**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**

**Product name:** Global Fixed Income Opportunities Fund

**Legal entity identifier:** *549300GM4KLC6LR0TV49*

**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.

***Does this financial product have a sustainable investment objective?***

| ☐**Yes** | ☒**No** |
|---|---|
| ☐**It** will make a minimum of **sustainable investments with an environmental objective: __%**<br><br>☐**in** economic activities that qualify as environmentally sustainable under the EU Taxonomy<br>☐**in** economic activities that do not qualify as environmentally sustainable under the EU Taxonomy | ☒**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<br><br>☐**with** an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy<br>☒**with** an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy<br>☒**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** |

***<u>What environmental and/or social characteristics are promoted by this financial product?</u>***

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 Adviser'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.

- ***<u>What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?</u>***

**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 and methodology are provided 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?*"

- ***<u>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?</u>***

The Fund's sustainable investments will fall within one of the following categories:

- Green, Social or Sustainability Bonds ("**Sustainable Bonds**"), as labelled in the securities' documentation, 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, and bonds which have been assessed through the Investment Adviser's proprietary Sustainable Bond evaluation framework. 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 Adviser 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 Adviser will also only include issuers which have sufficient positive SDG alignment (in the Investment Adviser's view) with at least one individual SDG, and which do not have any material mis-alignments (in the Investment Adviser'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 Adviser'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 Adviser 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?***

**Principal 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 Fund's sustainable investments aim not to cause significant harm to any environmental or social objective, by:

- avoiding investments in issuers that violate minimum social safeguards; and

- by the Fund excluding issuers which breach thresholds set by the Investment Advisers relating to the principal adverse impact ("**PAI**") indicators which the Investment Adviser 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?***

The "do no significant harm" methodology applied by the Investment Adviser on sustainable investments seeks to exclude investments that cause harm to any of the PAI indicators (listed below) which are mandatory for the Investment Adviser to consider under the EU SFDR rules, and which are relevant to the investment.

PAI indicators:

**Investee companies**

1. GHG emissions
2. Carbon Footprint
3. GHG intensity of investee companies
4. Exposure to companies active in the fossil sector
5. Share of non-renewable energy consumption and production
6. Energy consumption intensity per high impact climate sector
7. Activities negatively affecting biodiversity sensitive areas
8. Emissions to water
9. Hazardous waste ratio
10. Violations of UN Global Compact and OECD
11. Lack of processes and compliance mechanisms to monitor compliance with the UNGC and OECD
12. Unadjusted gender pay gap
13. Board gender diversity
14. Exposure to controversial weapons

**Sovereign**

1. Sovereign GHG intensity
2. Investee countries subject to social violations

The Investment Adviser 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 as well as in-house research. 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 Adviser 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 Adviser 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 Adviser may use reasonable proxy indicators sourced from third parties to address the current lack of data for certain PAI indicators. The Investment Adviser'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 Adviser determines that sufficiently reliable data has become available.

The Investment Adviser 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 Adviser'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 Adviser 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 basis, by the Investment Adviser's engagement with selected issuers on their corporate governance practices, as well as on other material sustainability issues related to the SDGs, in line with the Investment Adviser's Fixed Income Engagement Strategy, available on www.morganstanley.com/im.

- ***<u>How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:</u>***

The Fund's sustainable investments exclude issuers which have experienced very severe 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 very severe 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.*

Regulation requires that this document include these statements. However, for the avoidance of doubt, this Fund does not: (i) take into account the EU criteria for environmentally sustainable economic activities in the EU Taxonomy; or (ii) calculate its portfolio alignment with the EU Taxonomy. As such, the Fund is 0% aligned with the EU Taxonomy. The "do no significant harm" principle applies only to the portion of the Fund's investments that are sustainable investments.

***<u>Does this financial product consider principal adverse impacts on sustainability factors?</u>***

☒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 any 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 Adviser 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 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 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 investmentdecisions based on factors such as investment objectives and risk tolerance.

The Fund seeks to provide an attractive level of total return, measured in Euro, by investing primarily in euro-denominated securities of corporate, government and government-related issuers, across a spectrum of fixed income asset classes, including high-yield bonds, investment-grade bonds, mortgage-backed securities, convertibles and currencies, while reducing exposure to sustainability risks through exclusionary screening of selected fossil fuels and of activities which can cause dangers to human health and wellbeing, of sovereign issuers that violate social rights, and of securitisations that violate responsible business or lending practices.

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 Adviser's in-house research and methodologies and on third-party data.

The investment process is subject to regular review, as part of a control and monitoring framework implemented by the Investment Adviser. The Investment Adviser'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 below.

The criteria are implemented and monitored by the Investment Adviser using a combination of third-party data and in-house research.

<table>
<tr><th colspan="2">Binding criteria</th></tr>
<tr><td>The Fund will not invest in corporate issuers which:</td><td><u>Derive any revenue from any of the following activities:</u><br>• Controversial weapons manufacturing or retail (anti-personnel landmines, cluster munitions, biological or chemical weapons, and nuclear weapons);<br>• Civilian firearms manufacturing or retail;<br>• Tobacco manufacturing; or<br><br><u>Derive more than 5% revenue from any of the following activities:</u><br>• Thermal coal mining and extraction. The Fund may, as an exception, invest in labelled Sustainable Bonds issued by fossil fuel companies, which are intended to raise proceeds specifically for projects that promote positive environmental contributions mitigating the adverse sustainability impact of coal, such as renewable energy or energy efficiency, based on information available in the bond issuance documentation.<br><br>These exclusions are implemented in line with the [Fund’s Restriction Screening & ESG policies, which can be found on www.morganstanleyinvestmentfunds.com and on <u>www.morganstanley.com/im</u>.</td></tr>
<tr><td>The Fund will not invest in sovereign issuers which:</td><td>Are in the bottom-10% ranked countries for social violations, based on the Investment Adviser’s custom indicator.<br><br>The social violations custom indicator is calculated by the Investment Adviser 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.<br><br>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 Adviser, taking into account the best interests of the shareholders of the Fund.<br><br>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 Adviser may not exclude the investment from the Fund, provided this is kept under review by the Investment Adviser.</td></tr>
</table>

<table>
<tr><td>The Fund will not invest in securitisations in which:</td><td>
<ul>
<li>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;*</li>
<li>The lender or servicer of the underlying assets has committed a severe breach of consumer protection standards:
<ul>
<li>as established by the Consumer Financial Protection Bureau (CFPB) in the United States; or</li>
<li>as established by any relevant regulatory and supervisory agency in the jurisdiction where the securitisation’s originator and/or collateral are located;</li>
</ul>
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</li>
<li>The originator, lender or servicers has been involved in controversy cases related to business ethics and fraud that the Investment Adviser views as “Very Severe” based on data by relevant ESG data providers, and where the Investment Adviser considers appropriate remedial action has not been taken.</li>
</ul>
* A loan is considered a predatory loan if:
<ul>
<li>Interest rates do not comply with U.S. usury laws or the equivalent in other jurisdictions; or</li>
<li>Interest rates being offered exceed a limit for which the Investment Adviser deems to be exceedingly higher than the industry standard. The Investment Adviser 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 Adviser 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 Adviser, based on the prevailing market conditions and prevailing rates across the industry at the time.</li>
</ul>
** 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?”
</td></tr>
<tr><td>Sustainable investments</td><td>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?”</td></tr>
</table>

The Investment Adviser 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 as they are implemented on www.morganstanleyinvestmentfunds.com and on www.morganstanley.com/im.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The Fund does not target a specific reduction rate of the scope of 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.

As part of its bottom-up, fundamental research process, the Investment Adviser 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.

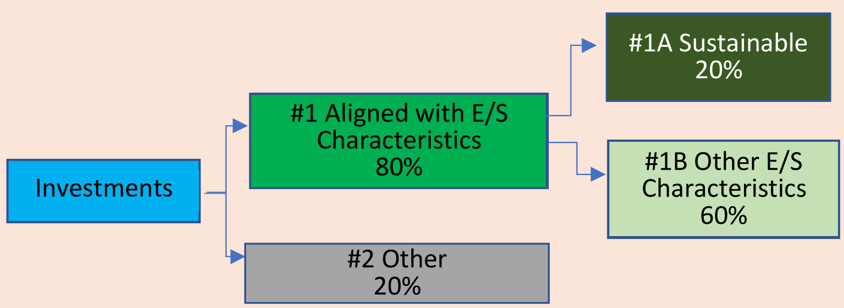
In addition, the Fund's sustainable investments exclude any company that is involved in very severe governance-related controversies.

***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.

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 Adviser, 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 environmental or social characteristics of the Fund.

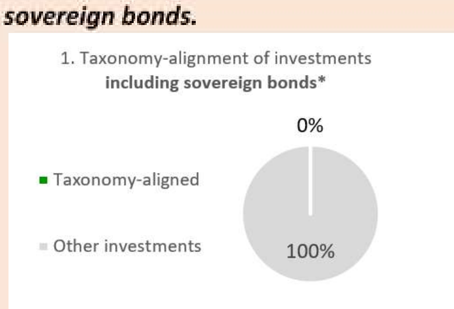
***To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?***

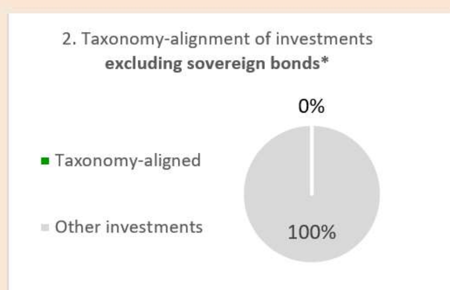
**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**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.

Not applicable – the Investment Adviser does not take account of the EU Taxonomy in its management of the Fund and as such the Fund's sustainable investments do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

***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

- ***<u>What is the minimum share of investments in transitional and enabling activities?</u>***

Not applicable - 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.

***<u>What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?</u>***

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% sustainable investments with a combination of environmental and social objectives, as described above. The Fund may make sustainable investments which contribute to either environmental or social objectives and does not commit to any minimum share of sustainable investments which contribute to an environmental (as opposed to social) objective.

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 Adviser 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 Adviser 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.

***<u>What is the minimum share of socially sustainable investments?</u>***

As explained above, the Fund may make sustainable investments which contribute to either environmental or social objectives and does not commit to any minimum share of sustainable investments which contribute to a social (as opposed to environmental) objective. While the levels of sustainable investments which contribute to either an environmental or a social objective can both vary independently at any time, these sustainable investments will represent at least 20% of the portfolio holdings on an aggregated basis.

***<u>What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?</u>***

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.

***<u>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?</u>***
*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