in whole the PAI indicator 14: exposure to controversial weapons.
- The fund excludes sovereign issuers where there is evidence of them having caused significant harm from social violations, which the investment manager defines in relation to the bottom-10% ranked countries on an indicator reflecting the fulfilment of social rights, as further explained in response to the question, "*What investment strategy does this financial product follow?*" The fund therefore considers in part the PAI indicator number 16: investee countries subject to social violations.

The fund will make information available on how it has incorporated the PAIs into the fund in its periodic reports to investors.

What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

As part of its investment strategy, the fund aims at reducing exposure to selected business activities which can cause danger to human health and wellbeing or the environment; to sovereign issuers that severely violate social rights; and to securitisations that violate responsible business or lending practices, through exclusionary screening.

The fund will make sustainable investments in Sustainable Bonds making a positive environmental or social contribution through their use of proceeds, bonds from corporate issuers whose business practices, products or solutions, make a net positive contribution towards the SDGs, or bonds from sovereign issuers with an ESG rank of 4 or 5,in a 1-5 range where 5 is best, based on the investment manager's proprietary ESG scoring methodology.

Binding criteria	
The fund will not invest in corporate issuers which:	**<u>Derive any revenue from any of the following activities:</u>** • Controversial weapons manufacturing or retail (including anti-personnel landmines, cluster munitions, biological or chemical weapons, and nuclear weapons); • Civilian firearms manufacturing or retail; • Tobacco manufacturing; or **<u>Derive more than 5% revenue from any of the following activities:</u>** • Thermal coal mining and extraction;* **<u>Derive more than 10% revenue from any of the following activities:</u>** • Military or conventional weapons, or weapons systems manufacturing or retail; • Gambling; **<u>Derive more than 20% revenue from any of the following activities:</u>** • Coal-fired power generation;* or **<u>Violate any of the following global norms:</u>** • UN Global Compact, UN Guiding Principles on Business and Human Rights, ILO fundamental Principles, or OECD Guidelines for Multinational Enterprises, without evidence of material remediation and improvement. *The fund may, as an exception to the exclusions related to fossil fuels listed above, invest in Sustainable Bonds which are intended to raise proceeds specifically for projects that promote positive environmental contributions mitigating the adverse sustainability impact of those fossil fuels, such as renewable energy or energy efficiency, based on information available in the bond issuance documentation.
The fund will not invest in sovereign issuers which:	Are in the bottom-10% ranked countries for social violations, based on the investment manager's custom indicator. The social violations custom indicator is calculated by the investment manager taking into consideration a country's performance on issues including, but not limited to, the application of human rights and civil liberties, the quality of contract enforcement and security, freedom of expression, association and free media, as assessed by underlying data from third parties. In addition, any investments in sovereign issuers exhibiting positive momentum with respect to such violations, shall not be subject to the purchase restriction. For example, if a country is in the process of making significant remediation efforts, such as through electoral or policy reforms and engagement with civil society, with regard to any social violations, the investment manager may not exclude the investment from the fund, provided this is kept under review by the investment manager.

The fund will not invest in securitisations in which:	• The underlying loans show evidence of predatory lending, as determined by the applicable usury laws, and in the context of market rates and borrower's risk profile;* • The lender or servicer of the underlying assets has committed a severe breach of consumer protection standards: ◦ as established by the Consumer Financial Protection Bureau (CFPB) in the United States; or ◦ as established by any relevant regulatory and supervisory agency in the jurisdiction where the securitisation's originator and/or collateral are located; ◦ if the breach relates to the securitisation's underlying collateral, underwriting and servicing practices, unless there is evidence of the breach having been or being remediated;** or • The originator, lender or servicers has been involved in controversy cases related to business ethics and fraud that the investment manager views as significant based on data by relevant ESG data providers, and where the investment manager considers appropriate remedial action has not been taken. * A loan is considered a predatory loan if: • Interest rates do not comply with U.S. usury laws or the equivalent in other jurisdictions; or • Interest rates being offered exceed a limit for which the investment manager deems to be exceedingly higher than the industry standard. The investment manager may choose to proceed with an investment where interest rates where interest rates surpass this level if following enhanced due diligence (including through direct engagement with the lending team and/or servicing department on the securitisation deal), the investment manager determines that access to the loan is still beneficial to the borrower when taking into consideration its risk profile and alternative borrowing options. The interest rate levels which are considered industry standard are subject to periodic review by the investment manager, based on the prevailing market conditions and prevailing rates across the industry at the time. ** This exclusion criterion does not apply to lenders or servicers of U.S. government sponsored mortgage-backed securities, as their compliance of such securitisations with local regulatory standards is already monitored by the U.S. government on an ongoing basis. Such investments will be considered to fall within "#1 Aligned with E/S characteristics", in response to the question, "What is the asset allocation planned for this financial product?" For the avoidance of doubt, the exclusions to securitisations above do not apply to the fund's investments in Collateralised Loan Obligations (CLOs) and instead the following exclusions apply whereby the fund will not invest in CLOs in which: • The CLO manager has been involved in controversy cases that the investment manager views as significant based on data by relevant ESG data providers, where the investment manager considers appropriate remedial action has not been taken. The fund will also avoid CLO investments where the CLO manager is deemed to lack sufficient processes to evaluate the underlying collateral for significant environmental and/or social controversies, based on the investment manager's internal research, and where the investment manager considers appropriate remedial action has not been taken. • The underlying collateral shows evidence of environmental and/or social controversy cases that the investment manager views as significant based on data by relevant ESG data providers, and where the investment manager considers appropriate remedial action has not been taken.
Sustainable investments	The fund will maintain a minimum of 15% of sustainable investments, which meet the criteria as set out in response to the question, *"What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?"*

The investment manager may decide to implement additional restrictions to the fund, and such new restrictions will be disclosed in the fund's SFDR Website Disclosure.

In addition to the ESG considerations described in this summary on a binding basis, the fund integrates ESG considerations in the investment decision-making process to support its environmental and social

characteristics on a non-binding basis, based on the investment manager's in-house research and methodologies and on third-party data. In some cases, third-party data on specific issuers, ESG themes or the exclusions noted above may not be available and/or may be estimated by the investment manager using internal methodologies or reasonable estimates. The methodologies used by different data providers may also vary.

The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager. The investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with the investment team to conduct regular portfolio/performance reviews and systemic checks to ensure compliance with portfolio investment objectives and environmental and social characteristics, taking into account changing market conditions, information and strategy developments.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the investment strategy are described in the table above.

The criteria are implemented and monitored by the investment manager using a combination of third-party data and in-house research.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

- ***What is the policy to assess good governance practices of the investee companies?***

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

As part of its bottom-up, fundamental research process, the investment manager systematically incorporates the assessment of an issuer's corporate governance and business practices, including but not limited to evidence of sound management structures and employee relations, fair remuneration of staff, and tax compliance, in order to ensure that every investee company follows good governance practices.

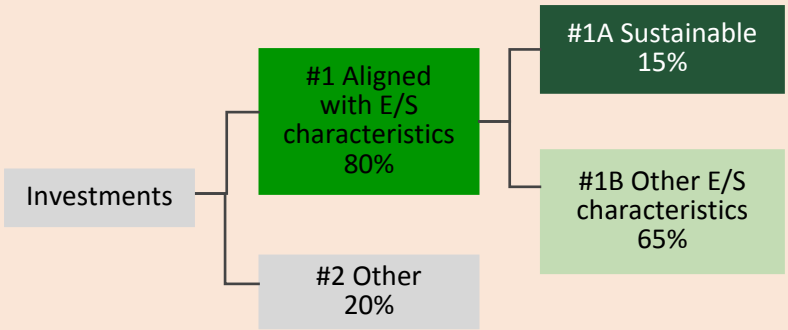
This is done through the monitoring of data on governance-related, as well as on other environmental and/or social factors and controversies, sourced from third party providers, through in-house research, and through engagement with the management of selected issuers on corporate governance and disclosure issues.

In the interests of transparency, given the fund also invests in sovereign bonds, the investment manager notes that it also assesses investee sovereign issuers' government effectiveness, political stability, control of corruption, and regulatory quality, among other factors.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned** with E/S characteristics covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The exclusions (as described above) will be applied to at least 80% of the portfolio, however the fund also expects to allocate a minimum of 15% of its assets to sustainable investments. Among these sustainable investments, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and1% of sustainable investments with a social objective which can both vary independently at any time.

A maximum of 20% of the fund's assets may be invested in hedging and/or cash instruments for efficient portfolio management purposes, which do not align with any environmental or social characteristics.

As explained above, any investments that are held by the fund but become restricted because they breach the investment exclusions set out above, after they are acquired for the fund, will be sold. Such sales will take place over a period of time to be determined by the investment manager, taking into account the best interests of the shareholders of the fund. Such investments are included in the "#2 Other" category.

These percentages are measured according to the value of the investments.

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

Not applicable.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

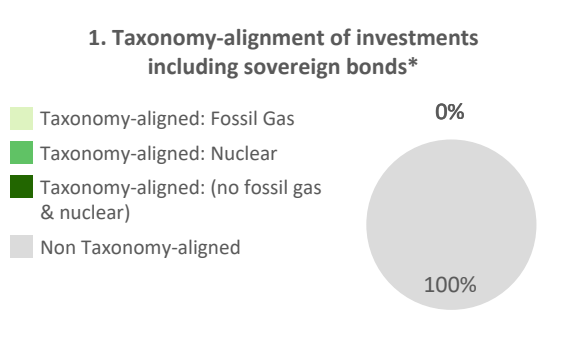
● ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?***[1]

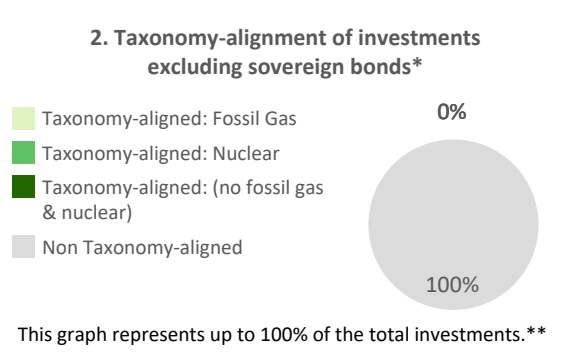
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





This graph represents up to 100% of the total investments.**

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

***The proportion of total investments shown in this graph is purely indicative and may vary over time. As the fund does not commit to making sustainable investments aligned with the EU Taxonomy, the proportion of any sovereign exposure in the fund's portfolio will not impact the proportion of sustainable investments aligned with the EU Taxonomy included in the graph.*

● ***What is the minimum share of investments in transitional and enabling activities?***

Although the fund commits to invest in sustainable investments within the meaning of the SFDR, there is no commitment to a minimum share of investments in transitional and enabling activities.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund intends to make a minimum of 15% sustainable investments, as defined under the SFDR, with a combination of environmental and social objectives, as described above. Among these, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time. These sustainable investments will represent at least 15% of the portfolio holdings on an aggregated basis.

The fund's sustainable investments with an environmental objective **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

Although some of these sustainable investments may be Taxonomy aligned, due to lack of available data regarding the Taxonomy alignment of the underlying securities, the investment manager has not been able to confirm whether these investments are in fact Taxonomy aligned and accordingly will not consider them as such in calculations until this data is reported on or otherwise becomes more reliable. As such, the investment

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

manager uses its own methodology to determine whether certain investments are sustainable in accordance with the SFDR sustainable investment test, and then invests in such assets for the fund.



What is the minimum share of socially sustainable investments?

As explained above, the fund may make sustainable investments which contribute to either environmental or social objectives. Among these, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time. These sustainable investments will represent at least 15% of the portfolio holdings on an aggregated basis.



What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The fund may have investments in hedging instruments for efficient portfolio management and in cash as ancillary liquidity. These instruments are included in the "#2 Other" category and are not subject to environmental and/or social screening or any minimum environmental or social safeguards.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.



Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_usdollarshortdurationbond_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
US Dollar Short Duration High Yield Bond Fund	549300ZADDUDEM9Q8605

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 5% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☒ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



What environmental and/or social characteristics are promoted by this financial product?

The fund promotes the environmental characteristic of climate change mitigation by excluding investments in certain types of fossil fuels. In addition, the fund promotes the social characteristic of avoiding investments in certain activities which can cause harm to human health and wellbeing.

Further detail on the nature of these exclusions is set out below (in response to the question, "*What investment strategy does this financial product follow?*").

The fund also aims to make a minimum of 5% sustainable investments in:

- Corporate issuers whose business practices, products or solutions, make a net positive contribution towards United Nations' Sustainable Development Goals ("SDGs"); or
- Sustainable Bonds, as defined further below, which make a positive environmental or social contribution through their use of proceeds, as explained in response to the question below, *"What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?".*

The fund has not designated a reference benchmark for the purpose of attaining its environmental or social characteristics.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The following sustainability indicators are used to measure the attainment of the fund's environmental and social characteristics:

- The fund's exposure, in percentage market value, to issuers that violate any of the exclusion criteria;
- The fund's percentage market value allocated to sustainable investments.

Additional details on the fund's exclusions criteria are provided below in response to the question, *"What investment strategy does this financial product follow?".*

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

The fund's sustainable investments will fall within one of the following categories:

- Green, Social or Sustainability Bonds ("Sustainable Bonds"), where the issuer commits to allocate the proceeds to projects making a positive environmental or social contribution. This includes, but is not limited to, bonds that align with the International Capital Market Association (ICMA)'s Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines. Sustainable Bonds mobilise financing directly towards a multiplicity of environmental and social projects whose focus spans across a number of sustainability objectives. Examples include, but are not limited to, financing for renewable energy, energy efficiency, clean transportation, affordable housing, and financial inclusion projects. The specific objectives to which the Sustainable Bonds contribute depend on the eligible environmental and social project categories of each security.
- Bonds from corporate issuers whose business practices, products or solutions, make a net positive contribution towards the SDGs. The SDGs were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet and ensure that by 2030 all people enjoy peace and prosperity. The investment manager defines positive contribution to the SDGs as a net positive aggregate alignment score across all the SDGs (i.e., scores measuring positive contribution to individual SDGs have to, in total, be greater than the total of any negative contribution scores), based on third-party data. The investment manager will also only include issuers which have sufficient positive SDG alignment (in the investment manager's view) with at least one individual SDG, and which do not have any material mis-alignments (in the investment manager's view) on any of the SDGs.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

The investment manager seeks to ensure that the sustainable investments of the fund do not cause significant harm to relevant environmental or social sustainable investment objectives by:

- Testing whether the investment meets the thresholds set by the investment manager for each of the mandatory principal adverse impact ("PAI") indicators (see the response to the question, "*How have*

the indicators for adverse impacts on sustainability factors been taken into account?" below for the details of this process); and

- Ensuring that the sustainable investments of the fund are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (see the response to the question, "H*ow are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*" below for the details of this process).

This assessment is conducted using third-party data on the sustainability characteristics of the fund's holdings.

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

The "do no significant harm" methodology applied by the investment manager on sustainable investments seeks to screen investments to identify any significant harm to any of the PAI indicators which are mandatory for the investment manager to consider under the SFDR rules, and which are relevant to the investment.

The investment manager has determined specific metrics and quantitative thresholds for what constitutes significant harm to screen PAI indicators that are relevant to the investment, using third-party data. The thresholds are set: (i) on an absolute value basis; (ii) on a relative basis in the context of the investment universe; or (iii) using pass/fail scores. Different metrics or thresholds may apply to issuers located in developed markets and in emerging markets, respectively. This is intended to reflect the different extent to which the investment manager deems that meeting minimum sustainability standards in these markets is currently achievable . In addition, different relative thresholds may apply to similar indicators: for example, the investment manager currently applies a lower threshold to determine significant adverse impact with respect to scope 3 emissions intensity as compared to scope 1 and 2 emissions intensity. This is because: (i) companies have less control over their indirect emissions; and (ii) data estimates for scope 3 emissions, which currently prevail over reported data compared to scope 1 and 2 emissions, may result in a less accurate PAI assessment.

The investment manager may use reasonable proxy indicators sourced from third parties to address the current lack of data for certain PAI indicators. The investment manager's use of proxy indicators will be kept under review, and will be replaced by PAI data from third-party data providers when the investment manager determines that sufficiently reliable data has become available.

The investment manager generally conducts the PAI assessment at the issuer level. However, where appropriate the assessment may be done at the security level in whole or in part. For instance, in the case of Sustainable Bonds, as defined above, the PAI indicators that are directly related to the sustainability factors targeted by the bond's use of proceeds will be assessed at the security level. As an example, the fund may invest in a Green Bond issued by a utility company that has a negative assessment under the PAI indicators related to GHG emissions and/or GHG intensity, as long as the investment manager evaluates that the issuer has a credible strategy to reduce its GHG emissions and the Green Bond specifically contributes towards such goal. Other PAI indicators that are unrelated to the Sustainable Bond's use of proceeds are assessed at the issuer level.

The fund's PAI assessment is supported, on a qualitative and non-binding basis, by the investment manager's engagement with selected issuers on their corporate governance practices, as well as on other material sustainability issues, in line with the investment manager's Fixed Income Engagement Strategy, available on www.morganstanley.com/im.

— *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The fund's sustainable investments exclude issuers which have experienced significant controversies that are deemed to violate the UN Global Compact, the UN Guiding Principles on Business and Human Rights, or the ILO Fundamental Principles, and issuers with significant controversies related to violations of the OECD Guidelines for Multinational Enterprises. This screening is done using third-party data.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund considers all of the mandatory PAI on sustainability factors which are relevant to the investment for the portion allocated to sustainable investments, as described above in response to the question, "*How have the indicators for adverse impacts on sustainability factors been taken into account?*"

The portion of the fund that is not made of sustainable investments considers the PAI only in part through the fund's exclusionary criteria, as follows:

- The fund excludes issuers which derive a certain percentage of revenue from thermal coal mining and extraction. The fund therefore partly considers the PAI indicator 4: exposure to companies active in the fossil fuel sector.
- The fund excludes issuers which derive any revenue from controversial weapons manufacturing or retail. The fund therefore considers in whole the PAI indicator 14: exposure to controversial weapons.

The fund will make information available on how it has incorporated the PAIs into the fund in its periodic reports to investors.



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

As part of its investment strategy, the fund aims at reducing exposure to selected business activities which can cause danger to human health and wellbeing or the environment, through exclusionary screening. The fund will also make sustainable investments in Sustainable Bonds making a positive environmental or social contribution through their use of proceeds, or bonds from corporate issuers whose business practices, products or solutions, make a net positive contribution towards the SDGs.

Binding criteria	
The fund will not invest in corporate issuers which:	Derive any revenue from any of the following activities: • Controversial weapons manufacturing or retail (including anti-personnel landmines, cluster munitions, biological or chemical weapons, and nuclear weapons); • Civilian firearms manufacturing or retail; • Tobacco manufacturing; or Derive more than 5% revenue from any of the following activities: • Thermal coal mining and extraction. The fund may, as an exception to this exclusion, invest in Sustainable Bonds which are intended to raise proceeds specifically for projects that promote positive environmental contributions mitigating the adverse sustainability impact of coal, such as alternative minerals, based on information available in the bond issuance documentation.
Sustainable investments	The fund will maintain a minimum of 5% of sustainable investments, which meet the criteria as set out in response to the question, "What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?"

The investment manager may decide to implement additional restrictions to the fund, and such new restrictions will be disclosed in the fund's SFDR Website Disclosure.

In addition to the ESG considerations described in this summary on a binding basis, the fund integrates ESG considerations in the investment decision-making process to support its environmental and social characteristics on a non-binding basis, based on the investment manager's in-house research and methodologies and on third-party data. For example, the investment manager aims to monitor business practices on an ongoing basis, through data on ESG controversies and standards screening that the investment manager sources from third party providers. The investment manager may consider controversy cases that it views as being significant based on ratings by relevant ESG data providers, and failures to comply with the UN Global Compact or the ILO Fundamental Principles, although such incidents will not automatically result in exclusion from the portfolio. In some cases, third-party data on specific issuers, ESG themes or the exclusions noted above may not be available and/or may be estimated by the investment manager using internal methodologies or reasonable estimates. The methodologies used by different data providers may also vary.

The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager. The investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with the investment team to conduct regular portfolio/performance reviews and systemic checks to ensure compliance with portfolio investment objectives and environmental and social characteristics, taking into account changing market conditions, information and strategy developments.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The binding elements of the investment strategy are described in the table above.

The criteria are implemented and monitored by the investment manager using a combination of third-party data and in-house research.

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

Not applicable.

What is the policy to assess good governance practices of the investee companies?

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

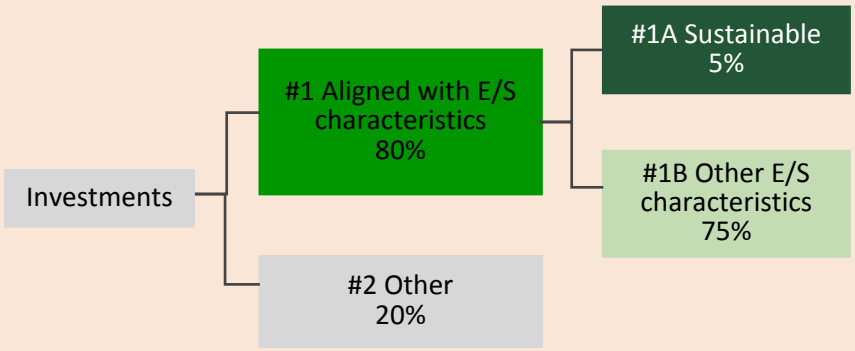
As part of its bottom-up, fundamental research process, the investment manager systematically incorporates the assessment of an issuer's corporate governance and business practices, including but not limited to evidence of sound management structures and employee relations, fair remuneration of staff, and tax compliance, in order to ensure that every investee company follows good governance practices.

This is done through the monitoring of data on governance-related, as well as on other environmental and/or social factors and controversies, sourced from third party providers, through in-house research, and through engagement with the management of selected issuers on corporate governance and disclosure issues.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned** with E/S characteristics covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The exclusions (as described above) will be applied to at least 80% of the portfolio, however the fund also expects to allocate a minimum of 5% of its assets to sustainable investments. Among these sustainable investments, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time.

A maximum of 20% of the fund may be invested in hedging instruments for efficient portfolio management and in cash as ancillary liquidity, which do not align with any environmental or social characteristics, as described in the response to question, "*What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards*" further below.

Any investments that are held by the fund but become restricted because they breach the investment exclusions set out above, after they are acquired for the fund, will be sold. Such sales will take place over a period of time to be determined by the investment manager, taking into account the best interests of the shareholders of the fund. Such investments are included in the "#2 Other" category.

These percentages are measured according to the market value of the investments.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Derivatives may be used by the fund for investment or efficient portfolio management (including hedging) purposes only. These instruments are not used to attain the environmental or social characteristics of the fund.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

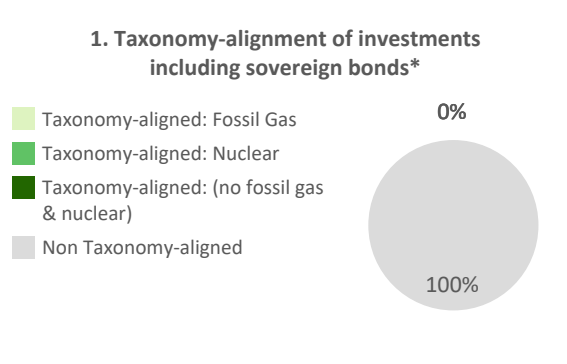
- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?[1]***

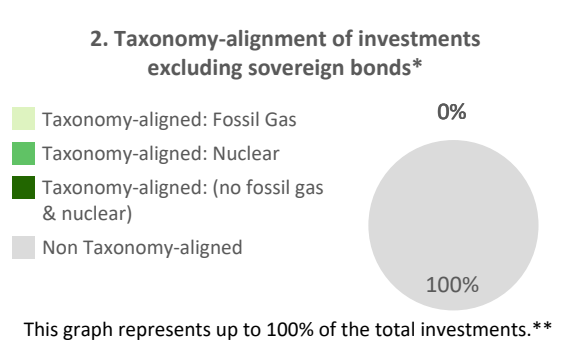
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





This graph represents up to 100% of the total investments.**

** For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

***The proportion of total investments shown in this graph is purely indicative and may vary over time. As the fund does not commit to making sustainable investments aligned with the EU Taxonomy, the proportion of any sovereign exposure in the fund's portfolio will not impact the proportion of sustainable investments aligned with the EU Taxonomy included in the graph.*

- ***What is the minimum share of investments in transitional and enabling activities?***

Although the fund commits to invest in sustainable investments within the meaning of the SFDR, there is no commitment to a minimum share of investments in transitional and enabling activities.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund intends to make a minimum of 5% sustainable investments, as defined under the SFDR, with a combination of environmental and social objectives, as described above. Among these, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time. These sustainable investments will represent at least 5% of the portfolio holdings on an aggregated basis.

Although some of these sustainable investments may be Taxonomy aligned, due to lack of available data regarding the Taxonomy alignment of the underlying securities, the investment manager has not been able to

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

confirm whether these investments are in fact Taxonomy aligned and accordingly will not consider them as such in calculations until this data is reported on or otherwise becomes more reliable. As such, the investment manager uses its own methodology to determine whether certain investments are sustainable in accordance with the SFDR sustainable investment test, and then invests in such assets for the fund.



What is the minimum share of socially sustainable investments?

As explained above, the fund may make sustainable investments which contribute to either environmental or social objectives. Among these, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time. These sustainable investments will represent at least 5% of the portfolio holdings on an aggregated basis.



What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The fund may have investments in hedging instruments for efficient portfolio management and in cash as ancillary liquidity. These instruments are included in the "#2 Other" category and are not subject to environmental and/or social screening or any minimum environmental or social safeguards.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.



Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_globalhighyieldbond_aggregated_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
US High Yield Bond Fund	54930007SWUXWYEHVP32

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 5% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☒ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

The fund promotes the environmental characteristic of climate change mitigation by excluding investments in certain types of fossil fuels. In addition, the fund promotes the social characteristic of avoiding investments in certain activities which can cause harm to human health and wellbeing.

Further detail on the nature of these exclusions is set out below (in response to the question, "*What investment strategy does this financial product follow?*").

The fund also aims to make a minimum of 5% sustainable investments in:

- Corporate issuers whose business practices, products or solutions, make a net positive contribution towards United Nations' Sustainable Development Goals ("SDGs"); or
- Sustainable Bonds, as defined further below, which make a positive environmental or social contribution through their use of proceeds, as explained in response to the question below, *"What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?".*

The fund has not designated a reference benchmark for the purpose of attaining its environmental or social characteristics.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The following sustainability indicators are used to measure the attainment of the fund's environmental and social characteristics:

- The fund's exposure, in percentage market value, to issuers that violate any of the exclusion criteria;
- The fund's percentage market value allocated to sustainable investments.

Additional details on the fund's exclusions criteria are provided below in response to the question, *"What investment strategy does this financial product follow?".*

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

The fund's sustainable investments will fall within one of the following categories:

- Green, Social or Sustainability Bonds ("Sustainable Bonds"), where the issuer commits to allocate the proceeds to projects making a positive environmental or social contribution. This includes, but is not limited to, bonds that align with the International Capital Market Association (ICMA)'s Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines. Sustainable Bonds mobilise financing directly towards a multiplicity of environmental and social projects whose focus spans across a number of sustainability objectives. Examples include, but are not limited to, financing for renewable energy, energy efficiency, clean transportation, affordable housing, and financial inclusion projects. The specific objectives to which the Sustainable Bonds contribute depend on the eligible environmental and social project categories of each security.
- Bonds from corporate issuers whose business practices, products or solutions, make a net positive contribution towards the SDGs. The SDGs were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet and ensure that by 2030 all people enjoy peace and prosperity. The investment manager defines positive contribution to the SDGs as a net positive aggregate alignment score across all the SDGs (i.e., scores measuring positive contribution to individual SDGs have to, in total, be greater than the total of any negative contribution scores), based on third-party data. The investment manager will also only include issuers which have sufficient positive SDG alignment (in the investment manager's view) with at least one individual SDG, and which do not have any material mis-alignments (in the investment manager's view) on any of the SDGs.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

The investment manager seeks to ensure that the sustainable investments of the fund do not cause significant harm to relevant environmental or social sustainable investment objectives by:

- Testing whether the investment meets the thresholds set by the investment manager for each of the mandatory principal adverse impact ("PAI") indicators (see the response to the question, "*How have the indicators for adverse impacts on sustainability factors been taken into account?*" below for the details of this process); and
- Ensuring that the sustainable investments of the fund are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (see the response to the question, "H*ow are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*" below for the details of this process).

This assessment is conducted using third-party data on the sustainability characteristics of the fund's holdings.

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

The "do no significant harm" methodology applied by the investment manager on sustainable investments seeks to screen investments to identify any significant harm to any of the PAI indicators which are mandatory for the investment manager to consider under the SFDR rules, and which are relevant to the investment.

The investment manager has determined specific metrics and quantitative thresholds for what constitutes significant harm to screen PAI indicators that are relevant to the investment, using third-party data. The thresholds are set: (i) on an absolute value basis; (ii) on a relative basis in the context of the investment universe; or (iii) using pass/fail scores. Different metrics or thresholds may apply to issuers located in developed markets and in emerging markets, respectively. This is intended to reflect the different extent to which the investment manager deems that meeting minimum sustainability standards in these markets is currently achievable . In addition, different relative thresholds may apply to similar indicators: for example, the investment manager currently applies a lower threshold to determine significant adverse impact with respect to scope 3 emissions intensity as compared to scope 1 and 2 emissions intensity. This is because: (i) companies have less control over their indirect emissions; and (ii) data estimates for scope 3 emissions, which currently prevail over reported data compared to scope 1 and 2 emissions, may result in a less accurate PAI assessment.

The investment manager may use reasonable proxy indicators sourced from third parties to address the current lack of data for certain PAI indicators. The investment manager's use of proxy indicators will be kept under review, and will be replaced by PAI data from third-party data providers when the investment manager determines that sufficiently reliable data has become available.

The investment manager generally conducts the PAI assessment at the issuer level. However, where appropriate the assessment may be done at the security level in whole or in part. For instance, in the case of Sustainable Bonds, as defined above, the PAI indicators that are directly related to the sustainability factors targeted by the bond's use of proceeds will be assessed at the security level. As an example, the fund may invest in a Green Bond issued by a utility company that has a negative assessment under the PAI indicators related to GHG emissions and/or GHG intensity, as long as the investment manager evaluates that the issuer has a credible strategy to reduce its GHG emissions and the Green Bond specifically contributes towards such goal. Other PAI indicators that are unrelated to the Sustainable Bond's use of proceeds are assessed at the issuer level.

The fund's PAI assessment is supported, on a qualitative and non-binding basis, by the investment manager's engagement with selected issuers on their corporate governance practices, as well as on other material sustainability issues, in line with the investment manager's Fixed Income Engagement Strategy, available on www.morganstanley.com/im.

— *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The fund's sustainable investments exclude issuers which have experienced significant controversies that are deemed to violate the UN Global Compact, the UN Guiding Principles on Business and Human Rights, or the ILO Fundamental Principles, and issuers with significant controversies related to violations of the OECD Guidelines for Multinational Enterprises. This screening is done using third-party data.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund considers all of the mandatory PAI on sustainability factors which are relevant to the investment for the portion allocated to sustainable investments, as described above in response to the question, "*How have the indicators for adverse impacts on sustainability factors been taken into account?*"

The portion of the fund that is not made of sustainable investments considers the PAI only in part through the fund's exclusionary criteria, as follows:

- The fund excludes issuers which derive a certain percentage of revenue from thermal coal mining and extraction. The fund therefore partly considers the PAI indicator 4: exposure to companies active in the fossil fuel sector.
- The fund excludes issuers which derive any revenue from controversial weapons manufacturing or retail. The fund therefore considers in whole the PAI indicator 14: exposure to controversial weapons.

The fund will make information available on how it has incorporated the PAIs into the fund in its periodic reports to investors.



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

As part of its investment strategy, the fund aims at reducing exposure to selected business activities which can cause danger to human health and wellbeing or the environment, through exclusionary screening. The fund will also make sustainable investments in Sustainable Bonds making a positive environmental or social contribution through their use of proceeds, or bonds from corporate issuers whose business practices, products or solutions, make a net positive contribution towards the SDGs.

Binding criteria	
The fund will not invest in corporate issuers which:	Derive any revenue from any of the following activities: • Controversial weapons manufacturing or retail (including anti-personnel landmines, cluster munitions, biological or chemical weapons, and nuclear weapons); • Civilian firearms manufacturing or retail; • Tobacco manufacturing; or Derive more than 5% revenue from any of the following activities: • Thermal coal mining and extraction. The fund may, as an exception to this exclusion, invest in Sustainable Bonds which are intended to raise proceeds specifically for projects that promote positive environmental contributions mitigating the adverse sustainability impact of coal, such as alternative minerals, based on information available in the bond issuance documentation.
Sustainable investments	The fund will maintain a minimum of 5% of sustainable investments, which meet the criteria as set out in response to the question, "What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?"

The investment manager may decide to implement additional restrictions to the fund, and such new restrictions will be disclosed in the fund's SFDR Website Disclosure.

In addition to the ESG considerations described in this summary on a binding basis, the fund integrates ESG considerations in the investment decision-making process to support its environmental and social characteristics on a non-binding basis, based on the investment manager's in-house research and methodologies and on third-party data. For example, the investment manager aims to monitor business practices on an ongoing basis, through data on ESG controversies and standards screening that the investment manager sources from third party providers. The investment manager may consider controversy cases that it views as being significant based on ratings by relevant ESG data providers, and failures to comply with the UN Global Compact or the ILO Fundamental Principles, although such incidents will not automatically result in exclusion from the portfolio. In some cases, third-party data on specific issuers, ESG themes or the exclusions noted above may not be available and/or may be estimated by the investment manager using internal methodologies or reasonable estimates. The methodologies used by different data providers may also vary.

The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager. The investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with the investment team to conduct regular portfolio/performance reviews and systemic checks to ensure compliance with portfolio investment objectives and environmental and social characteristics, taking into account changing market conditions, information and strategy developments.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The binding elements of the investment strategy are described in the table above.

The criteria are implemented and monitored by the investment manager using a combination of third-party data and in-house research.

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

Not applicable.

What is the policy to assess good governance practices of the investee companies?

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

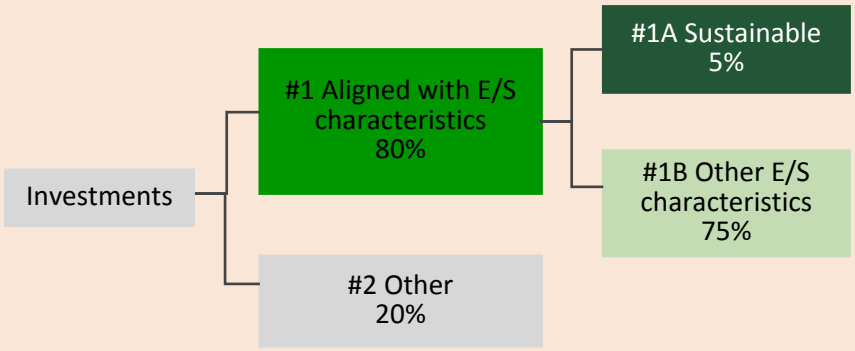
As part of its bottom-up, fundamental research process, the investment manager systematically incorporates the assessment of an issuer's corporate governance and business practices, including but not limited to evidence of sound management structures and employee relations, fair remuneration of staff, and tax compliance, in order to ensure that every investee company follows good governance practices.

This is done through the monitoring of data on governance-related, as well as on other environmental and/or social factors and controversies, sourced from third party providers, through in-house research, and through engagement with the management of selected issuers on corporate governance and disclosure issues.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned** with E/S characteristics covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The exclusions (as described above) will be applied to at least 80% of the portfolio, however the fund also expects to allocate a minimum of 5% of its assets to sustainable investments. Among these sustainable investments, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time.

A maximum of 20% of the fund may be invested in hedging instruments for efficient portfolio management and in cash as ancillary liquidity, which do not align with any environmental or social characteristics, as described in the response to question, "*What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards*" further below.

Any investments that are held by the fund but become restricted because they breach the investment exclusions set out above, after they are acquired for the fund, will be sold. Such sales will take place over a period of time to be determined by the investment manager, taking into account the best interests of the shareholders of the fund. Such investments are included in the "#2 Other" category.

These percentages are measured according to the market value of the investments.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Derivatives may be used by the fund for investment or efficient portfolio management (including hedging) purposes only. These instruments are not used to attain the environmental or social characteristics of the fund.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

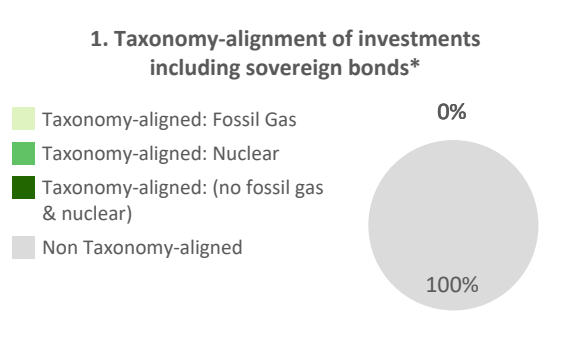
- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?[1]***

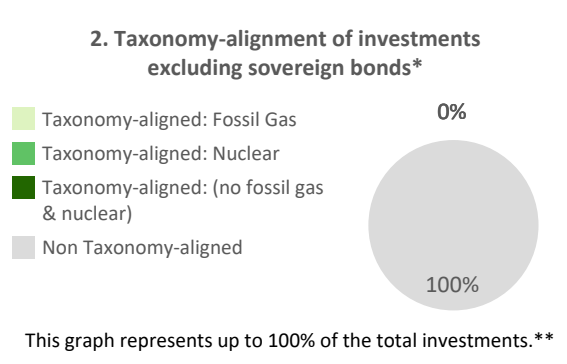
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





This graph represents up to 100% of the total investments.**

** For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

***The proportion of total investments shown in this graph is purely indicative and may vary over time. As the fund does not commit to making sustainable investments aligned with the EU Taxonomy, the proportion of any sovereign exposure in the fund's portfolio will not impact the proportion of sustainable investments aligned with the EU Taxonomy included in the graph.*

- ***What is the minimum share of investments in transitional and enabling activities?***

Although the fund commits to invest in sustainable investments within the meaning of the SFDR, there is no commitment to a minimum share of investments in transitional and enabling activities.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund intends to make a minimum of 5% sustainable investments, as defined under the SFDR, with a combination of environmental and social objectives, as described above. Among these, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time. These sustainable investments will represent at least 5% of the portfolio holdings on an aggregated basis.

Although some of these sustainable investments may be Taxonomy aligned, due to lack of available data regarding the Taxonomy alignment of the underlying securities, the investment manager has not been able to

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

confirm whether these investments are in fact Taxonomy aligned and accordingly will not consider them as such in calculations until this data is reported on or otherwise becomes more reliable. As such, the investment manager uses its own methodology to determine whether certain investments are sustainable in accordance with the SFDR sustainable investment test, and then invests in such assets for the fund.



What is the minimum share of socially sustainable investments?

As explained above, the fund may make sustainable investments which contribute to either environmental or social objectives. Among these, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time. These sustainable investments will represent at least 5% of the portfolio holdings on an aggregated basis.



What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The fund may have investments in hedging instruments for efficient portfolio management and in cash as ancillary liquidity. These instruments are included in the "#2 Other" category and are not subject to environmental and/or social screening or any minimum environmental or social safeguards.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.



Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_globalhighyieldbond_aggregated_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
US High Yield Middle Market Bond Fund	5493001L587BVK8IIO04

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 5% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☒ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

The fund promotes the environmental characteristic of climate change mitigation by excluding investments in certain types of fossil fuels. In addition, the fund promotes the social characteristic of avoiding investments in certain activities which can cause harm to human health and wellbeing.

Further detail on the nature of these exclusions is set out below (in response to the question, "*What investment strategy does this financial product follow?*").

The fund also aims to make a minimum of 5% sustainable investments in:

- Corporate issuers whose business practices, products or solutions, make a net positive contribution towards United Nations' Sustainable Development Goals ("SDGs"); or
- Sustainable Bonds, as defined further below, which make a positive environmental or social contribution through their use of proceeds, as explained in response to the question below, *"What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?".*

The fund has not designated a reference benchmark for the purpose of attaining its environmental or social characteristics.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The following sustainability indicators are used to measure the attainment of the fund's environmental and social characteristics:

- The fund's exposure, in percentage market value, to issuers that violate any of the exclusion criteria;
- The fund's percentage market value allocated to sustainable investments.

Additional details on the fund's exclusions criteria are provided below in response to the question, *"What investment strategy does this financial product follow?".*

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

The fund's sustainable investments will fall within one of the following categories:

- Green, Social or Sustainability Bonds ("Sustainable Bonds"), where the issuer commits to allocate the proceeds to projects making a positive environmental or social contribution. This includes, but is not limited to, bonds that align with the International Capital Market Association (ICMA)'s Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines. Sustainable Bonds mobilise financing directly towards a multiplicity of environmental and social projects whose focus spans across a number of sustainability objectives. Examples include, but are not limited to, financing for renewable energy, energy efficiency, clean transportation, affordable housing, and financial inclusion projects. The specific objectives to which the Sustainable Bonds contribute depend on the eligible environmental and social project categories of each security.
- Bonds from corporate issuers whose business practices, products or solutions, make a net positive contribution towards the SDGs. The SDGs were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet and ensure that by 2030 all people enjoy peace and prosperity. The investment manager defines positive contribution to the SDGs as a net positive aggregate alignment score across all the SDGs (i.e., scores measuring positive contribution to individual SDGs have to, in total, be greater than the total of any negative contribution scores), based on third-party data. The investment manager will also only include issuers which have sufficient positive SDG alignment (in the investment manager's view) with at least one individual SDG, and which do not have any material mis-alignments (in the investment manager's view) on any of the SDGs.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

The investment manager seeks to ensure that the sustainable investments of the fund do not cause significant harm to relevant environmental or social sustainable investment objectives by:

- Testing whether the investment meets the thresholds set by the investment manager for each of the mandatory principal adverse impact ("PAI") indicators (see the response to the question, "*How have the indicators for adverse impacts on sustainability factors been taken into account?*" below for the details of this process); and
- Ensuring that the sustainable investments of the fund are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (see the response to the question, "H*ow are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*" below for the details of this process).

This assessment is conducted using third-party data on the sustainability characteristics of the fund's holdings.

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

The "do no significant harm" methodology applied by the investment manager on sustainable investments seeks to screen investments to identify any significant harm to any of the PAI indicators which are mandatory for the investment manager to consider under the SFDR rules, and which are relevant to the investment.

The investment manager has determined specific metrics and quantitative thresholds for what constitutes significant harm to screen PAI indicators that are relevant to the investment, using third-party data. The thresholds are set: (i) on an absolute value basis; (ii) on a relative basis in the context of the investment universe; or (iii) using pass/fail scores. Different metrics or thresholds may apply to issuers located in developed markets and in emerging markets, respectively. This is intended to reflect the different extent to which the investment manager deems that meeting minimum sustainability standards in these markets is currently achievable . In addition, different relative thresholds may apply to similar indicators: for example, the investment manager currently applies a lower threshold to determine significant adverse impact with respect to scope 3 emissions intensity as compared to scope 1 and 2 emissions intensity. This is because: (i) companies have less control over their indirect emissions; and (ii) data estimates for scope 3 emissions, which currently prevail over reported data compared to scope 1 and 2 emissions, may result in a less accurate PAI assessment.

The investment manager may use reasonable proxy indicators sourced from third parties to address the current lack of data for certain PAI indicators. The investment manager's use of proxy indicators will be kept under review, and will be replaced by PAI data from third-party data providers when the investment manager determines that sufficiently reliable data has become available.

The investment manager generally conducts the PAI assessment at the issuer level. However, where appropriate the assessment may be done at the security level in whole or in part. For instance, in the case of Sustainable Bonds, as defined above, the PAI indicators that are directly related to the sustainability factors targeted by the bond's use of proceeds will be assessed at the security level. As an example, the fund may invest in a Green Bond issued by a utility company that has a negative assessment under the PAI indicators related to GHG emissions and/or GHG intensity, as long as the investment manager evaluates that the issuer has a credible strategy to reduce its GHG emissions and the Green Bond specifically contributes towards such goal. Other PAI indicators that are unrelated to the Sustainable Bond's use of proceeds are assessed at the issuer level.

The fund's PAI assessment is supported, on a qualitative and non-binding basis, by the investment manager's engagement with selected issuers on their corporate governance practices, as well as on other material sustainability issues, in line with the investment manager's Fixed Income Engagement Strategy, available on www.morganstanley.com/im.

— *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The fund's sustainable investments exclude issuers which have experienced significant controversies that are deemed to violate the UN Global Compact, the UN Guiding Principles on Business and Human Rights, or the ILO Fundamental Principles, and issuers with significant controversies related to violations of the OECD Guidelines for Multinational Enterprises. This screening is done using third-party data.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund considers all of the mandatory PAI on sustainability factors which are relevant to the investment for the portion allocated to sustainable investments, as described above in response to the question, "*How have the indicators for adverse impacts on sustainability factors been taken into account?*"

The portion of the fund that is not made of sustainable investments considers the PAI only in part through the fund's exclusionary criteria, as follows:

- The fund excludes issuers which derive a certain percentage of revenue from thermal coal mining and extraction. The fund therefore partly considers the PAI indicator 4: exposure to companies active in the fossil fuel sector.
- The fund excludes issuers which derive any revenue from controversial weapons manufacturing or retail. The fund therefore considers in whole the PAI indicator 14: exposure to controversial weapons.

The fund will make information available on how it has incorporated the PAIs into the fund in its periodic reports to investors.



What investment strategy does this financial product follow?

As part of its investment strategy, the fund aims at reducing exposure to selected business activities which can cause danger to human health and wellbeing or the environment, through exclusionary screening. The fund will also make sustainable investments in Sustainable Bonds making a positive environmental or social contribution through their use of proceeds, or bonds from corporate issuers whose business practices, products or solutions, make a net positive contribution towards the SDGs.

Binding criteria	
The fund will not invest in corporate issuers which:	Derive any revenue from any of the following activities: • Controversial weapons manufacturing or retail (including anti-personnel landmines, cluster munitions, biological or chemical weapons, and nuclear weapons); • Civilian firearms manufacturing or retail; • Tobacco manufacturing; or Derive more than 5% revenue from any of the following activities: • Thermal coal mining and extraction. The fund may, as an exception to this exclusion, invest in Sustainable Bonds which are intended to raise proceeds specifically for projects that promote positive environmental contributions mitigating the adverse sustainability impact of coal, such as alternative minerals, based on information available in the bond issuance documentation.
Sustainable investments	The fund will maintain a minimum of 5% of sustainable investments, which meet the criteria as set out in response to the question, "What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?"

The investment manager may decide to implement additional restrictions to the fund, and such new restrictions will be disclosed in the fund's SFDR Website Disclosure.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

In addition to the ESG considerations described in this summary on a binding basis, the fund integrates ESG considerations in the investment decision-making process to support its environmental and social characteristics on a non-binding basis, based on the investment manager's in-house research and methodologies and on third-party data. For example, the investment manager aims to monitor business practices on an ongoing basis, through data on ESG controversies and standards screening that the investment manager sources from third party providers. The investment manager may consider controversy cases that it views as being significant based on ratings by relevant ESG data providers, and failures to comply with the UN Global Compact or the ILO Fundamental Principles, although such incidents will not automatically result in exclusion from the portfolio. In some cases, third-party data on specific issuers, ESG themes or the exclusions noted above may not be available and/or may be estimated by the investment manager using internal methodologies or reasonable estimates. The methodologies used by different data providers may also vary.

The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager. The investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with the investment team to conduct regular portfolio/performance reviews and systemic checks to ensure compliance with portfolio investment objectives and environmental and social characteristics, taking into account changing market conditions, information and strategy developments.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the investment strategy are described in the table above.

The criteria are implemented and monitored by the investment manager using a combination of third-party data and in-house research.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

- ***What is the policy to assess good governance practices of the investee companies?***

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

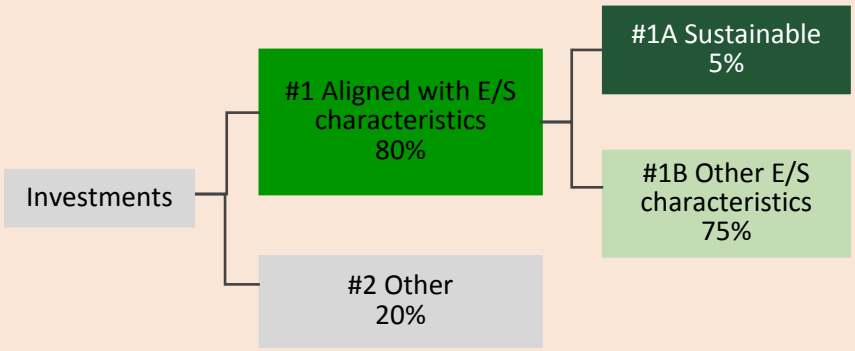
As part of its bottom-up, fundamental research process, the investment manager systematically incorporates the assessment of an issuer's corporate governance and business practices, including but not limited to evidence of sound management structures and employee relations, fair remuneration of staff, and tax compliance, in order to ensure that every investee company follows good governance practices.

This is done through the monitoring of data on governance-related, as well as on other environmental and/or social factors and controversies, sourced from third party providers, through in-house research, and through engagement with the management of selected issuers on corporate governance and disclosure issues.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned** with E/S characteristics covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The exclusions (as described above) will be applied to at least 80% of the portfolio, however the fund also expects to allocate a minimum of 5% of its assets to sustainable investments. Among these sustainable investments, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time.

A maximum of 20% of the fund may be invested in hedging instruments for efficient portfolio management and in cash as ancillary liquidity, which do not align with any environmental or social characteristics, as described in the response to question, "*What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards*" further below.

Any investments that are held by the fund but become restricted because they breach the investment exclusions set out above, after they are acquired for the fund, will be sold. Such sales will take place over a period of time to be determined by the investment manager, taking into account the best interests of the shareholders of the fund. Such investments are included in the "#2 Other" category.

These percentages are measured according to the market value of the investments.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Derivatives may be used by the fund for investment or efficient portfolio management (including hedging) purposes only. These instruments are not used to attain the environmental or social characteristics of the fund.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

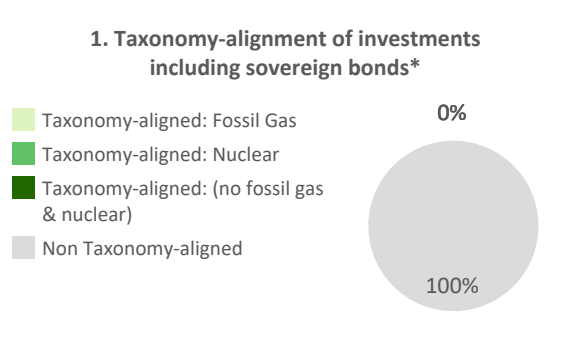
- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?[1]***

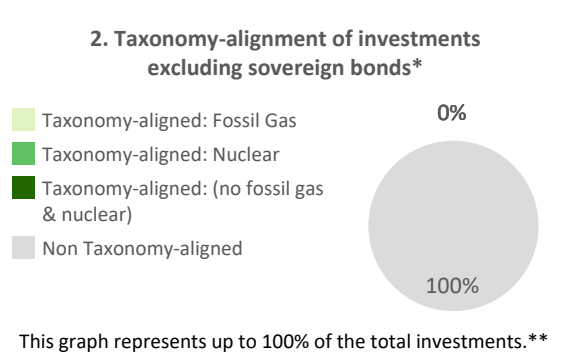
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





This graph represents up to 100% of the total investments.**

** For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

***The proportion of total investments shown in this graph is purely indicative and may vary over time. As the fund does not commit to making sustainable investments aligned with the EU Taxonomy, the proportion of any sovereign exposure in the fund's portfolio will not impact the proportion of sustainable investments aligned with the EU Taxonomy included in the graph.*

- ***What is the minimum share of investments in transitional and enabling activities?***

Although the fund commits to invest in sustainable investments within the meaning of the SFDR, there is no commitment to a minimum share of investments in transitional and enabling activities.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund intends to make a minimum of 5% sustainable investments, as defined under the SFDR, with a combination of environmental and social objectives, as described above. Among these, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time. These sustainable investments will represent at least 5% of the portfolio holdings on an aggregated basis.

Although some of these sustainable investments may be Taxonomy aligned, due to lack of available data regarding the Taxonomy alignment of the underlying securities, the investment manager has not been able to

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

confirm whether these investments are in fact Taxonomy aligned and accordingly will not consider them as such in calculations until this data is reported on or otherwise becomes more reliable. As such, the investment manager uses its own methodology to determine whether certain investments are sustainable in accordance with the SFDR sustainable investment test, and then invests in such assets for the fund.



What is the minimum share of socially sustainable investments?

As explained above, the fund may make sustainable investments which contribute to either environmental or social objectives. Among these, the fund commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time. These sustainable investments will represent at least 5% of the portfolio holdings on an aggregated basis.



What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The fund may have investments in hedging instruments for efficient portfolio management and in cash as ancillary liquidity. These instruments are included in the "#2 Other" category and are not subject to environmental and/or social screening or any minimum environmental or social safeguards.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.



Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_globalhighyieldbond_aggregated_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
Global Balanced Defensive Fund	549300MHNRAKP3UFJG77

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

The fund promotes a number of binding environmental and social characteristics, as described below.

Equity investments

- **Exclusions:** The fund promotes the environmental characteristics of climate change mitigation by excluding investments in certain types of fossil fuels, and of avoiding environmental harm by excluding investments which have caused severe environmental harm where appropriate remedial action has not been taken. In addition, the fund promotes the social characteristic of avoiding investments in activities which can cause harm to human health and wellbeing. Further detail on the nature of these exclusions is set out below in response to the question "*What investment strategy does this financial product follow?*".

- **ESG tilt:** the fund seeks to promote environmental objectives (such as: reducing carbon emissions; and preventing pollution and waste), social objectives (such as: tackling inequality or fostering social cohesion; promoting social integration and labour relations; investing in human capital; promoting access to finance and healthcare; and promoting nutrition and health) and governance objectives (such as good corporate governance and corporate behaviour) by applying an ESG tilt within the portfolio for all equity securities, using the MSCI ESG score and the MSCI Low Carbon Transition score.

Government bonds

- The fund aims to promote the environmental and social characteristic of encouraging countries to manage their ESG risks. The fund achieves this by not investing in the government bonds of countries performing poorly on managing their ESG risks.

Credit

- **Exclusions:** The fund promotes the environmental characteristics of climate change mitigation by excluding investments in certain types of fossil fuels, and of avoiding environmental harm by excluding investments which have caused severe environmental harm where appropriate remedial action has not been taken. In addition, the fund promotes the social characteristic of avoiding investments in activities which can cause harm to human health and wellbeing. Further detail on the nature of these exclusions is set out below in response to the question "*What investment strategy does this financial product follow?*".

The fund has not designated a reference benchmark for the purposes of attaining its environmental or social characteristics.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The sustainability indicators that the investment manager uses to measure the attainment of the environmental and social characteristics promoted by the fund vary depending on the nature of the underlying investments.

Equity investments

- **Exclusions:** the application of the exclusionary screens to the fund's equity investments is measured by the percentage of the fund's equity investments which breach the exclusionary screens. The relevant sustainability indicator is therefore that 0% of the fund's equity investments are in breach of the fund's Exclusion Policy.

- **ESG tilt:** the fund allocates its global equity investment to five regional equity baskets. Each will outperform the equivalent regional equity benchmark determined by the investment manager as representative of the relevant region with regard to the weighted average of:

    - the ESG score, as determined by MSCI (an external data provider); and

    - the Low Carbon Transition score, as determined by MSCI.

- In addition, the core equity portfolio (which is made up of the total of the five regional baskets) will outperform the MSCI ACWI index with regard to the two scores referenced above.

The ESG score (as determined by MSCI) assesses each company based on a combination of the key issues that are most material to a company, out of a possible 35 ESG issues (such as reduction of carbon emissions,

preventing pollution, tackling equality, and access to healthcare). The Low Carbon Transition score assesses a company's management of risks and opportunities related to the low carbon transition.

Government bonds

- **Exclusions:** the application of the exclusionary screen to the fund's investments in government bonds is measured by the percentage of the fund's government bonds which breach the exclusionary screen. The relevant sustainability indicator is therefore that 0% of the fund's government bonds are in breach of the exclusionary criteria.

Credit

- **Exclusions:** the application of the exclusionary screens to the fund's directly held corporate bond investments is measured by the percentage of the fund's corporate bond investments which breach the exclusionary screens. The relevant sustainability indicator is therefore that 0% of the fund's directly held corporate bond investments are in breach of the fund's Exclusion Policy.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Not applicable

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

— *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Not applicable

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund considers the following PAI indicators through the application of the fund's binding environmental or social characteristics (as described elsewhere in this document):

- **PAI indicators numbers 1-3 (GHG emissions, carbon footprint and GHG intensity of investee companies):** The equity investments of the fund consider PAI indicators numbers 1-3 regarding GHG emissions in part through its equity investments. The fund considers these indicators because it applies a tilt considering the Low Carbon Transition score to the equities held in the equity baskets. The Low Carbon Transition score is designed to identify potential leaders and laggards by measuring companies' exposure to and management of risks and opportunities related to the low carbon transition and assesses carbon intensity of each of our equity securities. The Low Carbon Transition score takes into account GHG emissions (scopes 1-3).

- **PAI indicator number 4 (exposure to companies active in the fossil fuel sector):** The fund considers this PAI indicator in part through its investments in equities and directly held corporate bonds because it excludes issuers with high exposure to carbon-intensive activities, with a view to mitigation of climate-related financial risks. Namely, the fund excludes companies that derive 5% or more of their revenue from the mining of thermal coal or the extraction of oil sands.

- **PAI indicators numbers 7-9 (activities negatively affecting biodiversity-sensitive areas, emissions to water and hazardous waste and radioactive waste ratio):** The fund considers these indicators in part through its investments in equities and directly held corporate bonds because, as a proxy, it excludes investments in companies involved in ongoing severe structural controversy cases related to environmental harm where we believe appropriate remedial action has not been taken. These controversies include controversies relating to Biodiversity & Land Use, Toxic Emissions & Waste, Water Stress, Operational Waste (Non-Hazardous), Supply Chain Management amongst others.

- **PAI indicator number 10 (violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises):** The fund considers this PAI indicator through its investments in equities and directly held corporate bonds because it excludes investments in issuers flagged in breach of one or more selected global norms and conventions, including the United Nations Global Compact Principles (UNGC), United Nations Guiding Principles for Business and Human Rights, the International Labour Organization's fundamental principles and the OECD Guidelines for Multinational Enterprises

- **PAI indicator number 14 (exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)):** The fund considers this PAI indicator through its investments in equities and directly held corporate bonds because it excludes investments in issuers which derive any revenue from controversial weapons (including all the controversial weapons listed for PAI number 14).

The fund will make information available on how it has considered the PAIs in its periodic reports to investors.

What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

This fund has a number of ESG features which are binding on the fund's investment decisions and relate to different types of investments in the fund, which are described in further detail in responses to previous questions.

Equity investments

With regard to the equity investments of the product, the fund applies the following binding elements in the investment strategy:

- **Exclusions:** the investment manager imposes certain ESG exclusionary screens on all the equity investments of the fund, as set out in the fund's Exclusion Policy. These screens mean that the equity investments of the fund will not include equities of issuers with certain specified criteria, as follows:
    - (1) with high exposure to carbon-intensive activities, such as mining thermal coal or generating power from thermal coal and extraction of oil sands;
    - (2) that derive a certain percentage of their revenue from Arctic oil and gas production;
    - (3) with ties to the manufacturing or production of controversial weapons or intended use components;
    - (4) that manufacture civilian firearms;
    - (5) that manufacture tobacco products or derive a certain percentage of their revenue from tobacco products;
    - (6) that derive a certain percentage of their revenue from gambling-related business activities;
    - (7) that derive a certain percentage of their revenue from adult entertainment activities; or
    - (8) that have experienced the most severe ESG controversy cases or are involved in ongoing severe structural controversy cases related to environmental harm and where the investment team believe appropriate remedial action hasn't been taken.
- **ESG tilt:** as noted above, the fund allocates its global equity investment to five regional baskets. The investment manager seeks to ensure that each of the regional baskets outperform the equivalent benchmark for that region with regard to the ESG score and Low Carbon Transition score, as determined by MSCI. Finally, the core equity portfolio (which comprises all five regional baskets) as a whole will also seek to outperform MSCI ACWI index with regard to the scores referenced above.

Government bonds

With regard to the Government bond investments of the product, the fund applies the following binding elements in the investment strategy:

- **Exclusions:** The fund aims to avoid investing in the bonds of countries with a current ESG Government Rating of "CCC". The ESG Government Ratings (as determined by MSCI) identify a country's exposure to and management of environmental, social and governance risk factors and consider how these factors might impact the long-term sustainability of its economy.

Credit

With regard to the directly held corporate bond investments of the fund, the investment manager imposes certain ESG exclusionary screens on the issuers of the corporate bonds that are managed directly, as set out in the fund's Exclusion Policy. These screens mean that the directly held credit investments of the fund will not include corporate bond of issuers with certain specified criteria, as set out above under equity investments exclusions criteria.

Investments that are held by the fund but become restricted after they are acquired for the fund will be sold. Such sales will take place over a time period to be determined by the investment manager, taking into account the best interests of the shareholders of the fund.
The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager and the management company. The investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with the investment team to conduct regular portfolio / performance reviews and systemic checks to ensure compliance with portfolio investment objectives, investment and client guidelines, taking into account changing market conditions, information and strategy developments.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The binding elements of the investment strategy used to select the investments to achieve the environmental / social characteristics promoted are the following:

- The exclusionary criteria applied by the fund to the equity, government bond and credit holdings
- The ESG tilts applied by the fund to the equity holdings

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

Not applicable

What is the policy to assess good governance practices of the investee companies?

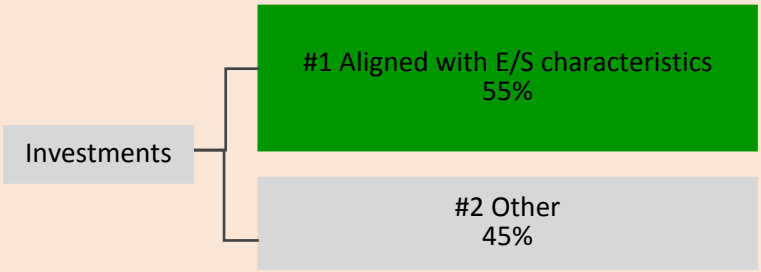
Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The fund leverages third party data and governance related controversy screens when assessing governance practices of investee companies. The third-party data assess companies' management structures, employee relations, remuneration of staff and tax compliance. All companies in the fund are assessed against these indicators and the fund does not invest in companies that have experienced very severe governance controversies (such as bribery & fraud, tax evasion, governance structures, etc).

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The investment manager will seek to ensure that at least 55% or more of the fund's investments are aligned with E/S characteristics. As described above, however, the relevant E/S characteristics vary depending on the nature of the fund's investment. The below provides an indication of the proportion of the fund's assets expected to promote the environmental or social characteristics described, based on historical data. Investors should note, however, that actual asset allocations may vary significantly over time due to the asset mix determined by the Investment Manager and as a result of investment performance.

- Equity investments are expected to make up between 10% to 30% of the fund's portfolio (as measured by the total fund value). The screens and ESG tilt of the fund are applied to all the direct equity investments of the fund.

- Investments in directly held corporate bonds are expected to make up approximately 5% to 20% of the fund's portfolio (as measured by the total fund value).

- Investments in government bonds are expected to make up approximately 10% to 40% of the fund's portfolio (as measured by the total fund value). The selection process for government bonds incorporates the ESG features described above.

As explained above, the ESG tilt of the equity investments is applied at the level of the five regional baskets and the portfolio of equity investments (and not at the level of individual holdings, some of which may on an individual basis have an ESG score or Low Carbon Transition score lower than the average for the regional basket or for the whole portfolio of equity investments).

It is anticipated that up to 45% of the fund's assets may be invested in hedging and/or cash instruments for efficient portfolio management purposes, other instruments which do not align with any environmental or social characteristics, or investments for which adequate data is not available.

***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

Not applicable

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

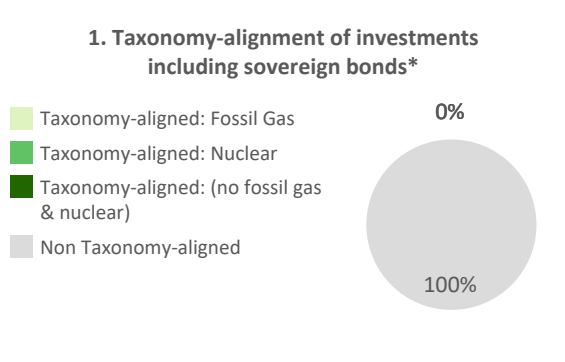
● ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?***[1]

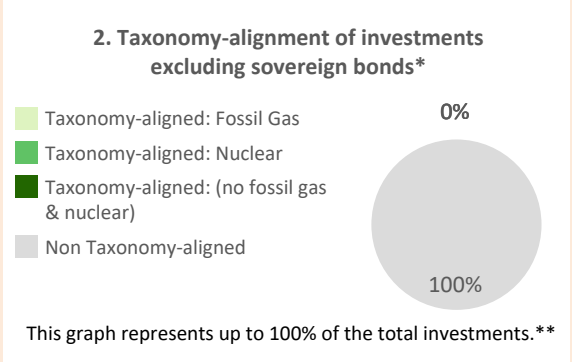
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





This graph represents up to 100% of the total investments.**

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

***The proportion of total investments shown in this graph is purely indicative and may vary over time. As the fund does not commit to making sustainable investments aligned with the EU Taxonomy, the proportion of any sovereign exposure in the fund's portfolio will not impact the proportion of sustainable investments aligned with the EU Taxonomy included in the graph.*

● ***What is the minimum share of investments in transitional and enabling activities?***

As the fund does not commit to invest any sustainable investment within the meaning of the EU Taxonomy, the minimum share of investments in transitional and enabling activities within the meaning of the EU Taxonomy is therefore also set at 0%.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund promotes environmental and social characteristics but does not commit to making any sustainable investments. As a consequence, the fund does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

What is the minimum share of socially sustainable investments?

Not applicable

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Investments categorised as "#2 Other" include:

- financial derivative instruments such as on or off exchange traded options, which may be written on indices; single securities; or currencies;
- hedging instruments;
- cash held as ancillary liquidity;
- investments for which the investment team is lacking data in order to assess if they qualify as promoting environmental or social characteristics;
- any other investments which do not promote environmental or social characteristics (such as derivatives used for speculative purposes which do not have any ESG features).

There are no minimum environmental or social safeguards applied to such investments.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable

Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_globalbalanceddefensive_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
Global Multi Asset Strategist Fund	5493001XMV1F05VL2L46

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

The fund promotes a number of binding environmental and social characteristics, as described below.

Equity investments

- **Exclusions:** The fund promotes the environmental characteristics of climate change mitigation by excluding investments in certain types of fossil fuels, and of avoiding environmental harm by excluding investments which have caused severe environmental harm where appropriate remedial action has not been taken. In addition, the fund promotes the social characteristic of avoiding investments in activities which can cause harm to human health and wellbeing. Further detail on the nature of these exclusions is set out below in response to the question "*What investment strategy does this financial product follow?*".

- **ESG tilt:** the fund seeks to promote environmental objectives (such as: reducing carbon emissions; and preventing pollution and waste), social objectives (such as: tackling inequality or fostering social cohesion; promoting social integration and labour relations; investing in human capital; promoting access to finance and healthcare; and promoting nutrition and health) and governance objectives (such as good corporate governance and corporate behaviour) by applying an ESG tilt within the portfolio for all equity securities, using the MSCI ESG score and the MSCI Low Carbon Transition score.

Government bonds

- The fund aims to promote the environmental and social characteristic of encouraging countries to manage their ESG risks. The fund achieves this by not investing in the government bonds of countries performing poorly on managing their ESG risks.

Credit

- **Exclusions:** The fund promotes the environmental characteristics of climate change mitigation by excluding investments in certain types of fossil fuels, and of avoiding environmental harm by excluding investments which have caused severe environmental harm where appropriate remedial action has not been taken. In addition, the fund promotes the social characteristic of avoiding investments in activities which can cause harm to human health and wellbeing. Further detail on the nature of these exclusions is set out below in response to the question "*What investment strategy does this financial product follow?*".

The fund has not designated a reference benchmark for the purposes of attaining its environmental or social characteristics.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The sustainability indicators that the investment manager uses to measure the attainment of the environmental and social characteristics promoted by the fund vary depending on the nature of the underlying investments.

Equity investments

- **Exclusions:** the application of the exclusionary screens to the fund's equity investments is measured by the percentage of the fund's equity investments which breach the exclusionary screens. The relevant sustainability indicator is therefore that 0% of the fund's equity investments are in breach of the fund's Exclusion Policy.

- **ESG tilt:** the fund allocates its global equity investment to five regional equity baskets. Each will outperform the equivalent regional equity benchmark determined by the investment manager as representative of the relevant region with regard to the weighted average of:

    - the ESG score, as determined by MSCI (an external data provider); and

    - the Low Carbon Transition score, as determined by MSCI.

- In addition, the core equity portfolio (which is made up of the total of the five regional baskets) will outperform the MSCI ACWI index with regard to the two scores referenced above.

The ESG score (as determined by MSCI) assesses each company based on a combination of the key issues that are most material to a company, out of a possible 35 ESG issues (such as reduction of carbon emissions, preventing pollution, tackling equality, and access to healthcare). The Low Carbon Transition score assesses a company's management of risks and opportunities related to the low carbon transition.

Government bonds

- **Exclusions:** the application of the exclusionary screen to the fund's investments in government bonds is measured by the percentage of the fund's government bonds which breach the exclusionary screen. The relevant sustainability indicator is therefore that 0% of the fund's government bonds are in breach of the exclusionary criteria.

Credit

- **Exclusions:** the application of the exclusionary screens to the fund's directly held corporate bond investments is measured by the percentage of the fund's corporate bond investments which breach the exclusionary screens. The relevant sustainability indicator is therefore that 0% of the fund's directly held corporate bond investments are in breach of the fund's Exclusion Policy.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

Not applicable

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

Not applicable

How have the indicators for adverse impacts on sustainability factors been taken into account?

Not applicable

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Not applicable

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund considers the following PAI indicators through the application of the fund's binding environmental or social characteristics (as described elsewhere in this document):

- **PAI indicators numbers 1-3 (GHG emissions, carbon footprint and GHG intensity of investee companies):** The equity investments of the fund consider PAI indicators numbers 1-3 regarding GHG emissions in part through its equity investments. The fund considers these indicators because it applies a tilt considering the Low Carbon Transition score to the equities held in the equity baskets. The Low Carbon Transition score is designed to identify potential leaders and laggards by measuring companies' exposure to and management of risks and opportunities related to the low carbon transition and assesses carbon intensity of each of our equity securities. The Low Carbon Transition score takes into account GHG emissions (scopes 1-3).

- **PAI indicator number 4 (exposure to companies active in the fossil fuel sector):** The fund considers this PAI indicator in part through its investments in equities and directly held corporate bonds because it excludes issuers with high exposure to carbon-intensive activities, with a view to mitigation of climate-related financial risks. Namely, the fund excludes companies that derive 5% or more of their revenue from the mining of thermal coal or the extraction of oil sands.

- **PAI indicators numbers 7-9 (activities negatively affecting biodiversity-sensitive areas, emissions to water and hazardous waste and radioactive waste ratio):** The fund considers these indicators in part through its investments in equities and directly held corporate bonds because, as a proxy, it excludes investments in companies involved in ongoing severe structural controversy cases related to environmental harm where we believe appropriate remedial action has not been taken. These controversies include controversies relating to Biodiversity & Land Use, Toxic Emissions & Waste, Water Stress, Operational Waste (Non-Hazardous), Supply Chain Management amongst others.

- **PAI indicator number 10 (violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises):** The fund considers this PAI indicator through its investments in equities and directly held corporate bonds because it excludes investments in issuers flagged in breach of one or more selected global norms and conventions, including the United Nations Global Compact Principles (UNGC), United Nations Guiding Principles for Business and Human Rights, the International Labour Organization's fundamental principles and the OECD Guidelines for Multinational Enterprises

- **PAI indicator number 14 (exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)):** The fund considers this PAI indicator through its investments in equities and directly held corporate bonds because it excludes investments in issuers which derive any revenue from controversial weapons (including all the controversial weapons listed for PAI number 14).

The fund will make information available on how it has considered the PAIs in its periodic reports to investors.

What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

This fund has a number of ESG features which are binding on the fund's investment decisions and relate to different types of investments in the fund, which are described in further detail in responses to previous questions.

Equity investments

With regard to the equity investments of the product, the fund applies the following binding elements in the investment strategy:

- **Exclusions:** the investment manager imposes certain ESG exclusionary screens on all the equity investments of the fund, as set out in the fund's Exclusion Policy. These screens mean that the equity investments of the fund will not include equities of issuers with certain specified criteria, as follows:
    - (1) with high exposure to carbon-intensive activities, such as mining thermal coal or generating power from thermal coal and extraction of oil sands;
    - (2) that derive a certain percentage of their revenue from Arctic oil and gas production;
    - (3) with ties to the manufacturing or production of controversial weapons or intended use components;
    - (4) that manufacture civilian firearms;
    - (5) that manufacture tobacco products or derive a certain percentage of their revenue from tobacco products;
    - (6) that derive a certain percentage of their revenue from gambling-related business activities;
    - (7) that derive a certain percentage of their revenue from adult entertainment activities; or
    - (8) that have experienced the most severe ESG controversy cases or are involved in ongoing severe structural controversy cases related to environmental harm and where the investment team believe appropriate remedial action hasn't been taken.
- **ESG tilt:** as noted above, the fund allocates its global equity investment to five regional baskets. The investment manager seeks to ensure that each of the regional baskets outperform the equivalent benchmark for that region with regard to the ESG score and Low Carbon Transition score, as determined by MSCI. Finally, the core equity portfolio (which comprises all five regional baskets) as a whole will also seek to outperform MSCI ACWI index with regard to the scores referenced above.

Government bonds

With regard to the Government bond investments of the product, the fund applies the following binding elements in the investment strategy:

- **Exclusions:** The fund aims to avoid investing in the bonds of countries with a current ESG Government Rating of "CCC". The ESG Government Ratings (as determined by MSCI) identify a country's exposure to and management of environmental, social and governance risk factors and consider how these factors might impact the long-term sustainability of its economy.

Credit

With regard to the directly held corporate bond investments of the fund, the investment manager imposes certain ESG exclusionary screens on the issuers of the corporate bonds that are managed directly, as set out in the fund's Exclusion Policy. These screens mean that the directly held credit investments of the fund will not include corporate bond of issuers with certain specified criteria, as set out above under equity investments exclusions criteria.

Investments that are held by the fund but become restricted after they are acquired for the fund will be sold. Such sales will take place over a time period to be determined by the investment manager, taking into account the best interests of the shareholders of the fund.
The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager and the management company. The investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with the investment team to conduct regular portfolio / performance reviews and systemic checks to ensure compliance with portfolio investment objectives, investment and client guidelines, taking into account changing market conditions, information and strategy developments.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the investment strategy used to select the investments to achieve the environmental / social characteristics promoted are the following:

- The exclusionary criteria applied by the fund to the equity, government bond and credit holdings
- The ESG tilts applied by the fund to the equity holdings

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable

- ***What is the policy to assess good governance practices of the investee companies?***

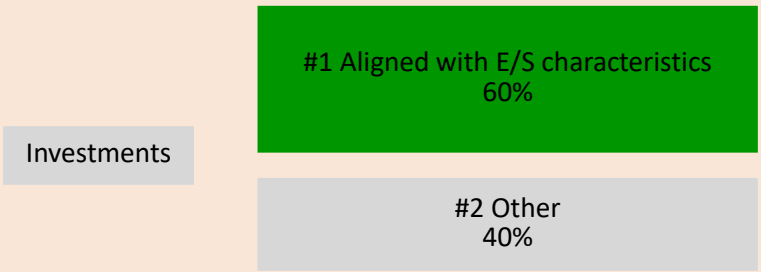
Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The fund leverages third party data and governance related controversy screens when assessing governance practices of investee companies. The third-party data assess companies' management structures, employee relations, remuneration of staff and tax compliance. All companies in the fund are assessed against these indicators and the fund does not invest in companies that have experienced very severe governance controversies (such as bribery & fraud, tax evasion, governance structures, etc).

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The investment manager will seek to ensure that 60% or more of the fund's investments are aligned with environmental or social characteristics. As described above, however, the relevant environmental or social characteristics vary depending on the nature of the fund's investment. The below provides an indication of the proportion of the fund's assets expected to promote the environmental or social characteristics described, based on historical data. Investors should note, however, that actual asset allocations may vary significantly over time due to the asset mix determined by the investment manager and as a result of investment performance.

- Equity investments are expected to make up between 20% to 70% of the fund's portfolio (as measured by the total fund value). The screens and ESG tilt of the fund are applied to all the direct equity investments of the fund.

- Investments in directly held corporate bonds are expected to make up approximately 5% to 10% of the fund's portfolio (as measured by the total fund value).

- Investments in government bonds are expected to make up approximately 15% to 35% of the fund's portfolio (as measured by the total fund value). The selection process for government bonds incorporates the ESG features described above.

As explained above, the ESG tilt of the equity investments is applied at the level of the five regional baskets and the portfolio of equity investments (and not at the level of individual holdings, some of which may on an individual basis have an ESG score or Low Carbon Transition score lower than the average for the regional basket or for the whole portfolio of equity investments).

It is anticipated that up to 40% of the fund's assets may be invested in hedging and/or cash instruments for efficient portfolio management purposes, other instruments which do not align with any environmental or social characteristics, or investments for which adequate data is not available.

● ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

Not applicable

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

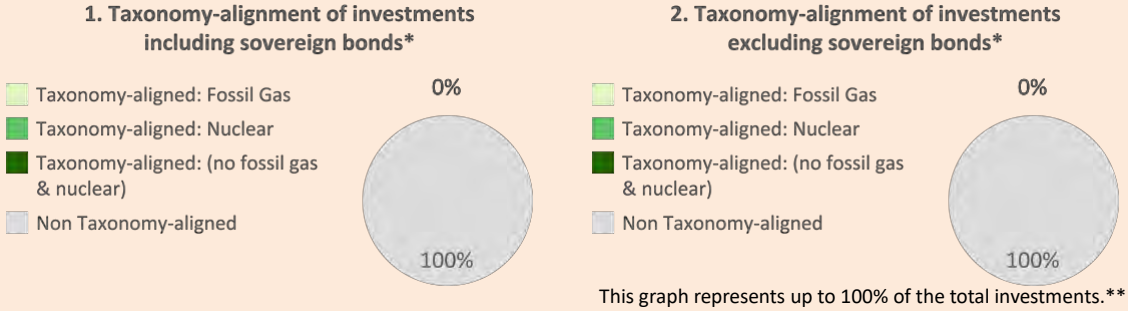
● ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?*[1]**

☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



This graph represents up to 100% of the total investments.**

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

***The proportion of total investments shown in this graph is purely indicative and may vary over time. As the fund does not commit to making sustainable investments aligned with the EU Taxonomy, the proportion of any sovereign exposure in the fund's portfolio will not impact the proportion of sustainable investments aligned with the EU Taxonomy included in the graph.*

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

- ***What is the minimum share of investments in transitional and enabling activities?***

As the fund does not commit to invest any sustainable investment within the meaning of the EU Taxonomy, the minimum share of investments in transitional and enabling activities within the meaning of the EU Taxonomy is therefore also set at 0%.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?



Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund promotes environmental and social characteristics but does not commit to making any sustainable investments. As a consequence, the fund does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.



What is the minimum share of socially sustainable investments?

Not applicable



What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Investments categorised as "#2 Other" include:

- hedging instruments;
- cash held as ancillary liquidity;
- investments for which the investment team is lacking data in order to assess if they qualify as promoting environmental or social characteristics;
- any other investments which do not promote environmental or social characteristics (such as derivatives used for speculative purposes which do not have any ESG features).

There are no minimum environmental or social safeguards applied to such investments.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable



Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_globalmultiassettstrategist_en.pdf

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
Global Balanced Income Fund	549300V1TBJVKZCB8M65

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

The fund promotes a number of binding environmental and social characteristics, as described below.

Equity investments

- **Exclusions:** The fund promotes the environmental characteristics of climate change mitigation by excluding investments in certain types of fossil fuels, and of avoiding environmental harm by excluding investments which have caused severe environmental harm where appropriate remedial action has not been taken. In addition, the fund promotes the social characteristic of avoiding investments in activities which can cause harm to human health and wellbeing. Further detail on the nature of these exclusions is set out below in response to the question "*What investment strategy does this financial product follow?*".

- **ESG tilt:** the fund seeks to promote environmental objectives (such as: reducing carbon emissions; and preventing pollution and waste), social objectives (such as: tackling inequality or fostering social cohesion; promoting social integration and labour relations; investing in human capital; promoting access to finance and healthcare; and promoting nutrition and health) and governance objectives (such as good corporate governance and corporate behaviour) by applying an ESG tilt within the portfolio for all equity securities, using the MSCI ESG score and the MSCI Low Carbon Transition score.

Government bonds

- The fund aims to promote the environmental and social characteristic of encouraging countries to manage their ESG risks. The fund achieves this by not investing in the government bonds of countries performing poorly on managing their ESG risks.

Credit

- **Exclusions:** The fund promotes the environmental characteristics of climate change mitigation by excluding investments in certain types of fossil fuels, and of avoiding environmental harm by excluding investments which have caused severe environmental harm where appropriate remedial action has not been taken. In addition, the fund promotes the social characteristic of avoiding investments in activities which can cause harm to human health and wellbeing. Further detail on the nature of these exclusions is set out below in response to the question "*What investment strategy does this financial product follow?*".

The fund has not designated a reference benchmark for the purposes of attaining its environmental or social characteristics.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The sustainability indicators that the investment manager uses to measure the attainment of the environmental and social characteristics promoted by the fund vary depending on the nature of the underlying investments.

Equity investments

- **Exclusions:** the application of the exclusionary screens to the fund's equity investments is measured by the percentage of the fund's equity investments which breach the exclusionary screens. The relevant sustainability indicator is therefore that 0% of the fund's equity investments are in breach of the fund's Exclusion Policy.

- **ESG tilt:** the fund allocates its global equity investment to five regional equity baskets. Each will outperform the equivalent regional equity benchmark determined by the investment manager as representative of the relevant region with regard to the weighted average of:

    - the ESG score, as determined by MSCI (an external data provider); and

    - the Low Carbon Transition score, as determined by MSCI.

- In addition, the core equity portfolio (which is made up of the total of the five regional baskets) will outperform the MSCI ACWI index with regard to the two scores referenced above.

The ESG score (as determined by MSCI) assesses each company based on a combination of the key issues that are most material to a company, out of a possible 35 ESG issues (such as reduction of carbon emissions,

preventing pollution, tackling equality, and access to healthcare). The Low Carbon Transition score assesses a company's management of risks and opportunities related to the low carbon transition.

Government bonds

- **Exclusions:** the application of the exclusionary screen to the fund's investments in government bonds is measured by the percentage of the fund's government bonds which breach the exclusionary screen. The relevant sustainability indicator is therefore that 0% of the fund's government bonds are in breach of the exclusionary criteria.

Credit

- **Exclusions:** the application of the exclusionary screens to the fund's directly held corporate bond investments is measured by the percentage of the fund's corporate bond investments which breach the exclusionary screens. The relevant sustainability indicator is therefore that 0% of the fund's directly held corporate bond investments are in breach of the fund's Exclusion Policy.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable

- ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Not applicable

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

— *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Not applicable

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Does this financial product consider principal adverse impacts on sustainability factors?

☒ **Yes**

☐ **No**

The fund considers the following PAI indicators through the application of the fund's binding environmental or social characteristics (as described elsewhere in this document):

- **PAI indicators numbers 1-3 (GHG emissions, carbon footprint and GHG intensity of investee companies):** The equity investments of the fund consider PAI indicators numbers 1-3 regarding GHG emissions in part through its equity investments. The fund considers these indicators because it applies a tilt considering the Low Carbon Transition score to the equities held in the equity baskets. The Low Carbon Transition score is designed to identify potential leaders and laggards by measuring companies' exposure to and management of risks and opportunities related to the low carbon transition and assesses carbon intensity of each of our equity securities. The Low Carbon Transition score takes into account GHG emissions (scopes 1-3).

- **PAI indicator number 4 (exposure to companies active in the fossil fuel sector):** The fund considers this PAI indicator in part through its investments in equities and directly held corporate bonds because it excludes issuers with high exposure to carbon-intensive activities, with a view to mitigation of climate-related financial risks. Namely, the fund excludes companies that derive 5% or more of their revenue from the mining of thermal coal or the extraction of oil sands.

- **PAI indicators numbers 7-9 (activities negatively affecting biodiversity-sensitive areas, emissions to water and hazardous waste and radioactive waste ratio):** The fund considers these indicators in part through its investments in equities and directly held corporate bonds because, as a proxy, it excludes investments in companies involved in ongoing severe structural controversy cases related to environmental harm where we believe appropriate remedial action has not been taken. These controversies include controversies relating to Biodiversity & Land Use, Toxic Emissions & Waste, Water Stress, Operational Waste (Non-Hazardous), Supply Chain Management amongst others.

- **PAI indicator number 10 (violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises):** The fund considers this PAI indicator through its investments in equities and directly held corporate bonds because it excludes investments in issuers flagged in breach of one or more selected global norms and conventions, including the United Nations Global Compact Principles (UNGC), United Nations Guiding Principles for Business and Human Rights, the International Labour Organization's fundamental principles and the OECD Guidelines for Multinational Enterprises

- **PAI indicator number 14 (exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)):** The fund considers this PAI indicator through its investments in equities and directly held corporate bonds because it excludes investments in issuers which derive any revenue from controversial weapons (including all the controversial weapons listed for PAI number 14).

The fund will make information available on how it has considered the PAIs in its periodic reports to investors.

What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

This fund has a number of ESG features which are binding on the fund's investment decisions and relate to different types of investments in the fund, which are described in further detail in responses to previous questions.

Equity investments

With regard to the equity investments of the product, the fund applies the following binding elements in the investment strategy:

- **Exclusions:** the investment manager imposes certain ESG exclusionary screens on all the equity investments of the fund, as set out in the fund's Exclusion Policy. These screens mean that the equity investments of the fund will not include equities of issuers with certain specified criteria, as follows:
    - (1) with high exposure to carbon-intensive activities, such as mining thermal coal or generating power from thermal coal and extraction of oil sands;
    - (2) that derive a certain percentage of their revenue from Arctic oil and gas production;
    - (3) with ties to the manufacturing or production of controversial weapons or intended use components;
    - (4) that manufacture civilian firearms;
    - (5) that manufacture tobacco products or derive a certain percentage of their revenue from tobacco products;
    - (6) that derive a certain percentage of their revenue from gambling-related business activities;
    - (7) that derive a certain percentage of their revenue from adult entertainment activities; or
    - (8) that have experienced the most severe ESG controversy cases or are involved in ongoing severe structural controversy cases related to environmental harm and where the investment team believe appropriate remedial action hasn't been taken.
- **ESG tilt:** as noted above, the fund allocates its global equity investment to five regional baskets. The investment manager seeks to ensure that each of the regional baskets outperform the equivalent benchmark for that region with regard to the ESG score and Low Carbon Transition score, as determined by MSCI. Finally, the core equity portfolio (which comprises all five regional baskets) as a whole will also seek to outperform MSCI ACWI index with regard to the scores referenced above.

Government bonds

With regard to the Government bond investments of the product, the fund applies the following binding elements in the investment strategy:

- **Exclusions:** The fund aims to avoid investing in the bonds of countries with a current ESG Government Rating of "CCC". The ESG Government Ratings (as determined by MSCI) identify a country's exposure to and management of environmental, social and governance risk factors and consider how these factors might impact the long-term sustainability of its economy.

Credit

With regard to the directly held corporate bond investments of the fund, the investment manager imposes certain ESG exclusionary screens on the issuers of the corporate bonds that are managed directly, as set out in the fund's Exclusion Policy. These screens mean that the directly held credit investments of the fund will not include corporate bond of issuers with certain specified criteria, as set out above under equity investments exclusions criteria.

Investments that are held by the fund but become restricted after they are acquired for the fund will be sold. Such sales will take place over a time period to be determined by the investment manager, taking into account the best interests of the shareholders of the fund.
The investment process is subject to regular review, as part of a control and monitoring framework implemented by the investment manager and the management company. The investment manager's Compliance, Risk and Portfolio Surveillance teams collaborate with the investment team to conduct regular portfolio / performance reviews and systemic checks to ensure compliance with portfolio investment objectives, investment and client guidelines, taking into account changing market conditions, information and strategy developments.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the investment strategy used to select the investments to achieve the environmental / social characteristics promoted are the following:

- The exclusionary criteria applied by the fund to the equity, government bond and credit holdings
- The ESG tilts applied by the fund to the equity holdings

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable

- ***What is the policy to assess good governance practices of the investee companies?***

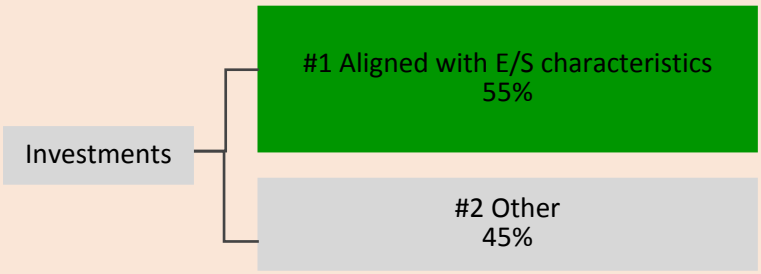
Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The fund leverages third party data and governance related controversy screens when assessing governance practices of investee companies. The third-party data assess companies' management structures, employee relations, remuneration of staff and tax compliance. All companies in the fund are assessed against these indicators and the fund does not invest in companies that have experienced very severe governance controversies (such as bribery & fraud, tax evasion, governance structures, etc).

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The investment manager will seek to ensure that at least 55% or more of the fund's investments are aligned with E/S characteristics. As described above, however, the relevant E/S characteristics vary depending on the nature of the fund's investment. The below provides an indication of the proportion of the fund's assets expected to promote the environmental or social characteristics described, based on historical data. Investors should note, however, that actual asset allocations may vary significantly over time due to the asset mix determined by the Investment Manager and as a result of investment performance.

Equity investments are expected to make up between 10% to 90% of the fund's portfolio (as measured by the total fund value). The screens and ESG tilt of the fund are applied to all the direct equity investments of the fund.

In addition, the Investment Advisor may invest in a range of other instruments such as Fixed Income Securities,

Commodity-linked investments, open and closed ended UCIs, including the Company's Funds and ETFs and cash and money market instruments. The investment manager may use on or off exchange traded derivatives such as options, futures or swaps.

As explained above, the ESG tilt of the equity investments is applied at the level of the five regional baskets and the portfolio of equity investments (and not at the level of individual holdings, some of which may on an individual basis have an ESG score or Low Carbon Transition score lower than the average for the regional basket or for the whole portfolio of equity investments).

It is anticipated that up to 45% of the fund's assets may be invested in hedging and/or cash instruments for efficient portfolio management purposes, other instruments which do not align with any environmental or social characteristics, or investments for which adequate data is not available.

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

Not applicable

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

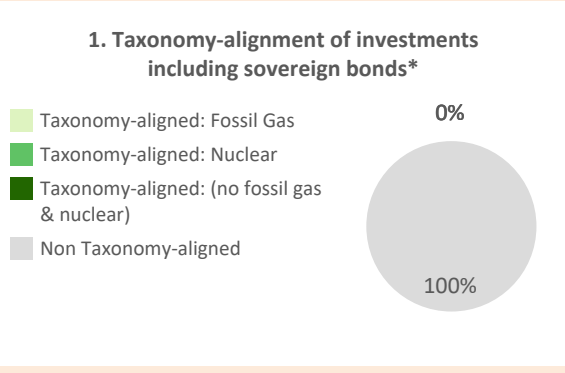
- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?*[1]**

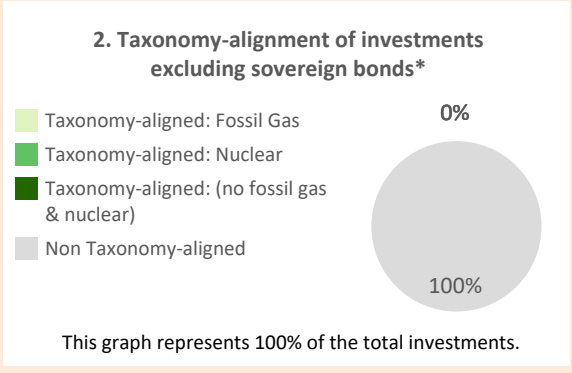
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





This graph represents 100% of the total investments.

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

- ***What is the minimum share of investments in transitional and enabling activities?***

As the fund does not commit to invest any sustainable investment within the meaning of the EU Taxonomy, the minimum share of investments in transitional and enabling activities within the meaning of the EU Taxonomy is therefore also set at 0%.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?



Are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The fund promotes environmental and social characteristics but does not commit to making any sustainable investments. As a consequence, the fund does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.



What is the minimum share of socially sustainable investments?

Not applicable



What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Investments categorised as "#2 Other" include:

- financial derivative instruments such as on or off exchange traded options, which may be written on indices; single securities; or currencies;
- hedging instruments;
- cash held as ancillary liquidity;
- investments for which the investment team is lacking data in order to assess if they qualify as promoting environmental or social characteristics;
- any other investments which do not promote environmental or social characteristics (such as derivatives used for speculative purposes which do not have any ESG features).

There are no minimum environmental or social safeguards applied to such investments.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable



Where can I find more product specific information online?

More product-specific information can be found on the website:

www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_globalbalancedincome_en.pdf

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