

## **SUB-FUND SUPPLEMENT 1**

### **SUPPLEMENT**

IN RELATION TO THE PROSPECTUS OF **CABOT S.A. SICAV**

RELATING TO THE SUB-FUND **MORGAN STANLEY EUROPEAN PRIVATE INCOME FUND**

(hereinafter the “**Sub-Fund**”)

#### **Important Notice**

This Supplement summarises selected features of the Sub-Fund in table format. Shareholders are strongly recommended to carefully read this Supplement in conjunction with the general part of the Prospectus and the Articles of Association and to seek professional advice.

The Board of Directors acting with respect to the Sub-Fund will only be liable for the description in this Supplement to the extent it is misleading, incorrect or inconsistent when read together with the aforementioned documentation.

This Supplement may be translated into other languages. Any translation shall contain the same information and have the same meaning as the English language Supplement. To the extent that there is any inconsistency between the English language Supplement and the Supplement in another language, the English language Supplement will prevail. Any further country specific information which is required as part of the offering documents in a particular country will be provided in accordance with laws and regulations of that country.

#### **SHAREHOLDERS ARE SPECIFICALLY REFERRED TO THE RISK FACTORS IN THE GENERAL PART OF THE PROSPECTUS AND IN THIS SUPPLEMENT.**

Shareholders will be offered to subscribe for Shares in the Sub-Fund pursuant to the Subscription Agreement, which will be governed by Luxembourg law. In the Subscription Agreement, each Shareholder declares that it has read and understood the aforementioned documentation or that it has sought professional advice in respect to such documentation. By signing the Subscription Agreement, each Shareholder confirms its agreement with the content of the Prospectus (including all annexes and exhibits thereto) and the Articles of Association.

Participation in the Sub-Fund is associated with intricate tax and regulatory matters that may differ from Shareholder to Shareholder. Each Shareholder is advised to clarify the actual tax and regulatory effects with its personal tax and legal adviser.

**The shares of the Sub-Fund are subject to certain restrictions on transfers and redemption. Please refer to section (*Redemptions and Liquidity*) below for more information. In particular, investors should note that, although in normal circumstances, the Sub-Fund provides for quarterly liquidity, the Sub-Fund offers only limited redemption rights and, in particular, redemptions may be capped in case of redemption requests exceeding certain amounts (5% of Net Asset Value per calendar quarter) and an early repayment deduction may apply (2% of the Net Asset Value of the Shares redeemed) for Shares held for less than one year.**

Any enquiries regarding this Supplement should be directed to:

**Morgan Stanley European Private Income Fund**  
c/o MaplesFS (Luxembourg) S.A.  
12E, rue Guillaume Kroll  
L-1882 Luxembourg  
Grand Duchy of Luxembourg

## **DEFINITIONS AND INTERPRETATION**

The following definitions which are specific to the Sub-Fund as well as the definitions of the general part of the Prospectus are applicable to this Supplement and have the meaning as described respectively below and in the general part of the Prospectus.

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| Accumulation Share Classes            | has the meaning set forth in section ( <i>Share Classes</i> ) of this Supplement.   |
| Affiliated Investment Accounts        | any Morgan Stanley sponsored, organised, managed and advised alternative investment funds, investment vehicles, funds-of-one, separately managed accounts (including, in each case, those that seek to pursue a similar investment strategy to the Sub-Fund), and investment programs or businesses together with any new or successor funds, programs or businesses. |
| aggregate investment limit            | has the meaning set forth in section ( <i>U.S. Dodd-Frank Act and Volcker Rule</i> ) of this Supplement.  |
| Applicable Hedging Transactions       | has the meaning set forth in section ( <i>Hedging</i> ) of this Supplement.   |
| BHC Investor                          | any Shareholder who is subject to regulation under the BHCA.  |
| BHCA                                  | the U.S. Bank Holding Company Act of 1956, as amended.  |
| Class F Subscription Termination Date | has the meaning set forth in section ( <i>Share Classes</i> ) of this Supplement.   |
| Credit Fund Exclusion                 | has the meaning set forth in section ( <i>U.S. Dodd-Frank Act and Volcker Rule</i> ) of this Supplement.  |
| Direct Loans                          | a diversified and defensive portfolio of privately negotiated, senior secured term loans.   |
| Discretionary Expense Cap             | has the meaning set forth in section ( <i>Other Costs</i> ) of this Supplement.   |
| Distributable Income                  | has the meaning set forth in section ( <i>Distributions and Reinvestment</i> ) of this Supplement.  |
| Distribution Share Classes            | has the meaning set forth in section ( <i>Share Classes</i> ) of this Supplement.   |
| Dodd-Frank Act                        | the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, as amended.  |

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| DPC                     | has the meaning set forth in section ( <i>U.S. Dodd-Frank Act and Volcker Rule</i> ) of this Supplement.   |
| Eligible Investors      | has the meaning set forth in section ( <i>Eligible Investors</i> ) of this Supplement.   |
| ERISA                   | the U.S. Employee Retirement Income Security Act of 1974, as amended.  |
| ESG Threshold           | has the meaning set forth in Annex V ( <i>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</i> ) of this Supplement. |
| ESRM                    | Morgan Stanley Environmental and Social Risk Management Team.  |
| Fee Holiday Date        | has the meaning set forth in section ( <i>Incentive Fee</i> ) of this Supplement.  |
| First Closing           | has the meaning set forth in section ( <i>First Closing / Subscriptions</i> ) of this Supplement.  |
| First Closing Date      | has the meaning set forth in section ( <i>First Closing / Subscriptions</i> ) of this Supplement.  |
| Fund                    | Cabot S.A. SICAV.  |
| Global Distributor      | has the meaning set forth in section ( <i>Global Distributor; Sub-Distributors</i> ) of this Supplement.   |
| Incentive Fee           | has the meaning set forth in section ( <i>Incentive Fee</i> ) of this Supplement.  |
| Incentive Fee Recipient | has the meaning set forth in section ( <i>Incentive Fee</i> ) of this Supplement.  |
| Independent Person      | has the meaning set forth in section ( <i>Investment Warehousing and Seed Capital</i> ) of this Supplement.  |
| Investee Company        | has the meaning set forth in section ( <i>Investment Limitations</i> ) of this Supplement.   |
| Investment Manager      | Morgan Stanley Investment Management Ltd, an English limited company which is authorised and regulated by the UK Financial Conduct Authority and is registered as an investment adviser under the Advisers Act, as amended.  |
| Investment Restrictions | has the meaning set forth in section ( <i>Investment Limitations</i> ) of this Supplement.   |

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| Investments                                     | Regular Liquid Assets together with Private Investments.  |
| Liquidity Investments                           | investments in broadly syndicated senior secured floating rate loans, bonds and other secured and unsecured debt instruments that may be issued by sub-investment grade corporations (that may be rated below investment grade credit quality (“BB+”/“Ba1” or below) or, if not rated, are in the determination of the relevant Investment Manager of equivalent credit quality) with a focus on “performing” issuers, with strong competitive market positions that generate relatively predictable streams of free cash flow, including Newly Issued Loans with such characteristics. |
| Management Fee                                  | has the meaning set forth in section ( <i>Management Fee</i> ) of this Supplement.  |
| Morgan Stanley Related Persons                  | has the meaning set forth in section ( <i>Allocation of Investment Opportunities</i> ) of this Supplement.  |
| MS Base Commitment                              | has the meaning set forth in section ( <i>Morgan Stanley Investment</i> ) of this Supplement.   |
| Newly Issued Loans                              | newly issued loans that the Sub-Fund may purchase in connection with a restructuring or liability management exercise of an existing Liquidity Investment and arising only from the Sub-Fund’s existing exposure to a credit with respect to such Liquidity Investment including, but not limited to, debtor-in-possession loans, exit loans and new money loans.   |
| Organisational Expenses                         | has the meaning set forth in section ( <i>Costs of setting up the Sub-Fund</i> ) of this Supplement.  |
| Other Liquid Assets                             | cash deposits, money market instruments and other cash-equivalents and liquid assets for liquidity management purposes.   |
| per-fund limit                                  | has the meaning set forth in section ( <i>U.S. Dodd-Frank Act and Volcker Rule</i> ) of this Supplement.  |
| Pre-Incentive Fee Net Investment Income Returns | has the meaning set forth in section ( <i>Incentive Fee</i> ) of this Supplement.   |
| Private Investments                             | Subordinated Investments together with the Direct Loans.  |
| Ramp-Up Period                                  | has the meaning set forth in section ( <i>Investment Limitations</i> ) of this Supplement.  |
| Redemption Cap                                  | has the meaning set forth in section ( <i>Redemptions and Liquidity</i> ) of this Supplement.   |

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| Redemption Cut-Off Date  | has the meaning set forth in section ( <i>Redemptions and Liquidity</i> ) of this Supplement.   |
| Redemption Date          | has the meaning set forth in section ( <i>Redemptions and Liquidity</i> ) of this Supplement.   |
| Redemption Period        | has the meaning set forth in section ( <i>Redemptions and Liquidity</i> ) of this Supplement.   |
| Regular Liquid Assets    | Other Liquid Assets together with the Liquidity Investments.  |
| Scorecard                | has the meaning set forth in section ( <i>Sustainability-Related Disclosures</i> ) of this Supplement.  |
| Senior Payment Items     | has the meaning set forth in section ( <i>Distributions and Reinvestment</i> ) of this Supplement.  |
| Servicing Fee            | has the meaning set forth in section ( <i>Distribution Costs</i> ) of this Supplement.  |
| SFDR                     | Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, as amended from time to time. |
| Sub-Distributor          | has the meaning set forth in section ( <i>Global Distributor; Sub-Distributors</i> ) of this Supplement.  |
| Sub-Fund                 | Morgan Stanley European Private Income Fund, a sub-fund of the Fund.  |
| Sub-Investment Manager   | Eaton Vance Management, which is a registered investment adviser under the Advisers Act and is regulated by the SEC.  |
| Subordinated Investments | subordinated debt instruments, including second lien or mezzanine, unsecured debt, and (in connection with investments in debt and debt-related instruments) equity or equity-like investments.   |
| Subscription Amount      | has the meaning set forth in section ( <i>Subscription Amounts</i> ) of this Supplement.  |
| Tax Advance Amount       | has the meaning set forth in section ( <i>Incentive Fee</i> ) of this Supplement.   |
| Total Portfolio Value    | the total value of the assets of the Sub-Fund calculated without deducting any existing liabilities from the value of such assets.  |
| Valuation Day            | has the meaning set forth in section ( <i>Net Asset Value Calculation, Publication and Valuation Day</i> ) of this Supplement.  |

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| Valuation Policy    |         | has the meaning set forth in section ( <i>Valuation Methodology</i> ) of this Supplement.                   |
| Valuation Agreement | Support | has the meaning set forth in section ( <i>Valuation Methodology</i> ) of this Supplement.                   |
| Volcker Rule        |         | Section 619 of the Dodd-Frank Act and the implementing regulations promulgated thereunder.                  |
| Warehouse SPV       |         | has the meaning set forth in section ( <i>Investment Warehousing and Seed Capital</i> ) of this Supplement. |

### The Supplement

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| <p><b>Sub-Fund</b></p>                                      | <p>Morgan Stanley European Private Income Fund (the “<b>Sub-Fund</b>”), a sub-fund of Cabot S.A. SICAV (the “<b>Fund</b>”).</p>  |
| <p><b>Term of the Sub-Fund</b></p>                          | <p>The Sub-Fund is open-ended and shall continue for an unlimited period of time, unless put into liquidation in certain specified circumstances in accordance with the Articles of Association, including as described in section (<i>Liquidation</i>) below.</p>   |
| <p><b>Investment Manager and Sub-Investment Manager</b></p> | <p>Morgan Stanley Investment Management Ltd, an English limited company which is authorised and regulated by the UK Financial Conduct Authority and is registered as an investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the “<b>Investment Manager</b>”), will be appointed as delegated portfolio manager with respect to all Investments (as defined below) and, subject to permitted sub-delegation of its management functions with respect to specific investments as further described below, will perform the day-to-day portfolio management of the portion of the Sub-Fund’s investment portfolio comprising the Private Investments and Other Liquid Assets (each as defined below).</p> <p>The Investment Manager shall sub-delegate, under its responsibility, the management of the portion of the Sub-Fund’s investment portfolio comprising the Liquidity Investments to Eaton Vance Management (the “<b>Sub-Investment Manager</b>”). Notwithstanding such sub-delegation, and pursuant to the Investment Manager’s ongoing supervision of, and responsibility for, the Sub-Investment Manager, the Investment Manager may also exercise certain of its portfolio management functions and powers with respect to Liquidity Investments. Where the context requires, in respect of the Liquidity Investments only, a reference to the Investment Manager in this Supplement shall be read as including a reference to the Sub-Investment Manager.</p> <p>The Investment Manager and Sub-Investment Manager will have full discretion and be responsible for making portfolio management decisions for the Sub-Fund, including conducting due diligence, analysing, structuring, and negotiating potential investments, monitoring the performance of investments, incurring leverage and other indebtedness and making all investment and disposition decisions for the Sub-Fund, as well as providing certain administrative services to the Sub-Fund, subject to the supervision of the AIFM.</p> <p>The Investment Manager and Sub-Investment Manager (as relevant) will be responsible for reviewing and approving investments, monitoring and harvesting investments, assisting in determining the valuation of such investments, and making related investment management decisions; making investment allocation decisions; determining the amount and timing of distributions; considering / making determinations in respect of certain potential conflicts of interest and determining whether to present such matters and / or certain other matters to the Shareholders; negotiating and entering into side letters or other similar agreements with Shareholders; and making certain other material decisions on behalf of the Sub-Fund as are required and have been delegated to them.</p> |

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|   | <p>The Investment Management Agreement can be terminated by the AIFM or the Investment Manager subject to and in accordance with its terms. The Investment Management Agreement may also be terminated with immediate effect if the AIFM reasonably determines that it is in the best interests of the Shareholders in accordance with the requirements of the AIFM Laws and Regulations. In addition, the Investment Management Agreement will automatically be terminated upon the removal of all or a majority of the Board of Directors by a decision of the Shareholders taken in accordance with the rules laid down in the Articles of Association and the Prospectus. The Investment Manager may be entitled to be indemnified and held harmless out of the assets of the Sub-Fund, as an Indemnified Person, in respect of any Claims and Expenses, other than those which resulted from Disabling Conduct. Please refer to section <b>Error! Reference source not found.</b> (<i>Indemnification</i>) in the Prospectus for further details.</p> <p>Under the Investment Management Agreement, (i) with respect to all securities held by the Sub-Fund, (A) the Investment Manager (or its permitted delegate) will have voting powers, including the power to vote, or direct the voting of, such securities and (B) the Investment Manager (or its permitted delegate) will have discretionary investment powers, including the power to dispose, or direct the disposition of, such securities (ii) the AIFM may share with the Investment Manager part or the entirety of any Management Fee the AIFM is entitled to receive in accordance with the term set forth in this Supplement; and (iii) the AIFM may authorise the Investment Manager to delegate some or all of its responsibilities with respect to the Sub-Fund to the Sub-Investment Manager. Where the context requires, a reference to the Investment Manager in this Supplement shall be read as including a reference to the Sub-Investment Manager.</p> <p>As the case may be, the AIFM may decide to delegate portfolio management functions in relation to the Sub-Fund alongside or replacing the Investment Manager and/or Sub-Investment Manager to one or more entities of the Morgan Stanley group. In such case, this Supplement shall be amended and the Shareholders duly notified of such change. It is expressly noted that the appointment of a different Morgan Stanley entity as investment manager or sub-investment manager of the Sub-Fund is not deemed to be a material change requiring prior notice to, or the consent of, Shareholders. The delegation of the portfolio management functions for the Sub-Fund or any change remains subject to the prior consent of the CSSF and the requirements of the AIFM Laws and Regulations.</p> <p>Notwithstanding the delegation of portfolio management functions to the Investment Manager, and in turn to the Sub-Investment Manager, the AIFM may, at its discretion, perform portfolio management services, provide non-discretionary recommendations and provide ancillary services with respect to all Investments of the Sub-Fund in accordance with the terms of the AIFM Agreement.</p> |
| <p><b>Investment Objectives and Investment Strategy</b></p> | <p>The Sub-Fund will generally seek to originate and underwrite a diversified and defensive portfolio of privately negotiated, senior secured term loans ("<b>Direct Loans</b>") to European middle market companies that have leading market positions, enjoy high barriers to entry, generate strong and stable free cash flow and are led by proven management teams with strong financial sponsor backing.</p> <p>The Sub-Fund will also seek to provide financing on a more selective basis in the form of subordinated debt instruments, including second lien or mezzanine, unsecured debt, and (in connection with investments in debt and debt-related instruments) equity or equity-</p>  |

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|                                      | <p>like investments (“<b>Subordinated Investments</b>”, and together with the Direct Loans, “<b>Private Investments</b>”).</p> <p>The Sub-Fund’s Private Investments may include, but are not limited to, debt and debt-related instruments such as private floating senior secured loans, unitranche loans, bonds and subordinated instruments (including but not limited to second lien or mezzanine loans and bonds, holding company loans and PIK (payment-in-kind) instruments), and, in connection with investments in such debt and debt-related instruments, equity and equity-like securities (including equity warrants, equity options, preferred stock and/or convertible debt). The Sub-Fund may also engage in hedging transactions.</p> <p>The Sub-Fund is also expected to invest in, hold and trade in (as applicable) for liquidity management purposes, Liquidity Investments (together with the Private Investments and Other Liquid Assets (as defined below), the “<b>Investments</b>”).</p> <p>The Sub-Fund may also hold cash deposits, money market instruments and other cash-equivalents and liquid assets for liquidity management purposes (“<b>Other Liquid Assets</b>”, and together with the Liquidity Investments, the “<b>Regular Liquid Assets</b>”).</p> <p>As from the end of the Ramp-Up Period (as defined below), the Sub-Fund generally intends to allocate 5-20% of the Total Portfolio Value of the Sub-Fund to Regular Liquid Assets with the remainder invested in Private Investments; provided that the Sub-Fund’s allocation to such Regular Liquid Assets may be higher or lower than this amount at any time, including during the Ramp-Up Period.</p> <p>In addition, from time to time, for legal, tax or other structuring purposes, the Sub-Fund may establish different subsidiaries (based in Luxembourg or abroad) through which Investments will be acquired and held. In such event, one or several service providers, including Affiliates of Morgan Stanley, may be engaged to provide corporate services to the Sub-Fund and such other entities and subsidiaries.</p> |
| <p><b>Investment Limitations</b></p> | <p>With respect to Private Investments, the Sub-Fund shall not, at any time following the Ramp-Up Period, invest more than 20% of the Net Asset Value of the Sub-Fund (excluding the Regular Liquid Assets) in any single entity in which a Private Investment is made, whether directly or indirectly, and continues to be held, by the Sub-Fund (an “<b>Investee Company</b>”).</p> <p>The limitations and restrictions listed in this Supplement are intended to be in accordance with the conditions set out in Chapter I of the Circular IML 91/75 which apply to this Sub-Fund.</p> <p>For the avoidance of doubt, the above restrictions (“<b>Investment Restrictions</b>”) shall not restrict the Sub-Fund from acquiring or owning any assets (including any capital stock or other equity interests) acquired as a result of or in connection with any foreclosure, restructuring, reorganisation or other workout of the Sub-Fund’s Investments.</p> <p>The Investment Restrictions shall be measured (i) on the second anniversary of the First Closing Date (as defined below), such date being the end of the ramp-up period beginning on the First Closing Date and during which the Investment Restrictions do not apply (the “<b>Ramp-Up Period</b>”) and (ii) thereafter, on the date of the relevant investment,</p>  |

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|   | and the Investment Restrictions shall be measured upon the cost of each investment and the most recently available Net Asset Value of the Sub-Fund at such measurement date.   |
| <b>Global Distributor; Sub-Distributors</b>                       | <p>The AIFM is acting as distributor for the Sub-Fund (the “<b>Global Distributor</b>”). The Global Distributor, from time to time in its sole discretion, may appoint one or more sub-distributors including, without limitation, banks, investment advisers, registered broker-dealers, trust companies and others, who may or may not be affiliated with Morgan Stanley, on such terms as the Global Distributor may determine (any such person, a “<b>Sub-Distributor</b>”).</p> <p>The Sub-Fund may bear all expenses relating to the offering of the Shares and the appointment of the Global Distributor and any Sub-Distributors, including reimbursement for the out-of-pocket expenses incurred by the AIFM or any Sub-Distributors in marketing the Shares and any additional amounts they may incur or may have incurred in connection with the marketing of the Shares.</p> |
| <b>Currency of the Sub-Fund</b>                                   | The Sub-Fund is denominated in Euro (EUR). However, Share Classes (as defined below) may be denominated in any currency or multiple currencies.  |
| <b>Net Asset Value Calculation, Publication and Valuation Day</b> | <p>The Net Asset Value for the Sub-Fund and each Share Class (as applicable) shall generally be calculated by the Administrator, under the responsibility of the AIFM, monthly as of the last Business Day of each calendar month, and on such other dates as the Board of Directors may determine, pursuant to the provisions of the Articles of Association and the Prospectus (a “<b>Valuation Day</b>”), provided that the first Net Asset Value shall be calculated by the Administrator, under the responsibility of the AIFM, as of the last Business Day of the first full calendar month after the First Closing Date.</p> <p>The Net Asset Value with respect to a specific month will generally be available around the 20<sup>th</sup> Business Day of the following month.</p>  |
| <b>Shares</b>   | <p>The Board of Directors (or any other person to whom such powers have been delegated by the Board of Directors) shall issue Shares to Shareholders whose Subscription Agreement has been accepted on each Dealing Date as described in section (<i>First Closing / Subscriptions</i>) below.</p> <p>All Shares of the Sub-Fund will be registered in the Share Register of the Fund.</p> <p>Each Shareholder shall provide the Board of Directors or their delegates with a postal address and email address for the transmission of all notifications and announcements made by the Sub-Fund. To the extent permitted by law, the transmission of notifications and announcements may be made by way of electronic communication.</p>   |
| <b>Share Classes</b>  | The Board of Directors shall be authorised to issue one or more Share Classes which may be subject to different terms and conditions, including potentially different fee, currency, dealing, transfer, information disclosure, liquidity arrangements, distribution policies (e.g. accumulating and distributing Share Classes), investor types, or any other criteria to be determined by the Board of Directors.  |

The Sub-Fund expects to offer distributing Share Classes whereby the Sub-Fund expects to make distributions to Shareholders on a periodic basis (the “**Distribution Share Classes**”), and accumulating Share Classes whereby, in lieu of making cash distributions to Shareholders, the Sub-Fund will reinvest any such deemed distributions (the “**Accumulation Share Classes**”). The Sub-Fund also expects to offer certain Share Classes to certain qualifying Shareholders, which may be subject to a reduced Management Fee and/or Incentive Fee based on criteria such as the timing and/or amount of a Shareholder’s subscription, as detailed in Annex I (*Share Classes*) of this Supplement. It is not expected that all potential Share Classes will be available to investors as of the First Closing Date. Should the Board of Directors decide to issue one or more additional Share Classes in this Sub-Fund, or to change any of their characteristics, this Supplement will be amended accordingly.

The Sub-Fund currently offers the Share Classes as set out in Annex I (*Share Classes*) of this Supplement. The Board of Directors may, from time to time and at its discretion, create and offer the same Share Classes set out in Annex I (*Share Classes*) with different currency or hedging features, and update the Supplement accordingly within a reasonable delay. A complete list of all available Share Classes offered by the Sub-Fund is maintained and is available at the registered office of the Fund.

A Share Class whose name include the letter “H” denotes a Hedged Share Class. A Share Class whose name includes a currency other than EUR (e.g. “(USD)”) denotes a Share Class denominated in such currency.

Class A Shares will be offered to financial intermediaries investing for their own account or on behalf of Underlying Investors (as defined below) / advisory accounts as Accumulation Share Classes or Distribution Share Classes. Class AA Shares and Class AHA (USD) Shares are Accumulation Share Classes and Class AD Shares and Class AHD (USD) Shares are Distribution Share Classes. Class BA and Class BD Shares will be reserved to financial intermediaries based in Italy and investing for their own account and on behalf of non-professional Underlying Investors. Class BPA and Class BPD Shares will be reserved to financial intermediaries based in Italy and investing for their own account and on behalf of Underlying Investors which are professional investors.

Class F Shares will be available to all Shareholders who subscribe for Shares in the Sub-Fund on or before the earlier of (i) the date on which the aggregate Subscription Amounts to the Sub-Fund reach €450 million (excluding Subscription Amounts relating to Class S Shares); and (ii) such other date as determined by the Board of Directors at its sole discretion (such date, the “**Class F Subscription Termination Date**”).

In addition, Class F “B” Shares will be reserved to financial intermediaries based in Italy and investing for their own account and on behalf of non-professional Underlying Investors who subscribe for Shares in the Sub-Fund on or before the Class F Subscription Termination Date.

Class FA Shares, Class FBA and Class FI Shares are Accumulation Share Classes and Class FAD, Class FBD and Class FID Shares are Distribution Share Classes.

Class I Shares will be offered to Institutional Investors as Accumulation Share Classes or Distribution Share Classes. Class IA Shares and Class IHA (USD) Shares are

Accumulation Share Classes and Class ID Shares and Class IHD (USD) Shares are Distribution Share Classes.

Class S Shares will be available to certain Shareholders who are Morgan Stanley entities making the MS Base Commitment to the Sub-Fund, and Morgan Stanley employees, as determined by the Board of Directors (or its delegate), as Accumulation Share Classes.

Where disclosed and subject to the requirements of AIFMD in relation to fair treatment of investors, one or more Classes may be solely offered to Shareholders who are employees of the AIFM or affiliated entities within the Morgan Stanley group of companies, including the Investment Manager and the Sub-Investment Manager. Shareholders which invest in such Classes may receive preferential treatment, including through the form of zero management fees or reduced fees payable to the AIFM, the Investment Manager and/or the Sub-Investment Manager. Please refer to section 12.4 of the Prospectus entitled "Preferential Treatment" for further information.

Furthermore, the establishment of an employee specific share class may create potential conflicts of interest, including but not limited, to an employee's ability to access and use confidential information related to the Sub-Fund or its investments (e.g. disposal of shares in advance of an anticipated share price movement) or to exercise biased decision (e.g. when making or involved in investment related decisions which may impact share prices). The Board of Directors and the AIFM will seek to ensure that any conflict of interest of which they are aware of is resolved fairly. Please refer to section 14 of the Prospectus entitled "Conflicts of Interest" for further information

Class IS Shares will be available to certain investment funds managed by the Investment Manager, as Distribution Share Classes.

The Board of Directors may make available Class I Shares, Class A Shares, Class F Shares and Class IS Shares in other currencies as Hedged Share Classes.

The Board of Directors may decide that certain Share Classes will be listed on the Luxembourg Stock Exchange and/or any other stock exchange. If and to the extent required by the rules governing such exchange, further information in respect of listed Shares may be made available to Shareholders through the exchange.

Distribution Share Classes will pay dividends on a periodic basis or, in certain cases, on a different frequency to be determined by the Board of Directors at its full discretion. Please also refer to column "Type of Share" in Annex I (*Share Classes*) of this Supplement and section (*Distributions and Reinvestment*) below.

No Share Classes intended to be marketed to Shareholders qualifying as Retail Investors within the meaning of Annex II to MiFID will be launched until a PRIIPs KID has been prepared and made available to retail clients proposing to invest in the relevant Share Class.

Share Classes which are subject to a Servicing Fee (as defined below), as detailed in Annex I (*Share Classes*) of this Supplement, will be offered by distributors, investment advisers, and/or intermediaries that are duly authorised to perform such activities, but to the exclusion of the intermediaries that are subject to certain regulatory or contractual requirements which prevent them from receiving a Servicing Fee, including:

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|                                      | <p>a) financial intermediaries appointed to effect sales of Shares and which, according to applicable regulatory requirements, are not permitted to receive fees, commissions or non-monetary benefits other than from their underlying clients (in the EU this will include financial intermediaries providing discretionary portfolio management or investment advice on an independent basis);</p> <p>b) financial intermediaries rendering non-independent advice and which according to individual fee arrangements with their clients are not permitted to receive fees, commissions or non-monetary benefits from third-parties.</p> <p>The Sub-Fund may offer Hedged Share Classes. The Sub-Fund may use various techniques and instruments, such as forward contracts and currency swaps, in accordance with the provisions of the Prospectus, intended to limit the impact of exchange rate movements between the Reference Currency of the Sub-Fund and that of a Hedged Share Class on the performance of such Share Class. The costs and any benefit of currency hedging transactions, as well as any gains or losses, will be allocated solely to the Hedged Share Class to which the hedging relates.</p> <p>Within a Share Class, the Board of Directors (or its delegate) may determine that Shares will be issued in successive Series differentiated by their respective issue date, each Series having a specific denomination, identification number and/or code, such as for, but not limited to, the computation of the early fee reduction for each Shareholder as further described under Section “Redemptions and Liquidity” below.</p> |
| <b>Type of Shares</b>                | Registered Shares only.   |
| <b>Subscription Amounts</b>          | The subscription amount (a “ <b>Subscription Amount</b> ”) in respect of the relevant Share Class is subject to the minimum set out in Annex I ( <i>Share Classes</i> ) of this Supplement for Shareholders including Intermediaries and Underlying Investors, although the Board of Directors (or any other person to whom such powers have been delegated by the Board of Directors) may accept Subscription Amounts of lesser amounts in its absolute discretion, provided that Shareholders are treated fairly.   |
| <b>First Closing / Subscriptions</b> | <p>The first closing of the Sub-Fund (the “<b>First Closing</b>”), i.e. once Shares are first issued to Shareholders, shall occur on or around 31 January 2025, or any later date as reasonably determined by the Board of Directors in its discretion (the “<b>First Closing Date</b>”).</p> <p>The Sub-Fund shall allow monthly subscription requests for Shares to be made which, if accepted, shall be issued at Net Asset Value as of the last day of each calendar month which is also a Valuation Day (the “<b>Dealing Date</b>”). Unless waived by the Board of Directors, subscription requests in respect of a given Dealing Date must be received by 1pm Central European Time, at least ten (10) Business Days prior to the Dealing Date. To be accepted, a subscription request must be made with a completed and executed Subscription Agreement in good order, including (a) satisfying any additional requirements imposed by the Global Distributor or Sub-Distributor, as applicable, (b) satisfying the know your client (KYC), terrorist financing and anti-money laundering checks carried out by the Fund or its agent or service providers and (c) payment of the full purchase price of the Shares being subscribed prior to the Dealing Date, it being</p>   |

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|   | <p>understood that a subscription request partially deferred to one or more later Dealing Dates in accordance with the next paragraph, will need to be paid in instalments as instructed by the Board of Directors (or any other person to whom such powers have been delegated by the Board of Directors). If a subscription request is rejected for not complying with the preceding conditions (including the settlement of the full purchase price where applicable), the prospective Shareholder shall be notified of such rejection and will be required to submit a new subscription request for the next Dealing Date.</p> <p>The Board of Directors (or any other person to whom such powers have been delegated by the Board of Directors) has the discretion to accept or reject subscription requests in full or in part, and in particular may determine in the best interests of Shareholders that part or all of a subscription request should be deferred to one or more later Dealing Dates. The Board of Directors also has the discretion to declare additional or more frequent Dealing Dates. If accepted, the purchase price per Share will be equal to the Net Asset Value per Share for such Share Class as of the relevant Dealing Date.</p> <p>Where required by applicable law, certain types of Shareholders will be afforded the right to cancel their subscription for Shares within a specified period of time from placing their order for Shares, without penalty. Further information with respect to such “cooling-off” rights shall be set out in the Subscription Agreement for the relevant types of Shareholders or shall otherwise be made available to them.</p>   |
| <p><b>Morgan Stanley Investment</b></p> | <p>Morgan Stanley, its personnel and certain related persons may subscribe for Shares in the Sub-Fund (the “<b>MS Base Commitment</b>”), provided that no portion of the MS Base Commitment shall constitute 50% or more of the Net Asset Value at any time. While no Management Fee or Incentive Fee will apply in relation to the MS Base Commitment, the MS Base Commitment will be liable with respect to the AIFM fee.</p> <p>Shareholders holding Shares with respect to the MS Base Commitment shall not be permitted to redeem or transfer Shares in the Sub-Fund until the earlier of (i) the third anniversary of the First Closing Date; and (ii) the first Valuation Day on which the Net Asset Value of the Sub-Fund reaches €1.5 billion. Thereafter, Shareholders holding Shares with respect to the MS Base Commitment will be able to redeem their Shares but solely (i) to the extent that the Redemption Cap (as defined below) for a calendar quarter has not been met by redemption requests from any other Shareholders in the Sub-Fund made in accordance with section (<i>Redemptions and Liquidity</i>) below and (ii) for an amount not exceeding, when calculated together with any other redemption requests from any other Shareholders in the Sub-Fund for that calendar quarter, the Redemption Cap.</p> <p>Notwithstanding the foregoing, Morgan Stanley shall be permitted (without notice to, or the consent of, Shareholders) to redeem or transfer Shares in the Sub-Fund at any time in the event such action is necessary or appropriate to comply with, or diminish or otherwise modify the burden associated with, any laws, regulations or reporting requirements applicable to it or for such other reason as the Investment Manager may determine in its discretion, and Morgan Stanley’s proportionate share of total Shares may vary over time due to subscriptions and redemptions by other Shareholders.</p> |

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| <p><b>Investment Warehousing and Seed Capital</b></p> | <p>Prior to and / or after the First Closing Date, Morgan Stanley may, and is expected to, establish a warehousing special purpose vehicle to acquire and hold one or more investments for the Sub-Fund in accordance with and subject to applicable laws and regulations (the “<b>Warehouse SPV</b>”).</p> <p>Following the receipt of Subscription Amounts from Shareholders (or at any other appropriate time as determined by the Investment Manager in its discretion), Morgan Stanley may, in its discretion, convey the Warehouse SPV (and all of its underlying investments) to the Sub-Fund, upon which the Sub-Fund would be expected to pay an amount equal to (x) the cost of the investment or, if different, the fair value of the investment as determined by the Investment Manager in accordance with the Valuation Policy and applicable law and subject always to the final determination of the value being approved by the AIFM and (y) related expenses, including transaction expenses and expenses of conveyance. Any income or other proceeds received by Morgan Stanley with respect to the investments held in the Warehouse SPV during the period of warehousing shall, subject to applicable laws, be retained for the benefit of Morgan Stanley.</p> <p>The Investment Manager may (in consultation with the AIFM) appoint the Board of Directors (comprised of individuals, a majority of whom will be independent of Morgan Stanley) or one or more other persons (or committee of persons) who are not affiliated with Morgan Stanley (any such person or committee, including the Board of Directors, an “<b>Independent Person</b>”) to review and approve or disapprove, at the request of the Investment Manager and on behalf of all Shareholders, certain matters in connection with the foregoing (including the purchase of the Warehouse SPV—and its underlying investments—by the Sub-Fund) that require consent under the Advisers Act or other applicable law, and to review and approve or disapprove any other matters presented to them, including certain transactions, measures and other matters arising in connection with actual and/or potential conflicts of interest. Any such approval will be binding upon the Sub-Fund and all the Shareholders.</p> <p>By executing the Subscription Agreement, each Shareholder will consent to the appointment of the Independent Persons to approve, on behalf of all Shareholders, any conflicts and/or transactions requiring approval under applicable laws including section 206(3) of the Advisers Act.</p> |
| <p><b>Redemptions and Liquidity</b></p>               | <p>Shareholders will be offered the opportunity to submit requests for their Shares to be redeemed in accordance with the process set out below.</p> <p>Redemptions may take place as of the last Business Day of each calendar quarter which is also a Valuation Day (each a “<b>Redemption Date</b>”). Redemption requests in respect of a given Redemption Date must be received in writing in good order by no later than 1pm Central European Time sixty (60) calendar days prior to such Redemption Date (the “<b>Redemption Cut-Off Date</b>” and such period for the submission of valid redemption requests in respect of a Redemption Date being the “<b>Redemption Period</b>”). Redemption requests received after the Redemption Cut-Off Date will be deemed to have been submitted for the next Redemption Date.</p> <p>Any Shares being redeemed which have been held by Shareholders for less than one year will be subject to an early repayment reduction in an amount equal to 2% of the Net</p>   |

Asset Value of such Shares. For this purpose, within a given Share Class, Shares may be issued in successive Series, at the discretion of the Board of Directors (or its delegate). In such case, on the relevant Dealing Date, Investors subscribing for the relevant Shares will be allocated to a new Series issued on that Dealing Date. On the first anniversary date of its issuance, Shares of each Series may be consolidated into the oldest Series of the relevant Share Class. The redemption of a Shareholder's Shares will be considered to be made on a "first-in, first-out" basis (i.e., first with respect to the Shares initially issued to such Investor, then with respect to the Shares next issued to such Investor, and so on) save that, for this purpose, any Shareholder holding Shares issued in successive Series shall be redeemed on the basis of the relevant Series indicated in its redemption request.

The Board of Directors (or its delegate) may, from time to time, waive the early repayment reduction, in its discretion, including without limitation in the case of redemptions resulting from death, qualifying disability or divorce or where operational, administrative, and/or system limitations prevent the early repayment reduction from being properly applied to Underlying Investor(s), subject to such conditions as the Board of Directors (or its delegate) may determine.

Aggregate redemptions shall be limited to 5% per calendar quarter of the Net Asset Value of the Sub-Fund as of the last day of the preceding calendar quarter which is also a Valuation Day (the "**Redemption Cap**"). If during any Redemption Period, redemption requests exceed the Redemption Cap with respect to the relevant Redemption Date, redemption requests shall be accepted from all Shareholders that have submitted valid redemption requests pro rata to the number of Shares in their redemption requests. Any redemption request submitted in excess of the Redemption Cap shall be deemed to have been submitted for the next Redemption Date. Following that period, with respect to the next relevant valuation day or period, these redemption and conversion requests will be met in priority to later requests, if necessary, on a pro-rata basis among involved Shareholders.

The Sub-Fund expects that settlement of Share redemptions which are accepted will generally be made within sixty (60) calendar days of the Redemption Date. In the event of a redemption request, the Investment Manager may generate liquidity to satisfy such redemption by any permissible activities of the Sub-Fund which may include using, without limitation, (i) the Sub-Fund's liquidity reserve, (ii) the Sub-Fund's credit facility, (iii) subscriptions from Shareholders or (iv) income or monetisation proceeds from investments; provided that the Sub-Fund is under no obligation to take any of the above actions. Redemptions of Shares will be made based upon the Net Asset Value per Share as of the Redemption Date.

The Board of Directors (or any other person to whom such powers have been delegated by the Board of Directors) shall have the discretion to accept or reject redemption requests in full or in part, and to determine in the best interests of Shareholders and subject to the following provisions, whether and to what extent to fulfil redemptions, and the timing of such fulfilment.

Notwithstanding that the Board of Directors shall have the discretion to accept or reject redemption requests, pursuant to AIFMD, the AIFM is ultimately responsible for the Sub-Fund's liquidity risk management function. The AIFM manages liquidity risk taking into account the investment strategy, the liquidity profile and the redemption policy of the AIFs that it manages. For this purpose, the AIFM and the Investment Manager acting as its

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|                                      | <p>delegate shall seek to ensure that sufficient immediate liquid assets are available to mitigate potential cash outflows caused by, and to meet client redemptions in, stressed market environments, subject to the conditions set out in this Supplement.</p> <p>The AIFM has a liquidity management policy which is designed to enable it to monitor the liquidity risk of the Sub-Fund. In managing redemption requests, the Board of Directors shall consider the overall liquidity position of the Sub-Fund and comply with the AIFM's liquidity management policy. The systems and procedures employed by the AIFM or the Board of Directors (as appropriate) allow it to apply various tools and arrangements necessary to respond appropriately to redemption requests.</p> <p>In normal circumstances, redemption requests will be processed as set out in this Supplement and aggregate redemptions will generally be limited to the Redemption Cap. Notwithstanding the preceding sentence, the Board of Directors shall have the discretion to waive the Redemption Cap, and to accept and service redemption requests in excess of the Redemption Cap. The Board of Directors may consider using its discretion to waive the Redemption Cap if and to the extent that sufficient projected liquidity is available for this purpose, and should this be in the best interests of both redeeming and non-redeeming Shareholders. In exceptional circumstances and not on a systematic basis, the Board of Directors may also suspend redemptions entirely or partially. In making such determinations, the Board of Directors will have regard to the overall projected liquidity position of the Sub-Fund and whether such actions are in the best interests of the Sub-Fund and of both redeeming and non-redeeming Shareholders.</p> <p>The Investment Manager may also use the Sub-Fund's credit facility to provide additional liquidity and to bridge subscriptions and redemptions.</p> |
| <p><b>Compulsory Redemptions</b></p> | <p>The Board of Directors, in consultation with the AIFM, will cooperate with the Investment Manager to compulsorily redeem (in whole or in part) the Shares of any Shareholder if the Board of Directors or the Investment Manager determine that the continued participation of a Shareholder is likely to, among other things, (i) require registration of the Shares under any securities laws applicable to the Sub-Fund or the Shares to be redeemed, (ii) cause the Sub-Fund to fail to qualify for an exemption from regulation, or otherwise to be required to be registered as an investment company under the Investment Company Act, (iii) result in the termination of the Sub-Fund for U.S. federal income tax purposes, (iv) result in the assets of the Sub-Fund being or continuing to be treated as "plan assets" subject to Title I or ERISA or Section 4975 of the Code (or comparable law or regulation), (v) result in any other material adverse tax, regulatory or other consequences to any Shareholder or the Sub-Fund, (vi) result in any violation of other applicable laws or regulations, including ERISA, or (vii) result in any material adverse consequence to the Sub-Fund's investment activities. Additionally, the Board of Directors, in coordination with the Investment Manager, may exclude or remove a Shareholder from a particular investment for any of the reasons described in each of cases (v) through (vii) above through a partial redemption and/or conversion of such Shareholder's Shares.</p> <p>In addition, the Board of Directors will cooperate with the AIFM and/or the Investment Manager to provide notice to a Shareholder compulsorily redeeming the Shares of such Shareholder in the Sub-Fund for "cause" if (i) there is any material breach of such Shareholder's representations, warranties or covenants herein or in the Prospectus, in the Subscription Agreement or related documents executed by such Shareholder</p>             |

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|   | <p>(including any obligation to make a payment or a return of capital); (ii) the Shareholder or any beneficial owner of the Shareholder (x) engages in illegal conduct or gross misconduct which the Board of Directors determines could result in reputational harm to the Fund or the Sub-Fund, Morgan Stanley or its Affiliates, (y) is convicted of, or pleads <i>nolo contendere</i> to, a felony or a serious misdemeanour or (z) illegally or fraudulently obtains the funds with which such Shareholder seeks to invest; (iii) there is any breach of such Shareholder's obligation to keep information confidential in accordance with the Prospectus and the relevant Subscription Agreement; or (iv) any purported transfer of Shares by a Shareholder is not in compliance with the Prospectus, as determined by the Investment Manager.</p> <p>The Board of Directors will cooperate with the AIFM and/or the Investment Manager to compulsorily redeem (in whole or in part) the Shares held by, on behalf or for the account or benefit of Shareholders who do not meet the requirements for the Eligible Investors, as set forth below. To that end, the Sub-Fund will notify the Shareholder of the reasons which justify the compulsory redemption of Shares, the number of Shares to be redeemed and the indicative Valuation Day on which the compulsory redemption will occur.</p> <p>Without prejudice to the provisions of the general part of the Prospectus, any Shareholder notified of a compulsory redemption in accordance with the preceding paragraphs will be considered as a Prohibited Person.</p> <p>Notwithstanding the terms of section (<i>Redemptions and Liquidity</i>) above, the redemption price for any compulsory redemption in accordance with the preceding paragraphs or the general part of the Prospectus will be equal to the Net Asset Value of the relevant Shares, less a discount of up to twenty percent (20%) in the case of a Shareholder who is found to be a Prohibited Person or if a transfer of the Shares has been made in breach of the Articles of Association or the Prospectus; in each case, to be determined by the Fund in its reasonable discretion in consideration of the damages caused or reasonably likely to be caused to the Sub-Fund and/or the other Shareholders therein, and after deduction of costs and expenses incurred by the Sub-Fund as a result of the redemption. Such redemption price will be payable at the discretion of the Fund, in one or several instalments at the time where payments are made to the remaining Shareholders but in any event no later than at the close of the liquidation of the Sub-Fund.</p> <p>Any Shareholder who is subject to regulation under the U.S. Bank Holding Company Act of 1956, as amended (the "<b>BHCA</b>," and such Shareholder, a "<b>BHC Investor</b>"), may require the Sub-Fund to redeem the portion of its Shares in excess of 24.99% of the total number of Shares issued by the Sub-Fund if, in the opinion of counsel reasonably satisfactory to the Board of Directors, the continued holding by such BHC Investor of such portion would give rise to a violation of the BHCA or the regulations promulgated thereunder.</p> <p>Compulsory redemptions carried out under the conditions laid out in this section (<i>Compulsory Redemptions</i>) shall prevail over redemptions carried out under normal circumstances in accordance with section (<i>Redemptions and Liquidity</i>) above.</p> |
| <p><b>Transferability of Shares</b></p> | <p>Transfers will be subject to certain conditions set forth in the Articles of Association and the Prospectus. A Shareholder may sell, assign, encumber, mortgage or transfer its Share(s) in the Sub-Fund, directly or indirectly, only to Eligible Investors, subject to the</p>   |

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|                             | determination by the Board of Directors (or any person to whom such powers have been delegated by the Board of Directors) that the conditions for transfers of Shares as set out in the Articles of Association and the Prospectus are satisfied.  |
| <b>Portfolio Leverage</b>   | <p>In seeking to achieve its investment objectives, the Sub-Fund is expected to obtain and use leverage to fund the acquisition of its investments and thereby increase the overall size of the investment portfolio. The Sub-Fund expects to incur indebtedness at the level of the Investments with a target portfolio leverage on those investments of 100-130% of the Net Asset Value of the Sub-Fund; provided that the Sub-Fund shall not incur such indebtedness that would cause the portfolio leverage on those investments to exceed 130% of the Net Asset Value of the Sub-Fund (provided that the Sub-Fund will not be in violation of the foregoing as a result of any fluctuations in the Sub-Fund's Net Asset Value whether as a result of any distributions, redemptions, disposition of assets, fluctuations in the value of investments or otherwise). The refinancing of any amount of existing indebtedness will not be deemed to constitute incurrence of new indebtedness so long as no additional amount of net indebtedness is incurred in connection therewith (excluding the amount of transaction expenses associated with such refinancing). The foregoing limitation shall not apply with respect to any short-term borrowing described under section (<i>Short-Term Borrowing</i>) below.</p> <p>In connection with incurring any indebtedness, the Shareholders may be required to confirm the terms of their subscriptions to the lender(s) in respect thereof and provide such information and execute such documents as such lender(s) or the Board of Directors may reasonably require. To the extent the Sub-Fund incurs any indebtedness secured by the Subscription Amounts, Subscription Amounts of any Shareholders which are subject to Title I of ERISA or Section 4975 of the Code will not be pledged if the pledge would be a non-exempt prohibited transaction for purposes of Section 406 of ERISA or Section 4975 of the Code.</p> |
| <b>Short-Term Borrowing</b> | The Sub-Fund may make use of a credit facility to incur short-term borrowing for working capital purposes including bridging of subscriptions and redemptions, currency hedging, distributions and Operating Expenses.   |
| <b>AIFMD Leverage</b>       | The AIFMD requires the AIFM to disclose and report regularly on the level of leverage used by the Sub-Fund. In accordance with its risk management function and the investment objectives of the Sub-Fund, the AIFM has set a maximum level of leverage which the AIFM and its delegates may employ on behalf of the Sub-Fund. For the avoidance of doubt, this maximum level of leverage does not include leverage at the level of the Sub-Fund investments. The AIFM has determined that leverage employed on behalf of the Sub-Fund will not exceed 300% of the Net Asset Value of the Sub-Fund based on the gross method and 300% of the Net Asset Value of the Sub-Fund based on the commitment method (expressed as a percentage and determined under articles 7 and 8 of AIFMR other than if and to the extent that leverage for these purposes results from borrowings under revolving credit facilities on a short term basis to make investments pending the drawdown of (and covered by) subscriptions of Shareholders which, due to the way in which such borrowings can impact the calculation of leverage for the purposes of the AIFMR, may be unlimited). Such limits should not be viewed as indicative of the amount of leverage that will be employed on behalf of the Sub-Fund or as a target for the Sub-Fund, and it is likely that Sub-Fund-level leverage, if any, will be   |

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|   | <p>lower in practice. Shareholders should note that in exceptional circumstances, the CBI may impose limits on the level of leverage that the AIFM is entitled to employ or other restrictions on the management of the AIFM with respect to the Sub-Fund.</p> <p>Shareholders should note that the level of leverage determined under articles 7 and 8 of the AIFMR does not necessarily provide any reasonable illustration of the overall risk profile of the Sub-Fund as financial derivative instruments or borrowing of cash or securities can be used to manage risk as well as to seek a return.</p>   |
| <p><b>Hedging</b></p>   | <p>The Investment Manager intends, subject to the conclusion of satisfactory and commercially available arrangements with one or more finance providers, to implement or procure the implementation of hedging arrangements in relation to the activities of the Sub-Fund (including in respect of any rate or currency), including in respect of any indebtedness or other borrowing contemplated hereby, capital subscriptions, the acquisition, holding, financing, refinancing or disposition of one or more underlying Private Investments, and as the Investment Manager otherwise determines necessary or appropriate (collectively, “<b>Applicable Hedging Transactions</b>”), it being acknowledged that the success of any such hedging activities cannot be guaranteed and may result in losses. Such arrangements are expected to include the use of foreign exchange contracts on a rolling basis, although other over the counter or exchange traded currency products may also be used. Cash interest, fees and other return components will typically not be hedged.</p> <p>A portion of subscription proceeds paid to the Sub-Fund may be held back to facilitate the hedging programme and enable the Sub-Fund to settle any loss, costs and fees due on each derivative contract.</p> |
| <p><b>Derivatives and Securities Financing Transactions</b></p> | <p>The Sub-Fund may, but is not expected to, invest in or enter into any form of derivative instruments, including swaps, short sales, forward contracts, futures or options, and any other securities financing transactions or total return swaps, as those terms are defined in the SFTR and any expenses incurred in connection with any such transactions will be borne by the Sub-Fund.</p> <p>The Sub-Fund may use forward contracts and currency swaps in implementing Applicable Hedging Transactions or in respect of currency hedged Share Classes.</p> <p>The Sub-Fund may enter into repurchase agreements, subject to the conditions and within the limits set out in this Supplement. Please refer to Annex IV (<i>SFTR Disclosure</i>) of this Supplement and/or to the Annual Report for further information on the use of repurchase agreements by the Sub-Fund and on the risks related to their use.</p>   |
| <p><b>Underlying Investors</b></p>                              | <p>Investments in the Sub-Fund may be made (i) directly or (ii) by appointing an Intermediary to hold Shares on behalf of Underlying Investors, in accordance with and subject to the terms of the general part of the Prospectus.</p> <p>If and to the extent agreed with an Intermediary and depending on the terms of the contractual arrangements in place with such Intermediaries, any reference in the Prospectus and this Supplement to “Shareholders” shall be read as a reference to the relevant Intermediary and/or where appropriate, the Underlying Investor and any</p>   |

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|                                  | <p>penalties, sanctions and requirements that can be imposed on a Shareholder will be, in respect of the relevant Intermediary, applied to the relevant pro-rata portion of the relevant Intermediary's Shares corresponding to the relevant Underlying Investor, in accordance with and subject to the terms of the general part of the Prospectus.</p> <p>Likewise, voting rights will be exercised by Intermediaries through, depending on the terms of the relevant intermediary arrangement with each Underlying Investor, either a split vote following voting instructions from each Underlying Investor or exercising voting rights further to a general power of attorney to vote on behalf of each Underlying Investor.</p> <p>In addition, each participation by an Intermediary on account of any single Underlying Investor may be treated as a separate participation from that Intermediary's other participations, in accordance with and subject to the terms of the general part of the Prospectus and the Articles of Association.</p> <p>Where the Global Distributor or any Sub-Distributor holds Shares in its own, or an Intermediary's, name for and on behalf of Shareholders it will act as Intermediary in respect of such Shares. Shareholders are advised to inform themselves of, and when appropriate consult with their Intermediary regarding, the rights that they have in respect of Shares held through the relevant Intermediary service. In particular, investors should ensure that their arrangements with such Intermediaries deal with information being given regarding corporate actions and notifications arising in respect of the Shares, as the Sub-Fund is only obliged to deliver notice to parties inscribed as a Shareholder in the Share Register and can have no obligation to any third party.</p> |
| <p><b>Eligible Investors</b></p> | <p>The Shares in the Sub-Fund will be offered or sold only to, and Shares can only be acquired by, Eligible Investors as defined in the general part of the Prospectus and below, and may under no circumstances be beneficially or legally held or owned by any person, who is not an Eligible Investor.</p> <p>For the purposes of this Supplement, "<b>Eligible Investors</b>" shall mean:</p> <ul style="list-style-type: none"> <li>(i) EEA investors that qualify or may be treated as professional clients within the meaning of Annex II to MiFID II, or EEA investors who are otherwise eligible for marketing of the Shares in accordance with the national laws of their home Member State;</li> <li>(ii) UK investors that qualify or may be treated as professional clients within the meaning of Article 2(1)(8) of Regulation (EU) 600/2014 on markets in financial instruments (as retained in UK law), or UK investors who are otherwise eligible for marketing of the Shares in accordance with UK law; and</li> <li>(iii) non-EEA and non-UK investors to whom Shares may be lawfully marketed.</li> </ul> <p>Shares in the Sub-Fund will be marketed and made available to all Eligible Investors, subject to and in accordance with any applicable legal and regulatory restrictions and, other than as described in this Supplement, no further substantive criteria are intended to apply which would limit or deter Eligible Investors from investing in the Sub-Fund.</p>  |

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| <p><b>Communication and announcements to the Shareholders</b></p> | <p>To the extent permitted by the 1915 Law or any other Luxembourg laws or regulations, an electronic secure platform or other means of electronic communication, in particular emails, may be used for the transmission of all notifications and announcements of the Board of Directors, the Fund and the AIFM, such as, for instance information notices, financial reports and corporate information.</p>   |
| <p><b>Conversion of Shares</b></p>                                | <p>No conversion of Shares between the different Share Classes of the Sub-Fund or Sub-Funds shall be permitted except as permitted by the Board of Directors (or any other person to whom such powers have been delegated by the Board of Directors).</p>   |
| <p><b>Liquidation</b></p>   | <p>The Sub-Fund is formed for an unlimited period. The Sub-Fund may be put into liquidation (i) by a decision of the Board of Directors in accordance with the Articles of Association and the general part of the Prospectus; (ii) as a consequence of the liquidation of the Fund by an extraordinary General Meeting of Shareholders of the Fund in accordance with the Articles of Association; or (iii) as a consequence of the liquidation of the Sub-Fund approved by way of Investor Ordinary Consent of the Shareholders of the Sub-Fund, excluding Shares held by Morgan Stanley.</p> <p>Any decision to put the Sub-Fund into liquidation will be subject to the prior non-objection of the CSSF.</p>  |
| <p><b>Distributions and Reinvestment</b></p>                      | <p>Subject to the terms of this Supplement, as set out under “<i>Share Classes</i>”, the Sub-Fund expects, depending on each Share Class, to make distributions to Shareholders on a periodic basis or, in lieu of making cash distributions to Shareholders, to reinvest any such deemed distributions. However, the amount and timing of the making of cash or deemed distributions from the Sub-Fund to Shareholders will be at the discretion of the Board of Directors and shall be subject to holdbacks in respect of reserves. The Sub-Fund cannot guarantee that it will have amounts available to make distributions or for reinvestment, and any such amounts for distributions or reinvestment will be made at the discretion of the Board of Directors (or any other person to whom such powers have been delegated by the Board of Directors) based upon what is in the best interests of the Shareholders, taking into account the following provisions:</p> <ul style="list-style-type: none"> <li>(i) whether there is sufficient cash available for such distribution after taking into account any current or contingent liabilities of the Sub-Fund (including, without limitation, payment of any Operating Expenses);</li> <li>(ii) whether such distribution would render the Sub-Fund insolvent; and</li> <li>(iii) whether it is during a period in which the calculation of the Net Asset Value is suspended.</li> </ul> <p>The Investment Manager generally applies the following considerations in exercising its discretion to cause the Sub-Fund to allocate its cash resources.</p> <ul style="list-style-type: none"> <li>(i) Cash of the Sub-Fund which the Board of Directors (or its delegate) determines in good faith (in consultation with the AIFM and the Administrator) to be income generated by the investments net of (i) obligations, costs and expenses paid or accrued by the Sub-Fund (including, without limitation, AIFM Fees, Management</li> </ul> |

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|                                     | <p>Fees, the Incentive Fee and other Operating Expenses (as described in section (<i>Other Costs</i>) of this Supplement)), (ii) liquidity reserves and provisions and (iii) cash required to post collateral under any contract ((i) to (iii) together the “<b>Senior Payment Items</b>”), will generally be identified as distributable income (the “<b>Distributable Income</b>”) of the Sub-Fund.</p> <p>(ii) The Distributable Income of the Sub-Fund will, subject to applicable regulations and accounting principles, generally be applied as follows:</p> <p>(a) Distributable Income attributable to Accumulation Share Classes will generally be retained by the Sub-Fund and not distributed; and</p> <p>(b) Distributable Income attributable to Distribution Share Classes will generally be available for distribution to the relevant Shareholders as soon as reasonably practicable following the Valuation Day falling on the last Business Day of each quarter in proportion to the Net Asset Value of the Distribution Share Classes.</p> <p>The distribution of Distributable Income in respect of Distribution Share Classes will result in an increase in the Net Asset Value per Share of Accumulation Share Classes relative to the Net Asset Value per Share of otherwise identical Distribution Share Classes, all other things being equal.</p> <p>Cash of the Sub-Fund which the Board of Directors (or its delegate) determines to represent proceeds from the sale or disposal of an investment, a repayment of principal of an investment, a Shareholder’s Contribution and any other available cash received by the Sub-Fund which the Investment Manager determines in good faith not to be Distributable Income, will generally be retained by the Sub-Fund and applied:</p> <p>(i) to pay, or create a reserve to pay, any outstanding obligation or indebtedness of the Sub-Fund;</p> <p>(ii) to satisfy, or create a reserve to satisfy, Shareholders’ redemption requests; and/or</p> <p>(iii) to make further investments.</p> <p>If requests for redemptions are outstanding, then the Sub-Fund will generally prioritise the satisfaction of such redemption requests (to the extent it is required to do so, taking into account the Redemption Cap) over making new investments. For the avoidance of doubt, the Sub-Fund will generally prioritise payment of, or creation of reserves for, Senior Payment Items over the making of distributions or satisfaction of redemption requests.</p> |
| <p><b>Distributions in kind</b></p> | <p>The Sub-Fund will generally make distributions to Shareholders in cash however, from time to time when the Investment Manager so determines, the Sub-Fund may make distributions of securities to Shareholders in kind, subject to applicable laws and regulations and in accordance with the conditions set out in the Prospectus. In the event that an in kind distribution is made, the relevant assets shall be deemed to have been sold at their fair value as determined by the AIFM in accordance with the Valuation Policy and confirmed by the Auditor, and the proceeds of such sale shall be deemed to have been distributed in the form of distributable cash to the Shareholders. Distributions in kind</p>  |

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|   | <p>shall be made in proportion to the aggregate amounts that would be distributed to each Shareholder as determined by the AIFM.</p> <p>Any costs incurred in connection with a distribution in kind may be borne by the Shareholders receiving such distribution in kind or in any other way which the Board of Directors considers fair to all Shareholders of the Sub-Fund.</p>  |
| <b>Co-Investment</b>                          | <p>The Investment Manager may, but will be under no obligation to, in its discretion allocate co-investment opportunities to strategic and other investors, lenders, one or more Shareholders and/or Affiliates of the Investment Manager. Co-investment opportunities may be made available through limited partnerships or other entities formed to make such investments. Co-investment opportunities may be offered where the Investment Manager determines that the size or risk of an Investment is either prohibited by the Prospectus or is not in the Sub-Fund's best interest. In addition, the Investment Manager may form one or more co-investment vehicles to permit employees and certain other designees of Morgan Stanley to invest side-by-side in one or more investments made by the Sub-Fund. The terms of co-investments may differ from those of the Sub-Fund, including with respect to the payment of an incentive fee or incentive allocation and/or management fee; however, each investment in an Investee Company by a Morgan Stanley co-investment vehicle generally will be on economic terms at the level of the investment no more favourable than those received by the Sub-Fund. No Shareholder shall have a right to any such co-investment opportunities that may be made available, and any co-investment opportunity will be provided to Shareholders at the Investment</p> <p>Manager's discretion (on such terms and conditions that the Investment Manager and the Shareholders participating therein agree).</p> |
| <b>Allocation of Investment Opportunities</b> | <p>The Investment Manager will allocate investment opportunities among the Sub-Fund, Morgan Stanley, and Morgan Stanley's clients, as applicable, as the Investment Manager determines in its discretion in a manner consistent with the Investment Manager's and its Affiliates' internal policies (as in effect from time to time). Certain investment opportunities may be appropriate for some or all of the Sub-Fund, Morgan Stanley, other investment vehicles or other investment accounts managed by Morgan Stanley and/or Morgan Stanley's clients (collectively, "<b>Morgan Stanley Related Persons</b>"). Please see Annex II (<i>Risk Factors and Potential Conflicts of Interest—Investments by Affiliated Investment Accounts, Affiliated Investment Programs and Morgan Stanley Businesses</i>) to this Supplement for further details as to the applicable allocation processes and procedures in respect of the Sub-Fund and the inherent conflicts of interest in connection with such procedures.</p>  |
| <b>Incentive Fee</b>                          | <p>The Investment Manager (in such capacity, the "<b>Incentive Fee Recipient</b>") will be entitled to receive an incentive fee from the Sub-Fund ("<b>Incentive Fee</b>") as set out below and subject to the conditions set out in this Supplement. The Incentive Fee Recipient may, under separate arrangements, pay all or part of the Incentive Fee to Morgan Stanley and/or certain employees who are senior professionals within Morgan Stanley.</p> <p>The Incentive Fee Recipient will be entitled to receive Incentive Fee from the Sub-Fund as follows:</p>  |

Incentive Fee from Income: 12.5% of Pre-Incentive Fee Net Investment Income Returns for each calendar quarter (subject to a 5% annualised hurdle rate with a 100% catch up) paid quarterly, as further set out below:

- (i) There shall be no Incentive Fee based on Pre-Incentive Fee Net Investment Income Returns in any calendar quarter in which the Sub-Fund's Pre-Incentive Fee Net Investment Income Returns do not exceed the hurdle rate of 1.25% per quarter (5.0% annualised);
- (ii) 100% of the Euro amount (or equivalent) of the Sub-Fund's Pre-Incentive Fee Net Investment Income Returns with respect to that portion of such Pre-Incentive Fee Net Investment Income Returns, if any, that exceeds the hurdle rate but is less than a rate of return of 1.43% (5.72% annualized). This portion of the Sub-Fund's Pre-Incentive Fee Net Investment Income Returns (which exceeds the hurdle rate but is less than 1.43%) is referred to as the "catch-up." The "catch-up" is intended to provide the Incentive Fee Recipient with approximately 12.5% of the Sub-Fund's Pre-Incentive Fee Net Investment Income Returns as if a hurdle rate did not apply if the Sub-Fund's Pre-Incentive Fee Net Investment Income exceeds 1.43% in any calendar quarter; and
- (iii) 12.5% of the Euro amount (or equivalent) of the Sub-Fund's Pre-Incentive Fee Net Investment Income Returns, if any, that exceed a rate of return of 1.43% (5.72% annualised). This reflects that once the hurdle rate is reached and the catch-up is achieved, 12.5% of all Pre-Incentive Fee Net Investment Income Returns thereafter are allocated to the Incentive Fee Recipient.

**"Pre-Incentive Fee Net Investment Income Returns"** means, as the context requires, either the Euro value of, or percentage rate of return on the value of the Sub-Fund's net assets, excluding assets and liabilities allocated to the Class S Shares, at the end of the immediately preceding quarter from, interest income, dividend income and any other income (including any other fees (other than fees for providing managerial assistance), such as commitment, origination, structuring, diligence and consulting fees or other fees that the Sub-Fund receives from Investee Companies) accrued during the calendar quarter, minus the Sub-Fund's Operating Expenses accrued for the quarter (including the Management Fee and any interest expense or fees on any credit facilities or outstanding debt and dividends paid on any issued and outstanding preferred shares, but excluding the Incentive Fee and any distribution and/or stockholder servicing fees).

These calculations are pro-rated for any period of less than three months and adjusted for any Share issuances or repurchases during the relevant quarter.

Incentive Fee from Realised Capital Gains: 12.5% of cumulative realised capital gains, excluding realised capital gains in relation to assets and liabilities allocated to the Class S Shares, from inception through the end of the relevant calendar year, computed net of all realised capital losses and unrealised capital depreciation on a cumulative basis, less the aggregate amount of any previously paid Incentive Fee from capital gains as calculated in accordance with relevant accounting standards, paid at the end of each calendar year.

Notwithstanding anything in this section (*Incentive Fee*) to the contrary, amounts otherwise distributable to a Shareholder from the Sub-Fund may, at the discretion of the

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|                                     | <p>Board of Directors or any person to whom such powers have been delegated by the Board of Directors, be paid to the Incentive Fee Recipient as an advance against future Incentive Fee (a “<b>Tax Advance Amount</b>”). All calculations of Tax Advance Amounts will be calculated based on certain assumptions as reasonably determined by Morgan Stanley.</p> <p>Notwithstanding anything to the contrary in this Supplement, the Incentive Fee and/or any Tax Advance Amounts with respect thereto may be implemented (in whole or in part, but in any event without duplication) at the level of one or more of the Sub-Fund’s subsidiary vehicles and, in any such case, distributions and allocations which any Shareholder is otherwise entitled to receive from the Sub-Fund will be appropriately reduced, and any other appropriate adjustments may be made to give effect to the foregoing.</p> <p>Any Shareholder (other than Class F Shareholders) who subscribes for Shares on or after the Class F Subscription Termination Date and prior to such date the Investment Manager determines to be commercially appropriate (the “<b>Fee Holiday Date</b>”) shall pay no Incentive Fee until such Fee Holiday Date. Thereafter, any such Shareholder shall pay the Incentive Fee incrementally over 4 months in 25% stages (i.e. 25% of the Incentive Fee otherwise payable pursuant to this section (<i>Incentive Fee</i>) above in the month immediately following the Fee Holiday Date; 50% of the Incentive Fee otherwise payable pursuant to this section (<i>Incentive Fee</i>) above in month two; 75% of the Incentive Fee otherwise payable pursuant to this section (<i>Incentive Fee</i>) above in month three and, finally, 100% of the Incentive Fee from month four).</p> <p>No Incentive Fee shall be payable by Class F Shareholders.</p> |
| <p><b>Valuation Methodology</b></p> | <p>Pursuant to the AIFM’s valuation policy in respect of the Sub-Fund (the “<b>Valuation Policy</b>”), market quotations are generally used to assess the value of investments for which market quotations are readily available. The AIFM (in consultation with the Investment Manager) shall obtain these market quotations from independent pricing services or at the bid prices obtained from at least two brokers or dealers, if available, otherwise from a principal market maker or a primary market dealer.</p> <p>In the absence of quoted market prices, broker or dealer quotations or alternative price sources, investments are measured at fair value as determined by the AIFM (in consultation with the Investment Manager) in accordance with the Valuation Policy and subject always to approval by the AIFM. Due to the inherent uncertainties of valuation, certain estimated fair values may differ significantly from the values that would have been realised had a ready market for these investments existed, and these differences could be material.</p> <p>As the Sub-Fund generally invests in illiquid loans and securities, it is expected that market quotations will not be readily available, or may be available but not reflective of the fair value of an investment, for the majority of the Private Investments. For Private Investments, the value will generally be determined on a monthly basis as follows:</p> <ul style="list-style-type: none"> <li>(i) The monthly valuation process begins with each Investee Company or investment being initially valued by the investment professionals of the Investment Manager responsible for the Private Investment taking into account, as relevant, amongst other factors: (i) the estimated enterprise value of an</li> </ul>  |

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|                         | <p>Investee Company, (ii) the nature and realisable value of any collateral, (iii) the Investee Company's ability to make payments based on its earnings and cash flow, (iv) the markets in which the Investee Company does business, (v) a comparison of the Investee Company's securities to any similar publicly traded securities, and (vi) overall changes in the interest rate environment and the credit markets that may affect the price at which similar investments may be made in the future.</p> <p>(ii) The AIFM (and/or another Morgan Stanley entity) may also engage one or more Valuation Support Agents to provide independent valuations of the Private Investments, pursuant to a valuation support agreement (the "<b>Valuation Support Agreement</b>"). The Valuation Support Agent independently value such investments using quantitative and qualitative information provided by the investment professionals of the AIFM, the Investment Manager and the Investee Companies as well as any market quotations obtained from independent pricing services, brokers, dealers or market dealers. The Valuation Support Agent also provide analyses to support their valuation methodology and calculations. A portion of the portfolio is reviewed on a quarterly basis, and all Private Investments are reviewed at least annually by the Valuation Support Agent.</p> <p>(iii) The Valuation Support Agent's preliminary valuations are reviewed by the Investment Manager. The Valuation Support Agent's valuation ranges are compared to the Investment Manager's valuations to ensure the Investment Manager's valuations are reasonable. These valuations are presented to the Investment Manager's valuation committee.</p> <p>(iv) That committee ratifies proposed fair valuations and makes recommendations to the Investment Manager and the AIFM, who discuss the valuations and determine the fair value of the investments in good faith based on the foregoing inputs, with the final determination subject always to approval by the AIFM.</p> <p>The Investment Manager and the AIFM are authorised to apply other appropriate valuation principles in order to reflect better the probable realisation value if the aforesaid valuation methods appear inappropriate due to extenuating circumstances or events. Any adjustments to valuations will incorporate estimates of the market impact of specific events as they occur, based on assumptions and judgments that may or may not prove to be correct, and may also be based on the limited information readily available at that time.</p> <p>The Regular Liquid Assets will be valued in accordance with the Valuation Policy and the general valuation provisions of section 7.2 (<i>Valuation Procedure</i>) of the Prospectus.</p> |
| <p><b>Reporting</b></p> | <p>After the end of each financial year, Shareholders will be provided, within six (6) months of year-end, with an audited Annual Report in the Reference Currency, prepared in accordance with Luxembourg generally accepted accounting principles.</p> <p>Shareholders will also be provided with unaudited financial statements on a semi-annual basis within three (3) months of the end of the period to which they refer.</p> <p>The Sub-Fund will also provide the relevant reporting as set out in the Prospectus and</p>  |

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|   | <p>as required by AIFMD and other applicable laws and regulations.</p> <p>In addition, the Sub-Fund intends to provide the Shareholders at monthly intervals with a short unaudited statement of the Net Asset Value as determined at each month-end and appropriate information that should allow the Shareholders to carry out a reliable assessment of their investment.</p>  |
| <b>Costs of setting up the Sub-Fund</b> | <p>The Sub-Fund will pay or bear all payments, fees, costs, expenses and other liabilities or obligations incurred in connection with its formation and organisation, including costs of setting-up of the Fund as per section 9 (<i>Fees and Expenses</i>) of the Prospectus, and with the offering and sale of Shares to investors, including its apportioned amount of such payments, fees, costs, expenses and other liabilities or obligations incurred at the level of the Fund ("<b>Organisational Expenses</b>").</p> <p>The Organisational Expenses will be paid by the Sub-Fund upon the First Closing Date and subject to, and in accordance with, Luxembourg GAAP as applicable from time to time amortised over five (5) years.</p>   |
| <b>AIFM Fee</b>                         | <p>The Fund will pay to the AIFM annual fees (exclusive of any value added tax or similar tax payable) out of the assets of the Sub-Fund as compensation for its management services (the "<b>AIFM Fee</b>"), equal to no more than 0.03% of the Net Asset Value of the Sub-Fund, subject to a minimum charge of EUR 50,000 per annum in respect of the Sub-Fund, as further described in the AIFM Agreement. The AIFM Fee shall be accrued and paid monthly in arrears, with effect from the date of the First Closing Date. For the avoidance of doubt, (i) such fees payable by the Sub-Fund to the AIFM will not be payable out of the Management Fee and will be borne separately by the Sub-Fund; and (ii) the fee holiday described in sections (<i>Incentive Fee</i>) above and (<i>Management Fee</i>) below does not apply to the AIFM Fee.</p>  |
| <b>Management Fee</b>                   | <p>Except as provided for in relation to a particular class of Shares, Shareholders holding Shares shall bear an annual management fee in respect of the relevant Share Class (the "<b>Management Fee</b>") which shall accrue on a monthly basis and shall be payable monthly in arrears. The AIFM will be entitled to receive the Management Fee from the Sub-Fund and will further share part or the entirety thereof with the Investment Manager and the Sub-Investment Manager, as compensation for their management services. The Management Fee is described in Annex I (<i>Share Classes</i>) of this Supplement and will be calculated with reference to the Net Asset Value of the Sub-Fund as of the beginning of the first calendar day of the applicable month.</p> <p>Any Shareholder other than Class F Shareholders who subscribes for Shares on or after the Class F Subscription Termination Date and prior to the Fee Holiday Date shall pay no Management Fees until the Fee Holiday Date. Thereafter, any such Shareholder shall pay the Management Fee in accordance with the previous paragraph of this section (<i>Management Fee</i>).</p> <p>No Management Fee shall be payable by Class F Shareholders.</p> <p><b>All fees referenced in this Supplement are exclusive of any applicable tax unless</b></p> |

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|                           | <b>otherwise stated.</b>   |
| <b>Distribution Costs</b> | <p>The Global Distributor and/or any Sub-Distributor may be paid a servicing fee applicable to the relevant Share Class (the “<b>Servicing Fee</b>”) for an amount up to the rate disclosed in Annex I (<i>Share Classes</i>) of this Supplement per annum calculated on the Net Asset Value of the Shareholder’s Shares. The Servicing Fee (if any) is additional to the Management Fee and the AIFM Fee.</p> <p>The Servicing Fee may vary among distributors. The Global Distributor or any Sub-Distributor may also separately charge the Shareholder an upfront fee outside of the Sub-Fund.</p> <p>In addition, certain Sub-Distributors may charge the Sub-Fund a platform distribution and advisory fee in consideration of any platform distribution and advisory services provided to the Sub-Fund. Such fee shall be borne by the Sub-Fund as an Operating Expense unless the Investment Manager determines otherwise.</p>  |
| <b>Other Costs</b>        | <p><b>Fees for the Depositary</b></p> <p>The Depositary is entitled to receive out of the assets of the Sub-Fund a depositary fee as set out in the Depositary Agreement, which fee shall be at normal commercial rates and be disclosed in the financial statements of the Sub-Fund.</p> <p><b>Fees for the Administrator</b></p> <p>The Administrator is entitled to receive out of the assets of the Sub-Fund an administration fee as set out in the Administration Agreement, which fee shall be at normal commercial rates and be disclosed in the financial statements of the Sub-Fund.</p> <p><b>Investment Banking and Other Fees</b></p> <p>The investment banking, restructuring, financing, mergers and acquisitions, underwriting, placement, asset management, financial advisory and brokerage fees and other fees paid by the Sub-Fund or Investee Companies, whether paid to Morgan Stanley or otherwise, will not be shared with the Sub-Fund and will not be credited against future Management Fees.</p> <p><b>Other ancillary costs and expenses</b></p> <p>As described in section 9 (<i>Fees and Expenses</i>) of the Prospectus and further set out below, the Board of Directors will charge to the Sub-Fund out of the assets of the Sub-Fund, all expenses, liabilities and costs incurred by the Board of Directors or third parties in connection with the Sub-Fund, if and to the extent such expenses, liabilities and costs are directly incurred in connection with the investments or the management of the Sub-Fund or its subsidiaries.</p> <p><b>Operating Expenses</b></p> <p>The Sub-Fund generally will bear any direct or indirect “Operating Expenses” (as defined in section <b>Error! Reference source not found.</b> (<i>Operating Expenses</i>) of the Prospectus)</p> |

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|   | <p>which are attributable to the Sub-Fund in accordance with section (<i>Investment Expense Allocation</i>) below.</p> <p>In addition, from time to time, for legal, tax or other structuring purposes, the Sub-Fund may establish different subsidiaries (based in Luxembourg or abroad) through which Investments will be acquired and held.</p> <p>To the extent the Sub-Fund establishes one or more subsidiaries, fees and expenses of any service providers that may be engaged to provide corporate services to the Sub-Fund and such other entities and subsidiaries shall be covered as part of Operating Expenses.</p> <p>Morgan Stanley may provide certain services to the Sub-Fund and the amounts payable by the Sub-Fund for such services may not be negotiated on an arm's-length basis and may be more (or less) than the amount a third party might charge for similar services, if the Investment Manager believes that it will be advantageous for the Sub-Fund to engage Morgan Stanley as compared to engaging a third-party service provider for reasons including, without limitation, the fact that the services provided by Morgan Stanley may be more expedient, superior, or cost effective when compared with those provided by a third party.</p> <p>The Investment Manager may advance funds or arrange for one of its Affiliates to advance funds to the Sub-Fund for the payment of Organisational Expenses and Operating Expenses, and the Investment Manager or such Affiliate will be entitled to the reimbursement, without interest, of any funds so advanced.</p> <p><b>All fees referenced above are exclusive of any applicable tax unless otherwise stated.</b></p> |
| <p><b>Discretionary Expense Cap</b></p> | <p>The aggregate amount of the Organisational Expenses, the AIFM Fee and the costs and expenses other than extraordinary or exceptional costs and expenses (such as, but not limited to, costs and expenses related to litigation, arbitration or other proceedings and regulatory investigations (including penalties, fines, damages and indemnifications) in relation to the Fund or the Sub-Funds) referred to under section (<i>Other Costs</i>) allocated to a Share Class (the "<b>Other Costs</b>") may be subject to a discretionary annual cap, applied at the discretion of the AIFM taking into account, among others, the performance of the relevant Share Class, the Net Asset Value of the relevant Share Class, the number of Investors in the relevant Share Class and/or the costs generally borne by the investors in similar products across the industry (a "<b>Discretionary Expense Cap</b>"). For the avoidance of any doubt, the Other Costs referred to in the preceding sentence do not include the Management Fee, the Incentive Fee nor the Distribution Costs. The AIFM will have full discretion in applying the Discretionary Expense Cap to one or more Share Classes, setting or changing the level of the Discretionary Expense Cap, and/or discontinuing the application of the Discretionary Expense Cap, in each case, on a go forward basis. The Annual Report and Semi-Annual Report, as well as, where relevant in any other periodic reports made available to the relevant Investors, will indicate the level of the Discretionary Expense Cap applicable to a Share Class, if any, as an annual percentage of average Net Asset Value.</p>                        |

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|   | <p>Any Other Costs that exceed the relevant Discretionary Expense Cap for the relevant period (the “<b>Excess Costs</b>”) will be borne or advanced, as applicable and as further described below, by the AIFM or any of its Affiliates.</p> <p>The AIFM shall be entitled to reimbursement from the Fund for any Excess Costs advanced by it (or any of its Affiliates) over the last five (5) years (the “<b>Reimbursement</b>”), regardless of whether the Discretionary Expense Cap is applied by the AIFM at the time of the Reimbursement and provided that:</p> <ul style="list-style-type: none"> <li>(a) the Reimbursement may not exceed the lower between: <ul style="list-style-type: none"> <li>(i) the Excess Costs advanced by the AIFM (or any of its Affiliates) which are eligible for Reimbursement and not yet reimbursed at the time of calculation, and</li> <li>(ii) the positive difference between (x) the amount representing the Discretionary Expense Cap for the relevant period (as calculated on the basis of the applicable Discretionary Expense Cap or, if no longer applied by the AIFM at the time of calculation, the most recent Discretionary Expense Cap that was applicable), and (y) the Other Costs incurred by the relevant Share Class for such relevant period,</li> </ul> </li> <li>(b) the Discretionary Expense Cap shall not be increased as long as the AIFM remains entitled to such Reimbursement (i.e. before the end of the five-year period, or until the Reimbursement has been completed or waived by the AIFM).</li> </ul> <p>Investors’ attention is drawn to the fact that the Reimbursement will accrue on each Valuation Day and will be payable on an annual basis in arrears. The Other Costs to be borne by Shareholders are expected to reach the Discretionary Expense Cap until the Reimbursement is fully completed, waived or expired.</p> <p>Any Excess Costs for which the AIFM is not entitled to reimbursement shall be definitively borne by the AIFM (or any of its Affiliates on its behalf).</p> |
| <p><b>Investment Expense Allocation</b></p> | <p>The Sub-Fund is expected to bear any investment expenses and other costs and expenses related to any opportunity potentially evaluated for the Sub-Fund or in which the Sub-Fund may have participated (whether or not the associated investment opportunity is consummated by the Sub-Fund), including fees and expenses related to the organisation of any Morgan Stanley-managed co-invest entities, whether for the benefit of other investors, Affiliated Investment Accounts or other third parties, and the marketing or placement of interests therein; provided that the Investment Manager may, acting in good faith and taking into account fair treatment of the relevant entities and where justified, determine in its discretion to allocate such expenses in a different manner, which will be based on certain allocation guidelines that will take into account relevant considerations, including any arrangements and agreements in place with the</p>   |

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|  | <p>Affiliated Investment Accounts and whether transactions are ultimately consummated by such Affiliated Investment Accounts.</p>  |
| <p><b>Sustainability-Related Disclosures</b></p> | <p>On 27 November 2019, Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector (the “SFDR”) was published. The SFDR seeks to provide greater transparency, in the disclosures made to investors, on (i) how sustainability risks are integrated within the management of the fund; and (ii) any environmental/social characteristics or sustainable investment objectives promoted by a fund.</p> <p>Therefore, disclosures have been added herein (including Annex V (<i>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</i>) of this Supplement, which contains further disclosures in relation to the Sub-Fund’s sustainability approach as required by Article 8 SFDR) and in the Prospectus.</p> <p><b>Sustainable Finance</b></p> <p>The Sub-Fund’s investment philosophy is underwritten by a strong conviction that ESG considerations are important to the credit process. On the one hand, a prospective borrower’s ESG performance is likely to bear considerably on its creditworthiness: environmentally friendly practices, good human capital and supply chain management, and governance frameworks signal strong management and adaptability. On the other hand, properly assessing a borrower’s ESG credentials is vital to fulfilling the Sub-Fund’s responsibilities as a socially and environmentally conscious product.</p> <p>The Sub-Fund is an Article 8 product which promotes environmental and social characteristics pursuant to the SFDR through the application of: (1) a binding exclusions policy; and (2) a binding scorecard methodology.</p> <p><b>Exclusions Policy:</b> The Sub-Fund promotes environmental and social characteristics by excluding investments in adult entertainment, production of controversial and conventional weapons, production of ammunition, production of tobacco, upstream production of palm oil, and oil sand and tar sand development. In addition, the Sub-Fund will not invest in companies that have violated the UN Global Compact or the International Labour Organisation’s Declaration on Fundamental Principles and Rights at Work.</p> <p>The Sub-Fund also excludes investment companies that generate over 5% of total revenue from any of the following activities: exploration and/or extraction of oil, thermal coal power generation and/or mining, gas extraction and/or power generation, and nuclear power generation.</p> <p>The Exclusions Policy will not apply to the Regular Liquid Assets.</p> <p><b>Scorecard:</b> The Sub-Fund also promotes environmental and social characteristics by making Private Investments that the Investment Manager considers perform well against various Environmental, Social and Governance criteria in accordance with the Investment Manager’s proprietary scoring methodology. All Private Investments will be assessed against the Scorecard, and the Investment Manager will aim to have at least 75% of the</p> |

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|  | <p>Sub-Fund's Private Investments meet the ESG Threshold. The Scorecard characteristic will not apply to the Regular Liquid Assets.</p> <p>For further information on how the Sub-Fund promotes these environmental and social characteristics, please see Annex V (<i>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</i>) of this Supplement.</p>   |
| <b>Confidentiality</b>                 | <p>Except with respect to tax related matters as described in this Supplement, Shareholders will be required to keep confidential information relating to the Sub-Fund (including its investors and investments).</p>  |
| <b>Legal Counsel</b>                   | <p>Fried, Frank, Harris, Shriver &amp; Jacobson (London) LLP, Fried, Frank, Harris, Shriver &amp; Jacobson LLP and Arendt &amp; Medernach S.A. are retained as legal counsel in respect of the Sub-Fund. Walkers (Ireland) LLP acts as legal counsel in respect of the AIFM.</p>   |
| <b>ERISA Considerations</b>            | <p>Investment in the Sub-Fund is generally open to institutions, including pension plans and other employee benefit plans and accounts, subject ERISA or the Code. The Board of Directors will use reasonable efforts to conduct the affairs and operations of the Sub-Fund so that the Sub-Fund's assets will not be deemed to constitute "plan assets" subject to ERISA by limiting investment in the Sub-Fund by "benefit plan investors" (within the meaning of Section 3(42) of ERISA) to less than 25% of each class of equity interests in the Sub-Fund, see Section <b>Error! Reference source not found.</b> (Certain Regulatory Law Matters). Each prospective Shareholder subject to Title I of ERISA or Section 4975 of the Code is urged to consult its own advisors as to the provisions of ERISA and/or the Code applicable to an investment in the Sub-Fund.</p> <p>The Sub-Fund reserves the right to exclude "benefit plan investors" and other employee benefit plan investors not subject to Title I of ERISA or Section 4975 of the Code from, or limit investments by such Shareholders in, the Sub-Fund (including, without limitation, by rejecting subscriptions for Shares by, or transfers of Shares to, any such Shareholders or by requiring any such Shareholders to dispose of their Shares in the Sub-Fund in whole or in part at any time) if the Board of Directors determines that participation or continued participation by any such Shareholders causes or could cause the assets of the Sub-Fund to be or continue to be treated as "plan assets" subject to Title I of ERISA, Section 4975 of the Code or similar laws or regulations, or for any other reason in its discretion.</p> |
| <b>Other Regulatory Considerations</b> | <p>Without the consent of the Shareholders, the Board of Directors will cooperate and consult with the AIFM and the Investment Manager to modify or amend this Supplement to make any changes that the AIFM and/or the Investment Manager determines are necessary or advisable to comply with and / or reduce, eliminate, or otherwise modify the impact on, or applicability to, Morgan Stanley or any of its Affiliates, or any fund organised, offered, and / or managed by Morgan Stanley (including the Sub-Fund), of any current or future laws (including as related to taxes and the AIFMD, the AIFM Laws and Regulations, and any order, ruling or regulation relating thereto), rules (including as related to regulatory capital rules and any future interpretations that are issued), legal requirements, guidelines or any regulatory restrictions or any interpretation thereof that might otherwise</p>   |

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|  | <p>be applicable to Morgan Stanley, the AIFM, the Investment Manager, the Fund and/or the Sub-Fund.</p>  |
| <p><b>U.S. Dodd-Frank Act and Volcker Rule</b></p> | <p>The Volcker Rule severely limits the extent to which “banking entities,” such as Morgan Stanley (including the Investment Manager), may sponsor or invest in a hedge fund or private equity fund that is deemed a “covered fund”. The Volcker Rule also prohibits certain “covered transactions” between a banking entity and any of its Affiliates, on the one hand, and a covered fund that is sponsored or advised by the banking entity or any of its Affiliates (or any other covered fund that is “controlled” by such fund), on the other hand.</p> <p>It is intended that the Sub-Fund will be managed so that it will not constitute a “covered fund.” Specifically, the Volcker Rule contains an exclusion from its “covered fund” definition for any “credit fund” whose assets consist solely of (1) loans; (2) debt instruments; (3) certain rights and other assets that are related or incidental to acquiring, holding, servicing, or selling such loans or debt instruments; and (4) certain interest rate or foreign exchange derivatives (the “<b>Credit Fund Exclusion</b>”). Qualifying credit funds also are not permitted to engage in “proprietary trading” (generally defined as short-term trading of “financial instruments”) or issue asset-backed securities. While unlikely, it is possible that such requirements may have a material or adverse effect on the Sub-Fund’s investments or the Sub-Fund itself. For example, the Sub-Fund may not hold equity securities unless they are (a) related or incidental to loans or debt instruments held by the Sub-Fund; and (b) either (i) cash equivalents; (ii) received in lieu of debts previously contracted (“<b>DPC</b>”) with respect to such loans or debt instruments; or (iii) received on customary terms in connection with such loans or debt instruments (generally not to exceed five percent of the value of the Sub-Fund’s total related investment). In addition, in the case of DPC securities, the Sub-Fund will generally be prohibited from investing further capital in the issuer in the form of equity, except where such investment was necessary to prevent a total loss and/or facilitate an exit. As a result, under the Credit Fund Exclusion, the Sub-Fund may be forced to forgo certain opportunities to receive equity in connection with entering into a debt transaction or in connection with foreclosure or workout situation.</p> <p>Moreover, in order for Morgan Stanley to rely on the Credit Fund Exclusion, it and all of its Affiliates must limit their transactions with the Sub-Fund in the same manner as if the Sub-Fund were a covered fund. In general, Morgan Stanley is prohibited from entering into “covered transactions,” as defined in Section 23A of the U.S. Federal Reserve Act, with or for the benefit of the Sub-Fund. Subject to certain exceptions, this requirement prohibits extensions of credit to the Sub-Fund, purchases of assets from the Sub-Fund, the acceptance of the Sub-Fund’s interests as collateral for a loan to any person, and the issuance of a guarantee, acceptance, or letter of credit on behalf of the Sub-Fund. The inability of Morgan Stanley to engage in such transactions could have a material adverse effect on the Sub-Fund.</p> <p>Despite the intention and expectation that the Sub-Fund will qualify for the Credit Fund Exclusion, it is possible that the Federal Reserve could determine that the Sub-Fund does not qualify. In addition, the law could change in a manner that renders the Sub-Fund ineligible. Finally, in the future, Morgan Stanley may determine that it is no longer advisable to manage the Sub-Fund in a manner that qualifies for the Credit Fund Exclusion. If the Sub-Fund were to be deemed a covered fund, the Volcker Rule would impose a number of restrictions on Morgan Stanley that affect the Sub-Fund, the</p> |

Investment Manager, and the Shareholders. For example, any investment by Morgan Stanley in the Sub-Fund would be generally limited to no more than 3% of the ownership interests of the Sub-Fund, measured by reference to both the number of ownership interests and the fair market value of such ownership interests (the “**per-fund limit**”), and Morgan Stanley’s aggregate permitted investments in all covered funds (aggregated with certain affiliate and employee investments) is limited generally to no more than 3% of the Tier 1 capital of Morgan Stanley (the “**aggregate investment limit**”). Moreover, if the Sub-Fund were to be deemed a covered fund, no Morgan Stanley director or employee would be permitted to take or retain an ownership interest in the Fund, except for any director or employee who is directly engaged in providing investment advisory or other qualifying services to the Sub-Fund at the time the director or employee takes such interest.

Accordingly, were the Sub-Fund to be deemed a covered fund Morgan Stanley would need to withdraw some (and, likely, a significant portion) of its interest in the Sub-Fund in order to satisfy the per-fund limit. Similarly, the interest of any Morgan Stanley director or employee who was not providing requisite services to the Sub-Fund at the time of investment would also need to be redeemed. Withdrawals by Morgan Stanley (and, potentially, certain of its directors or employees) could have a material adverse effect on the Sub-Fund. Moreover, going forward the withdrawal or default of an investor in the Sub-Fund may cause further withdrawals by Morgan Stanley in order to satisfy the per-fund limit. With regard to the aggregate investment limit, a change in the Tier 1 capital of Morgan Stanley may mean that retention of some or all of the ownership interest in the Sub-Fund by Morgan Stanley or certain of its directors or employees would violate the aggregate investment limit and trigger further withdrawals.

Morgan Stanley’s interests in determining what actions to take in complying with the Volcker Rule may conflict with the interests of the Sub-Fund, the Board of Directors, the Investment Manager, and the Shareholders, all of which may be adversely affected by such actions. In addition, further restrictions and limitations may emerge due to additional regulatory guidance and interpretations or changes in law. Moreover, certain aspects of the Volcker Rule remain unclear and susceptible to alternative interpretations. The foregoing is, thus, not an exhaustive discussion of the potential risks the Volcker Rule poses.

For the avoidance of doubt:

- (i) any losses in the Sub-Fund will be borne solely by Shareholders in the Sub-Fund and not by Morgan Stanley or any of its Affiliates; therefore, Morgan Stanley’s losses in the Sub-Fund will be limited to losses attributable to the ownership shares in the Sub-Fund held by Morgan Stanley and any Affiliate in its capacity as a Shareholder in the Sub-Fund (if any) or as beneficiary of a restricted profit share held by Morgan Stanley, or any Affiliate (if any);
- (ii) Shareholders should read the entire Prospectus together with this Supplement before investing in the Sub-Fund; and
- (iii) the ownership shares in the Sub-Fund are not insured by the Federal Deposit Insurance Corporation, and are not deposits, obligations of, or endorsed or guaranteed in any way, by any banking entity.

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| <p><b>Tax Considerations</b></p>                               | <p>There are a series of complex issues related to an investment in the Sub-Fund. Prospective Shareholders are urged to consult their tax advisors with specific reference to their own situations concerning an investment in the Sub-Fund.</p> <p>The Sub-Fund is expected to be treated as an association taxable as a corporation for U.S. federal income tax purposes. Due to the nature of the Sub-Fund's investment strategy, it is not expected that the Sub-Fund will be treated as engaged in the conduct of a trade or business within the United States. However, the determination of whether the Sub-Fund will be treated as engaged in a U.S. trade or business will be based on an analysis of all the relevant facts and circumstances, including (i) the substantiality, continuity, and regularity of the Sub-Fund's activities constituting originations of debt investments, and (ii) where such activities are considered to take place, and the application of relevant legal authorities to the Sub-Fund's expected activities may, in some cases, be uncertain</p> <p><b>EACH SHAREHOLDER SHOULD REVIEW THE ENTIRE PROSPECTUS FOR A MORE DETAILED DISCUSSION OF THE TAX CONSIDERATIONS ASSOCIATED WITH AN INVESTMENT IN THE SUB-FUND.</b></p>   |
| <p><b>Risk Factors and Potential Conflicts of Interest</b></p> | <p>Please refer to Annex II (<i>Risk Factors and Potential Conflicts of Interest</i>) to this Supplement.</p> <p>Investment in the Sub-Fund entails a high degree of risk. No assurance can be given that the Sub-Fund will achieve its investment objective, return any capital to Shareholders, avoid substantial losses, or achieve its targeted returns and investment results may vary substantially over time.</p> <p>As a diversified global financial services firm, Morgan Stanley engages in a broad spectrum of activities and has extensive investment activities that are independent from (and may from time to time conflict with) those of the Sub-Fund. The Investment Manager can give no assurance that any conflicts of interest will be resolved in favour of the Sub-Fund or the Shareholders.</p> <p>Shareholders shall be required to agree that the activities of the Sub-Fund, the AIFM, the Investment Manager, Morgan Stanley, the Morgan Stanley Related Person and their respective employees and affiliates as expressly authorised by or contemplated by the Prospectus or Annex II (<i>Risk Factors and Potential Conflicts of Interest</i>) may be engaged in by such persons and, to the fullest extent permitted by law, will not, in any case or in the aggregate, be deemed a breach of the Prospectus or any other agreement contemplated therein or any duty that might be owed by any such person to the Fund, the Sub-Fund or to any partner in law or in equity or otherwise, and to the fullest extent permitted by law, that such persons shall not have any liability to the Fund, the Sub-Fund or any Shareholder for such actions in respect of such matter taken in good faith by them. On matters involving a conflict of interest not provided for in the Prospectus, each of the AIFM and the Investment Manager will be guided by its good faith judgment as to the best interests of the Sub-Fund and shall take such actions as are determined by the AIFM or the Investment Manager, as the case may be, to be necessary to ameliorate such conflicts of interest, and the AIFM or the Investment Manager may consult with the Board of Directors with respect to any matter as to which the AIFM or the Investment Manager determines in good faith that a material conflict of interest exists. If the AIFM or the</p> |

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|                             | <p>Investment Manager acts as described above, if the Board of Directors approves a waiver of such conflict of interest or if the AIFM or the Investment Manager acts in a manner, or pursuant to standards or procedures, for which approval by the Board of Directors is obtained with respect to such conflict of interest, then, to the fullest extent permitted by law, none of the AIFM, the Investment Manager, Morgan Stanley, Morgan Stanley Related Persons or any of their respective employees or affiliates shall have any liability to the Sub-Fund or any Shareholder for such actions in respect of such matter taken in good faith by them, including actions in the pursuit of their own interests, and, to the fullest extent permitted by law, such actions shall not constitute a breach of this Prospectus or any other agreement contemplated herein or of any duty or obligation of such person at law or in equity or otherwise.</p> <p>Certain significant risks and potential conflicts of interest are described in more detail in Annex II (<i>Risk Factors and Potential Conflicts of Interest</i>). Each prospective Shareholder should carefully consider and evaluate such risks and conflicts prior to purchasing Shares in the Sub-Fund.</p> |
| <b>Selling Restrictions</b> | Please refer to Annex VI ( <i>Selling Restrictions</i> ) to this Supplement.  |

**ANNEX I  
SHARE CLASSES\***

| Class      | Currency | Type of Share | Hedged (H)     | Min Investment** | Initial Issue Price | Management Fee | Incentive Fee | Servicing Fee |
|------------|----------|---------------|----------------|------------------|---------------------|----------------|---------------|---------------|
|            |          |               | Non-hedged (N) |                  |                     |                |               |               |
| IA         | EUR      | Accumulation  | N              | € 25,000         | € 100               | 1.25%          | Yes           | None          |
| IHA (USD)  | USD      | Accumulation  | H              | € 25,000         | \$ 100              | 1.25%          | Yes           | None          |
| ID         | EUR      | Distribution  | N              | € 25,000         | € 100               | 1.25%          | Yes           | None          |
| IHD (USD)  | USD      | Distribution  | H              | € 25,000         | \$ 100              | 1.25%          | Yes           | None          |
| AA         | EUR      | Accumulation  | N              | € 25,000         | € 100               | 1.25%          | Yes           | 0.85%         |
| AHA (USD)  | USD      | Accumulation  | H              | € 25,000         | \$ 100              | 1.25%          | Yes           | 0.85%         |
| AD         | EUR      | Distribution  | N              | € 25,000         | € 100               | 1.25%          | Yes           | 0.85%         |
| AHD (USD)  | USD      | Distribution  | H              | € 25,000         | \$ 100              | 1.25%          | Yes           | 0.85%         |
| BA         | EUR      | Accumulation  | N              | € 25,000         | € 100               | 1.25%          | Yes           | 0.85%         |
| BD         | EUR      | Distribution  | N              | € 25,000         | € 100               | 1.25%          | Yes           | 0.85%         |
| BPA        | EUR      | Accumulation  | N              | € 1,000,000      | € 100               | 1.25%          | Yes           | None          |
| BPD        | EUR      | Distribution  | N              | € 1,000,000      | € 100               | 1.25%          | Yes           | None          |
| FA         | EUR      | Accumulation  | N              | € 25,000         | € 100               | None           | No            | 0.85%         |
| FBA        | EUR      | Accumulation  | N              | € 25,000         | € 100               | None           | No            | 0.85%         |
| FAD        | EUR      | Distribution  | N              | € 25,000         | € 100               | None           | No            | 0.85%         |
| FBD        | EUR      | Distribution  | N              | € 25,000         | € 100               | None           | No            | 0.85%         |
| FI         | EUR      | Accumulation  | N              | € 25,000         | € 100               | None           | No            | None          |
| FID        | EUR      | Distribution  | N              | € 25,000         | € 100               | None           | No            | None          |
| ISHD (USD) | USD      | Distribution  | H              | € 25,000         | \$ 100              | None           | No            | None          |
| S          | EUR      | Accumulation  | N              | € 25,000         | € 100               | None           | No            | None          |

\*

The Sub-Fund currently offers the Share Classes as set out in this Annex I (*Share Classes*). The Board of Directors may, from time to time and at its discretion, create and offer the same Share Classes set out in this Annex I (*Share Classes*) with different currency or hedging features, and update the Supplement accordingly within a reasonable delay. A complete list of all available Share Classes offered by the Sub-Fund is maintained and is available at the registered office of the Fund.

\*\*Note: a higher minimum investment may apply to certain Shareholders in certain countries, in accordance with local regulatory requirements. In such case, such higher minimum investment shall prevail. Further information may be found in Annex VI (*Selling Restrictions*) below.

## ANNEX II RISK FACTORS AND POTENTIAL CONFLICTS OF INTEREST

*In addition to the risks set out below, all risk factors and investment considerations detailed in the general part of the Prospectus of **Cabot S.A. SICAV** should be considered applicable, directly or indirectly, to an investment in the Sub-Fund. An investment in the Shares of the Sub-Fund involves a significant degree of risk. There can be no assurance that the Sub-Fund will realise an attractive rate of return or that there will be any return of capital.*

*Prospective investors should carefully evaluate these considerations, which represent some but not all of the potential risks of an investment in the Shares of the Sub-Fund, before becoming an investor in the Sub-Fund. For a summary of risk factors and potential conflicts of interest relevant to the Fund, see sections **Error! Reference source not found.** (Conflicts of Interest) and **Error! Reference source not found.** (Certain Risk Considerations) of the Prospectus.*

**Nature of Debt Investments Generally.** Certain of the Sub-Fund's Investments may be unsecured and may be structurally or contractually subordinated to substantial amounts of indebtedness, all, or a significant portion of which may be secured. Such Investments may not be protected by financial covenants or limitations upon additional indebtedness or the provision of collateral to other indebtedness, and there may be no minimum credit rating (or any credit rating) for such Investments. In addition, there have been a number of efforts by issuers to effect exchange offers for some of their unsecured or subordinated debt that have the effect of improving the position of the holders of that debt in the issuer's capital structure to the detriment of other debtholders. If an issuer of any of the Sub-Fund's Investments were successful in pursuing such an exchange offer, it is possible that the Sub-Fund's Investment may become subordinated to, or on parity with, the new debt obligations incurred in such exchange, which may adversely affect the market price of such Investment. Other factors may materially and adversely affect the market price and yield of such Investments, including, without limitation, investor demand, changes in the financial condition of Investee Companies, government fiscal policy and domestic or worldwide economic conditions. The market for relatively illiquid debt tends to be more volatile than the market for more liquid instruments.

Adverse changes in the financial condition of an issuer or in general economic conditions (or both) may impair the ability of such issuer to make payments on its debt and result in defaults on, and declines in, the value of its subordinated debt more quickly than in the case of the senior debt obligations of such issuer. The Sub-Fund may incur expenses if it is required to seek recovery upon default or to negotiate new terms with a defaulting Investee Company. In addition, a defaulted or non-performing Investment may be the subject of substantial and lengthy workout or restructuring negotiations. Such negotiations may result in a reduction of principal, delay in the payment of principal, change of interest rate and/or other substantial changes in terms that may affect the value of such Investment and the cash flows from such Investee Company. If the Sub-Fund does not provide a majority (or, in certain cases, a greater proportion) of such financing, it may not be able to control the restructuring of such debt or direct the exercise of remedies upon the occurrence of an event of default under such debt. The Sub-Fund's remedies with respect to the collateral securing such loan will be subject to the decisions made by other lenders to the Investee Company. Even where the Sub-Fund has effective control over the Investee Company, relevant jurisdictions may refuse to enforce certain remedies sought by the Sub-Fund. The level of risk associated with Investments in loans increases to the extent such Investments are loans of distressed or below investment grade companies.

There can be no assurance that an Investee Company will generate sufficient cash to service its debt obligations, and, in any such case, the Sub-Fund may suffer a partial or total loss of invested capital.

The Sub-Fund's Investments may be subject to early redemption features, refinancing options, prepayment options (including prepayment options with or without prepayment penalties imposed on the issuer) or similar provisions that, in each case, could result in the issuer repaying the principal on an obligation held by the Sub-Fund earlier than expected. This may happen, for example, when there is a decline in interest rates. In addition, depending on fluctuations of the equity markets, warrants and other equity securities held by the Sub-Fund may become worthless. Debt securities are also subject to other creditor risks, including (i) the possible invalidation of investment transactions or payment in connection with such transactions as fraudulent conveyances or preferential payments under relevant creditors' rights laws or the subordination of claims under so-called "equitable subordination" common law principles, (ii) so-called "lender liability" claims by the issuer of the obligations and (iii) environmental liabilities that may arise with respect to collateral securing the obligations.

Investments in debt instruments will entail normal credit risks (e.g., the risk of non-payment of interest and principal) and market risks (e.g., the risk that certain market factors will cause the value of the instrument to decline). A debt obligation that is fully bearing payment-in-kind (PIK) interest will generally have a higher risk of non-payment of interest since there will be no cash payments of interest from the issuer prior to maturity or refinancing. Debt instruments may be subject to fluctuations due to changes in interest rates and issuers' credit quality. Also, a default on debt that is held by the Sub-Fund or a sudden and extreme increase in prevailing interest rates may cause a decline in the Sub-Fund's asset value. Certain of the Sub-Fund's Investments may be in businesses with high levels of debt or may be Investments in leveraged buyouts; leveraged buyouts by their nature require companies to undertake a high ratio of fixed charges to available cash flow. Investments in leveraged businesses are inherently more sensitive to declines in their revenues and to increases in their expenses. The issuer of a debt obligation may rely on interest and other fees paid on the debt obligation being deductible for tax purposes. Various tax rules may defer or preclude issuers from deducting interest on debt obligations. The inability of issuers to deduct interest may result in debt obligations being viewed less favourably by issuers and affect the debt markets.

**Nature of Private Credit and Other Subordinated Investments.** Private credit and other subordinated debt investments involve a high degree of risk with no certainty of any return of capital. Although debt obligations are senior to common stock and other equity securities in the capital structure, they may be subordinated to large amounts of senior debt and are often unsecured. The ability of the subordinated debt holders to influence a company's affairs (including from an ESG perspective), especially during periods of financial distress or following an insolvency, is likely to be substantially less than that of senior creditors. For example, under terms of subordination agreements, senior creditors are typically able to block the acceleration of the debt or other exercises by the subordinated creditors of their rights. Accordingly, the Sub-Fund may not be able to take the steps necessary to protect its investments in a timely manner or at all.

If an Investee Company becomes subject to insolvency proceedings in any jurisdiction, the rights of holders of private credit and subordinated debt may be adversely affected. Such proceedings and related laws and remedies may vary substantially from jurisdiction to jurisdiction, may create the right of such Investee Company to avoid certain unfavourable contracts or obligations and may result in significant delay and/or limitations on repayment of amounts owed to the Sub-Fund. With respect to the Sub-Fund's investments in the form of subordinated debt instruments, upon any distribution to the relevant issuer's creditors in a bankruptcy, liquidation or reorganisation or similar proceeding, the holders of such issuer's senior and/or secured indebtedness (to the extent of the collateral securing such obligation) will be entitled to be paid in full before any payment may be made on such Sub-Fund's investment. In the event of a bankruptcy, liquidation or reorganisation or similar proceeding relating to such a borrower, the Sub-Fund will typically participate with all other holders of such issuer's indebtedness in the assets remaining after the issuer has paid all of its senior and/or secured

indebtedness (to the extent of the collateral securing such obligation). Such issuer may not have sufficient funds to pay all of its creditors and the Sub-Fund may receive nothing, or less, rateably, than the holders of senior and/or secured indebtedness of such issuer or the holders of indebtedness that is not subordinated. The Sub-Fund may make equity investments in connection with its Private Investments. Certain debt investments may be convertible, by the terms thereof, into equity securities after a triggering event. Such convertible credit investments may be non-investment grade. These equity securities will generally be the most junior in what typically will be a complex capital structure, and thus subject to the greatest risk of loss. Depending on fluctuations of the equity markets and other factors, warrants and other equity securities may become worthless.

**Failure to Be Fully Invested.** There can be no assurance as to whether, and if so, when, the Sub-Fund will be fully invested. There is no assurance that suitable investment opportunities will be identified for the Sub-Fund and the performance of the Sub-Fund may be adversely affected if the Sub-Fund is not provided an appropriate volume of investment opportunities. Furthermore, the Investment Manager may use portions of the Subscription Amounts of all Shareholders, to be invested for an indefinite period in short-term instruments before suitable investments are identified for the investment of the capital. Investment in money market and other short-term instruments may reduce the overall return of the Sub-Fund's investment portfolio.

**Failure by Affiliated Investment Account Investors to Meet Capital Calls of the Affiliated Investment Accounts.** Failure by one or more investors in the Affiliated Investment Accounts to meet a capital call of such Affiliated Investment Accounts could have adverse consequences for the Sub-Fund. If the Affiliated Investment Accounts' investors default on their capital contribution obligations, such Affiliated Investment Accounts may be unable to raise sufficient capital to consummate a proposed investment, which could limit the Sub-Fund's ability to make that investment and thereby prevent the Sub-Fund from achieving the investment diversity and / or returns it desires. Furthermore, the Affiliated Investment Accounts may not have sufficient capital to contribute capital to existing portfolio companies necessary to ensure their ongoing financial stability, which could adversely affect the Sub-Fund to the extent it is invested in such portfolio companies alongside the Affiliated Investment Accounts.

**Limited Number of Investments.** The Sub-Fund will seek to be well diversified. However, in the event of a material demand for redemptions, the Sub-Fund could be forced to sell liquid positions resulting in an over-weighting in a small number of illiquid investments. In such circumstances, the aggregate return of the Sub-Fund may be substantially and adversely affected by the unfavourable performance of a single investment.

**Unspecified Use of Proceeds.** An investment in the Sub-Fund is intended for long-term investors who can accept the risks associated with indirectly investing in investments. Shareholders will not have an opportunity to evaluate for themselves the relevant economic, financial, and other information regarding the investments by the Sub-Fund and should expect to rely upon the Investment Manager to identify, structure and implement investments consistent with the Sub-Fund's investment objectives. No assurance can be given that the Sub-Fund will be successful in obtaining suitable investments or that, if the investments are made, the objectives of the Sub-Fund will be achieved, and that Shareholders will receive a return of their capital or that the Sub-Fund will avoid substantial losses.

**Use of Intermediate Holding Entities.** The Sub-Fund may establish intermediate holding entities to invest indirectly in investments or to undertake activities ancillary to the Sub-Fund's investment activity. An intermediate holding entity may be subject to restrictions on when and how much of its assets can be distributed and so the Sub-Fund may find that an intermediate holding entity has cash

trapped in that intermediate holding entity for a significant period of time before it can be repatriated or distributed directly or indirectly to the Sub-Fund. In addition, the board of directors or corresponding governing body of an intermediate holding entity may have the power to determine in its discretion the amount of income or gains of such intermediate holding entity that will be paid or distributed to the Sub-Fund.

**Multi-Fund Investors/Strategic Partnerships.** Morgan Stanley may enter into strategic partnerships or other multi-strategy or multi-asset class arrangements or investment programs directly or indirectly with investors that commit significant capital to a range of products, investment ideas and asset classes sponsored by Morgan Stanley (including an arrangement with a similar private credit strategy to the Sub-Fund). Such arrangements may include Morgan Stanley granting certain preferential terms to such investors, including, without limitation, discounts on and/or reimbursement of management fees and/or incentive fee applied to some or all of the relevant investment program and/or investment vehicles, secondment of personnel from the investor to Morgan Stanley (or vice versa) as well as targeted amounts for co-investments alongside Morgan Stanley funds. Such preferential terms are generally not subject to the “most favoured nation” provisions, if applicable, of the governing documents of the Sub-Fund and therefore will not be available to the Shareholders.

**Risk of Sub-Fund Leverage.** The Sub-Fund may (directly or indirectly) incur a substantial amount of leverage in connection with Investments. This leverage will increase the exposure of the Sub-Fund to adverse economic factors such as rising interest rates, economic downturns or deteriorations in the condition of its Investments or the industries in which they operate. The percentage of leverage used by the Sub-Fund will vary depending on a number of factors, including the Sub-Fund’s ability to obtain a credit facility on terms that the AIFM and/or the Investment Manager deems appropriate, which, in turn, may depend on the lenders’ and rating agencies’ estimate of the creditworthiness of the Sub-Fund and the quality of any collateral available to secure such credit facility. There can be no assurance that the Sub-Fund will be able to obtain, or will obtain, leverage on favourable terms, or at all. For example, the Sub-Fund may not be able to obtain or maintain a credit facility as a result of changes in applicable laws, rules or regulations, or otherwise, or due to general economic conditions, and the availability of leverage is expected to be affected by repercussions in the financial system resulting from the impact of inflation, the Russian invasion of Ukraine, and NATO and the international community’s response thereto or to any similar political or military conflict, and the COVID-19 or any similar pandemic, including supply chain disruptions caused by the foregoing. Moreover, market conditions or other factors may cause or permit the amount of leverage employed by the Sub-Fund to fluctuate over their respective terms. If the Sub-Fund can obtain leverage, there can be no assurance that the Sub-Fund will be able to obtain commitments for debt facilities in connection with making investments on terms that are favourable for the Sub-Fund, similar to terms available to competitors or similar to what may have been available prior to the current economic and geopolitical uncertainties and the COVID-19 pandemic. In addition, the terms of debt facilities may impose additional limitations on the operations of the Sub-Fund and may not be as favourable to the Sub-Fund as the terms of other indebtedness currently available in the market for private credit funds or business development companies that invest in senior loans or similar debt obligations.

Also, there can be no assurance that the conditions to drawing under any debt facilities will be satisfied by the Sub-Fund at any time or that the one or more lenders will not fail to fund advances to the Sub-Fund in connection with the Sub-Fund’s debt facilities. Prospective investors should not expect that Morgan Stanley can or will lend money to the Sub-Fund for any purpose. The failure or inability by the Board of Directors, Morgan Stanley or their Affiliates, on behalf of the Sub-Fund, to borrow debt on favourable terms (or at all) could adversely affect the returns of the Sub-Fund and impair their ability to achieve its investment objectives.

To the extent the AIFM (or its delegate), acting on behalf of the Sub-Fund does not employ long-term Sub-Fund-level leverage with respect to its portfolio (or employ less leverage than originally anticipated), the Sub-Fund's investment returns may be lower than those that might have been achieved using long-term Sub-Fund-level leverage.

The Sub-Fund may be required to maintain minimum average cash balances in connection with borrowings under a credit facility. The return on the Sub-Fund's Investments may be reduced to the extent that the Sub-Fund is required to incur losses on their Investments in order to comply with the payment or other terms of its credit facilities. Any inability of the Sub-Fund to repay such borrowings in accordance with the terms of the relevant credit facilities could enable the applicable lenders to take action against any collateral pledged by the Sub-Fund to secure such credit facilities, resulting in further losses to the Sub-Fund and/or the Shareholders in the Sub-Fund.

In order to develop a portfolio of assets to serve as collateral, the Sub-Fund expects to make several investments prior to entering into asset-back leverage facilities. In the meantime (as well as thereafter) the Sub-Fund may utilise subscription facility financing to fund investments.

In addition, any leverage incurred by the Sub-Fund could have other significant adverse consequences to the relevant Shareholders, including, but not limited to, the following: (i) greater fluctuations in the Net Asset Value of the Sub-Fund (as gains made with borrowed funds generally would cause the Sub-Fund's value to increase faster than without borrowed funds or than if the Sub-Fund had incurred less leverage, whereas losses incurred with borrowed funds would cause the Sub-Fund's value to decrease faster and more significantly than without the use of borrowed funds); (ii) use of cash flow (including capital contributions) for debt service and related costs and expenses, rather than for additional Investments, distributions to the Shareholders, or other purposes which funds may not be recovered through returns on investments and which may reduce the actual returns realised by investors when compared to situations where there was no borrowing or where borrowed funds were returned at an earlier date; (iii) a requirement to subordinate investors' rights or claims against the Sub-Fund to the rights or claims of lenders or other providers of leverage; (iv) increased interest expense if interest rate levels were to increase without a corresponding increase in the interest rate applicable on the underlying Investments, thereby reducing the net spread earned by the Sub-Fund; (v) in certain circumstances, prematurely disposing of underlying Investments to service the Sub-Fund's debt obligations or meet financial ratio requirements; (vi) to the extent that the Sub-Fund's revenues are required to meet principal payments, investors may be allocated income (and therefore incur tax liability) in excess of cash available for distribution, (vii) limitations on the activities of the Sub-Fund, including flexibility of the Sub-Fund to make distributions to its investors or sell assets that secure or otherwise support the indebtedness; (viii) during the term of any borrowing, the Sub-Fund may be subject to increased costs attributable to changes in applicable laws or regulations, possibly including a gross-up for taxes that may be payable as a result of any such change in law, and any such increased costs may materially reduce the Sub-Fund's returns; (ix) impairment of the liquidity or losses arising from the premature sale of the investments that secure or otherwise support such indebtedness; and (x) potential adverse tax consequences.

In selecting investments on behalf of the Sub-Fund, the Investment Manager aims to construct a portfolio of investments that will generate sufficient cash flow to service the Sub-Fund's debt service obligations without having to refinance, restructure or liquidate assets to meet such obligations. However, there can be no assurance that the Investment Manager will be able to identify and construct such a portfolio, and there can be no assurance that the Sub-Fund will have sufficient cash flow or be able to refinance, restructure or liquidate sufficient assets to meet their debt service obligations. In addition, the Sub-Fund may need to refinance their outstanding debt as it matures and financing obtained at the time of investment may not be available for the life of the asset. There is a risk that current availability of debt finance will not continue in the future and that the Sub-Fund may

not be able to refinance existing debt or that the terms of any refinancing may not be as favourable as the terms of the existing loan agreements, including with respect to the maximum effective rate of leverage that may be applied to the Investments. If prevailing interest rates or other factors at the time of refinancing result in higher interest rates upon refinancing, then the interest expense relating to that refinanced indebtedness would increase. These risks could adversely affect the Sub-Fund's financial condition, cash flows and the return on their investments.

If the Sub-Fund does not have sufficient cash flow to meet its debt service obligations, the Sub-Fund may be required to realise investments prematurely or in unfavourable market conditions in order to service their debt obligations, and in such circumstances the recovery the Sub-Fund receive from such realisations may be significantly diminished as compared to the Sub-Fund's expected return on such investments.

In addition, certain types of financing obtained by the Sub-Fund may include mandatory prepayment provisions that allow the lenders to demand partial or full repayment of financing if certain events occur, such as a significant reduction in the value of the investments pledged by the Sub-Fund to secure or that otherwise support such financing. If the Sub-Fund is unable to meet such a prepayment obligation, they may be required to liquidate investments at disadvantageous prices in order to raise the funds needed to repay asset-based debt, and if such failure to pay results in an event of default, may result in the loss of the collateral securing the financing facility.

In the event of a failure to pay or other default under any financing facility, the lenders would likely have certain remedies with respect to the Sub-Fund's assets, including the right to sell investments in order to raise funds to repay amounts outstanding under such financing. In the event the lenders require the Sub-Fund to sell some or all of their investments or foreclose on those investments prematurely, the Sub-Fund will likely suffer losses.

In addition, the Sub-Fund and an Affiliated Investment Account may (directly or indirectly) enter into asset-backed leverage arrangements guaranteed on a cross-collateralised basis by assets jointly owned by the Sub-Fund and such Affiliated Investment Account (and such entities may be held jointly and severally liable for the full amount of the obligations arising out of such asset-back leverage arrangements). Proceeds from such asset-back leverage arrangements may be used for a number of purposes including, without limitation, to fund redemptions of Shares by the Sub-Fund and/or similar instruments by the Affiliated Investment Account including in the absence of a disposition of assets. A portion of the Sub-Fund's share of proceeds from any asset-back leverage arrangements may therefore be used to fund redemptions of an Affiliated Investment Account. The poor performance of one or more Investee Companies may negatively affect the Sub-Fund more than the Affiliated Investment Account, thus impacting the Sub-Fund's financial condition, cash flows and the return on investments.

**EU Securitisation Rules and UK Securitisation Rules.** Certain restrictions and obligations with regard to securitisations (as defined for purposes of the relevant legislation) are imposed: (a) in the European Union, pursuant to Regulation (EU) 2017/2402 and related technical standards (in each case, as amended, and collectively the "**EU Securitisation Rules**"); and (b) in the United Kingdom, pursuant to the Securitisation Regulations 2024 and related rules made by each of the Financial Conduct Authority and the Prudential Regulation Authority (in each case, as amended, and collectively the "**UK Securitisation Rules**").

The EU Securitisation Rules impose certain requirements (the "**EU Investor Requirements**") on institutional investors, as defined for purposes of the EU Securitisation Rules; and the UK

Securitisation Rules impose certain requirements (the “**UK Investor Requirements**”) on institutional investors, as defined for purposes of the UK Securitisation Rules.

In each case, an institutional investor, for these purposes, is a person holding a securitisation position (i.e., an exposure to a securitisation) and which is an entity of a prescribed type. Under the EU Securitisation Rules, relevant entities (“**EU Institutional Investors**”) include (subject to the terms of the EU Securitisation Rules, and as defined or described in relevant legislation) insurance undertakings, institutions for occupational retirement provision, certain alternative investment fund managers, internally-managed UCITS and UCITS management companies, credit institutions and investment firms. Under the UK Securitisation Rules, relevant entities (“**UK Institutional Investors**”) include (subject to the terms of the UK Securitisation Rules, and as defined or described in relevant legislation) insurance undertakings, trustees and managers of occupational pension schemes, certain AIFMs, UCITS and management companies in respect of UK UCITS, CRR firms and FCA investment firms.

The obligations imposed by the EU Investor Requirements differ, in certain respects, from those imposed by the UK Investor Requirements. In summary, however, EU Institutional Investors and UK Institutional Investors (collectively, “**Affected Investors**”) are required (amongst other things) (a) prior to holding a securitisation position, to verify certain matters, including that (i) except in specified cases, certain credit-granting requirements are satisfied, (ii) prescribed risk-retention requirements are satisfied, such that the originator, sponsor or original lender (each as defined in the relevant legislation) retains a material net economic interest in the securitisation of not less than 5%, in accordance with the relevant rules and (iii) the originator, sponsor or securitisation special purpose entity (i.e., typically, the issuer or borrower) makes information available in accordance with the relevant rules; and (b) while holding a securitisation position, to establish procedures for ongoing monitoring of (i) compliance with the EU Investor Requirements or the UK Investor Requirements (as applicable) and (ii) the performance of the securitisation position and the underlying exposures.

The AIFM is an EU Institutional Investor. Accordingly, it is not permitted to cause the Sub-Fund to acquire or hold any securitisation position unless the EU Investor Requirements are satisfied in respect of the relevant Investment. The obligation to ensure compliance with the EU Investor Requirements may result in additional costs being incurred (for example, in assessing and verifying compliance). In the case of certain proposed Investments that are securitisations within the meaning of the EU Securitisation Rules, it may not be possible to satisfy the EU Investor Requirements (for example, where there is no provision for risk-retention in accordance with the rules); and this may limit the AIFM’s flexibility in selecting Investments for the Sub-Fund. If the EU Investor Requirements cease to be satisfied in respect of any securitisation position following its acquisition by the Sub-Fund, it may be necessary for the AIFM to take corrective action in the best interest of Shareholders (e.g., by divesting the Sub-Fund of the relevant Investment). These matters may have an adverse effect on the Sub-Fund.

In addition, each of the EU Securitisation Rules and the UK Securitisation Rules impose directly on originators, original lenders, sponsors and securitisation special purpose entities (collectively, the “**Sell-side Entities**”) participating in securitisations certain requirements with regard to (amongst other things) risk-retention, credit-granting standards and transparency and reporting (the “**Sell-side Requirements**”).

If the Sub-Fund participates in a securitisation as a Sell-side Entity, it will be subject to the relevant Sell-side Requirements under the EU Securitisation Rules. It may also undertake to comply with the corresponding Sell-side Requirements under the UK Securitisation Rules, to facilitate compliance

with the UK Investor Requirements by any UK Institutional Investor proposing to invest in the relevant securitisation.

The obligation (or undertaking) to ensure compliance with relevant Sell-side Requirements may result in additional costs being incurred (for example, in funding the acquisition and holding of the interest required to be held for risk-retention purposes or in generating the required reporting). Compliance with the risk-retention requirement will restrict the Sub-Fund's ability to dispose of the assets comprising the retained interest. If the Sub-Fund is unable to ensure compliance with any relevant Sell-side Requirements, it may be unable to participate in the relevant securitisation. These matters may have an adverse effect on the Sub-Fund.

If Shareholders that are Affected Investors are, or consider themselves to be, holding securitisation positions by virtue of their holding of Shares and the Sub-Fund's holding of securitisations, and they are, or consider themselves to be, unable to comply with any applicable EU Investor Requirements or UK Investor Requirements in respect of such securitisation positions, they may seek to redeem or transfer their Shares in order to mitigate the risk of becoming subject to regulatory sanctions or penalties, or being required to take remedial action, as a consequence of being in breach of such requirements. This may have an adverse effect on the Sub-Fund.

**Highly Competitive Market for Investment Opportunities.** The business of identifying and structuring Investments of the types contemplated by the Sub-Fund is competitive and involves a high degree of uncertainty. The Sub-Fund will be competing for investments with other investment funds, as well as more traditional lending institutions and other direct-lending focused competitors. Over the past several years, an increasing number of private credit and hedge funds have been formed with investment objectives similar to, or overlapping with, those of the Sub-Fund (and many such existing funds have grown in size). As a result of the recent dislocations in the credit market, other firms and institutions are seeking to capitalise on the perceived opportunities with vehicles, funds and other products that are expected to compete with the Sub-Fund for investments. Some of these competitors may have access to greater amounts of capital and to capital that may be committed for longer periods of time or may have different return thresholds than the Sub-Fund, and thus these competitors may have advantages not shared by the Sub-Fund. In addition, issuers may prefer to take advantage of favourable high-yield markets and issue debt in those markets, which could result in fewer investment opportunities for the Sub-Fund. Other investors may make competing offers for investment opportunities that are identified, and even after an agreement in principle has been reached with the sponsors or borrowers of a particular target investment, consummating the transaction is subject to a myriad of uncertainties, only some of which are foreseeable or within the control of the Investment Manager or the Board of Directors. Strong competition for investments could result in fewer investment opportunities for the Sub-Fund. The availability of investment opportunities generally will be subject to market conditions as well as, in many cases, the prevailing regulatory or political climate. The Investment Manager may identify an investment that presents an attractive investment opportunity but may not be able to complete such investment in a manner that meets the objectives of the Sub-Fund. The Sub-Fund may incur significant expenses in connection with the identification of investment opportunities and investigating other potential investments that are ultimately not consummated, including expenses relating to due diligence, transportation, and legal, accounting, and other professional services as well as the fees of other third-party advisors. No assurance can be given that the Sub-Fund will be successful in obtaining suitable investments, or that if such Investments are made, the objectives of the Sub-Fund will be achieved.

**Hedging Transactions.** In relation to currency hedging undertaken, if any, for the purposes of a Hedged Share Class, Shareholders should note that Share Classes do not constitute separate portfolios of assets and liabilities. Accordingly, while gains and losses on the hedging transactions and the expenses of the hedging program will be allocated to the Hedged Share Classes only, the

Sub-Fund, as a whole (including the non-Hedged Share Classes), may be liable for obligations in connection with currency hedges in favour of a specific Share Class.

**Distributions In Kind.** Although the Board of Directors expects that distributions prior to the dissolution of the Sub-Fund will generally be made in cash or marketable securities, upon dissolution of the Sub-Fund, distributions may include restricted securities or other assets of the Sub-Fund. In the event that an in kind distribution is made, the relevant assets shall be deemed to have been sold at their fair value as determined by the AIFM in accordance with the Valuation Policy and confirmed by the Auditor, and the proceeds of such sale shall be deemed to have been distributed in the form of distributable cash to the Shareholders. If Investments are distributed in-kind, there can be no assurance that any Shareholder would be able to dispose of these Investments or that the value of these Investments determined for purposes of the determination of distributions will ultimately be realised. The risk of loss and delay in liquidating securities or other assets distributed in-kind will be borne by the recipient Shareholders, with the result that such Shareholders may receive less cash than was reflected in the fair value of such securities or other assets as determined by the Board of Directors pursuant to the Articles of Association.

**Debt Securities.** The Sub-Fund may invest in debt securities and instruments, which may or may not be secured by the assets of the issuer. Certain of the debt instruments in which the Sub-Fund invests may be unrated, and whether or not rated, the debt instrument may have speculative characteristics. The issuers of such instruments may face significant ongoing uncertainties and exposure to adverse conditions that may undermine the issuer's ability to make timely payment of interest and principal. In addition, future market factors could continue to disrupt the market for these securities and may have an adverse impact on the value of such instruments. It is also likely that any such additional economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities.

**Nature of Investment in Secured Loans.** The assets of the Sub-Fund's portfolio are expected to primarily include secured loans. The factors affecting an issuer's secured loans, and its overall capital structure, are complex and may differ from the general structure outlined in this Supplement and Prospectus. Not all secured loans have priority over all other unsecured debt of an issuer. For example, some secured loans may involve liens only on specified assets of an issuer. The imposition of priority liens on the Sub-Fund's collateral would adversely affect the priority of the liens and claims held by the Sub-Fund and could adversely affect the Sub-Fund's recovery on its debt investments.

Although the Sub-Fund may make investments that the Investment Manager believes are secured by specific collateral, there can be no assurance that the liquidation of any such collateral would satisfy the borrower's obligation in the event of non-payment of scheduled interest or principal payments with respect to such investment, or that such collateral could be readily liquidated. In addition, in the event of bankruptcy of a borrower, the Sub-Fund could experience delays or limitations with respect to its ability to realise the benefits of the collateral securing an investment. Under certain circumstances, collateral securing an investment may be released without the consent of the Sub-Fund. Moreover, the Sub-Fund's investments in secured debt may be unperfected for a variety of reasons, including the failure to make required filings by lenders and, as a result, the Sub-Fund may not have priority over other creditors as anticipated. Underlying assets are subject to credit, liquidity and interest rate risk. Although the amount and characteristics of the underlying assets selected as collateral may allow the Sub-Fund to withstand certain assumed deficiencies in payments occasioned by the issuer's default, if any deficiencies exceed such assumed levels or if underlying assets are sold, it is possible that the proceeds of such sale or disposition will not be equal to the amount of principal and interest owing to the Sub-Fund in respect of its investment. In addition, many secured credit facilities contain accordion provisions that allow for increased borrowing under such facilities, which would dilute the

value of the collateral securing such borrowing and increase the risk that such loans would be under-secured.

Senior secured credit facilities are generally syndicated to a number of different financial market participants. The documentation governing the facilities typically requires either a majority consent or, in certain cases, unanimous approval for certain actions in respect of the credit, such as waivers, amendments or the exercise of remedies. As a result of these voting regimes, the Sub-Fund may not have the ability to control decisions in respect of certain amendment, waiver, exercise of remedies, restructuring or reorganisation of debts owed to the Sub-Fund.

**Second-Lien Debt.** The Sub-Fund's investments in second-lien loans will entail risks, including (i) the subordination of the liens securing the Sub-Fund's claims to a senior lien in terms of the coverage and recovery of the collateral and (ii) the prohibition of, or limitation on, the right to foreclose on a second lien or exercise other rights as a second-lien holder (including unsecured creditors' rights). In certain cases, therefore, no recovery may be available from a defaulted second-lien loan. The level of risk associated with investments in second-lien loans increases to the extent such investments are loans of distressed or below-investment grade companies.

**Options and Warrants.** The Sub-Fund may receive, or purchase options and warrants as part of a private credit or senior debt investment or purchase options or warrants to hedge securities obtained in the course of its investment activities. The successful use of options depends principally on the price movements of the underlying securities. In addition, if the Sub-Fund purchases an option, it will run the risk that it will lose its entire investment in the option in a relatively short period of time, unless the Sub-Fund exercises the option or enters into a closing transaction with respect to the option during the life of the option. If the price of the underlying security does not rise (in the case of a call) or fall (in the case of a put) to an extent sufficient to cover the option premium and transaction costs, the Sub-Fund will lose part or all of its respective investments in the option. There is no assurance that the Sub-Fund will be able to effect closing transactions at any particular time or at any acceptable price.

**Investments That May Become Distressed.** The Sub-Fund may make Investments that become distressed due to factors outside of the Investment Manager's control. No assurance can be given that there will be sufficient collateral to cover the value of the Sub-Fund's Investments or that there will be a successful reorganisation or similar action of an Investment that becomes distressed. In any liquidation or reorganisation proceeding relating to an Investment, the Sub-Fund may lose its entire investment and may be required to accept payment over an extended period of time and/or to accept cash or securities with a lesser value than the Sub-Fund's original investment. As a result, the returns generated from the Sub-Fund's Investments may not compensate the Shareholders adequately for their assumed risks. For instance, at times, a lender who has inappropriately exercised control of the management and policies of a debtor may have its claims disallowed, or subordinated, or may be found liable for damage suffered by parties as a result of such actions. Additionally, with respect to an Investment's insolvency, payments to the Sub-Fund and distributions by the Sub-Fund to the Shareholders may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment. Investments in restructurings may be subject to various laws enacted in the countries of their issuance for the protection of debtors. These considerations will differ based on each Investee Company's location or domicile.

Troubled company and other asset-based investments require active monitoring and may, at times, require the Investment Manager to participate in business strategy or reorganisation proceedings. To the extent that the Investment Manager becomes involved in such proceedings, the Sub-Fund may participate more actively in the affairs of such company than a Shareholder generally anticipated.

Furthermore, involvement by the Investment Manager in an Investee Company's reorganisation proceedings could result in the imposition of restrictions limiting the Sub-Fund's ability to liquidate their position in the Investment. Such investments would likely take more time to realise before generating any returns and may not pay current proceeds during the course of reorganisation, which would delay the return of capital to Shareholders.

**Potential Involvement in Litigation.** As a consequence of credit problems with Investee Companies and the possibility that the Sub-Fund may participate in restructuring activities, it is possible that the Sub-Fund may become involved in litigation. Litigation entails expense and the possibility of counterclaim against the Sub-Fund and ultimately judgments may be rendered against the Sub-Fund for which the Sub-Fund may not carry insurance.

**Credit Risk.** One of the fundamental risks associated with the Sub-Fund's investments is credit risk, which is the risk that an issuer will be unable to make principal and interest payments on its outstanding debt obligations when due. The Sub-Fund's return to investors would be adversely impacted if an issuer of debt securities in which the Sub-Fund invests becomes unable to make such payments when due. Certain investments may have an interest-only payment schedule, with the principal amount remaining outstanding and at risk until the maturity of the investment. In such cases, an Investee Company's ability to repay the principal of an investment may be dependent upon the ability to refinance or a liquidity event or the long-term success of the company, the occurrence of which is uncertain.

**Guarantees of Certain Investments.** Guarantees by subsidiaries or other affiliates of Investee Companies that are the issuers of investments may be subject to fraudulent conveyance or similar avoidance claims made by other creditors of such subsidiaries or other affiliates resulting in such creditors taking priority over the claims of the Sub-Fund under such guarantees. Under U.S. federal or state fraudulent transfer law, a court may void or otherwise decline to enforce such guarantees, and as a result the Sub-Fund would no longer have any claim against the applicable guarantor. Sufficient funds to repay the investments may not be otherwise available to the applicable Investee Company that are the issuers thereof. In addition, the court might direct the Sub-Fund to repay back to the Investee Company amounts that the Sub-Fund already received from the borrower or a guarantor. The repayment of the Sub-Fund's investments may depend on cash flow from subsidiaries of Investee Companies that are not themselves guarantors of the parent company's obligations or that can be released as guarantors of the parent company's obligations.

**Collateral Securing Investments.** Investments that are secured may also be subject to the risk that the security interests granted by the Investee Company obligors in the underlying collateral are not properly or fully perfected in favour of lenders (or their agent). Compounding these risks, the collateral securing the secured investments may be subject to casualty, impairment or devaluation risks.

The Investee Companies may also be permitted to issue additional indebtedness that would increase the overall leverage and fixed charges to which the Investee Companies are subject. Such additional indebtedness could have structural or contractual priority, either as to specific assets or generally, over the ranking of the investments held by the Sub-Fund or could rank on a parity or seniority basis with respect to the investments. In the event of any default, restructuring or insolvency event of the Investee Company, the Sub-Fund could be subordinated to, or be required to share on a rateable basis, with any recoveries in favour of the holders of such other or additional indebtedness. If an Investee Company issues second lien indebtedness, the Sub-Fund's recoveries under any investments constituting first lien indebtedness may be impaired as a result of the rights of holders of any second lien indebtedness under any intercreditor agreement governing the relative rights of the first and second lien indebtedness.

**Cross-Guarantees and Cross-Collateralisation.** In connection with seeking financing (or refinancing), it may be the case that better financing terms are available when more than one Investee Company provides collateral, particularly in circumstances where the assets of each Investee Company are similar in nature. As such, rather than seeking such financing or refinancing on its own, an Investee Company may enter into cross-collateralisation arrangements with another Investee Company or Investee Companies of one or more Affiliated Investment Accounts. As a result of any cross-collateralisation, the Sub-Fund could also lose its interests in otherwise performing investments due to poorly performing or non-performing investments of Affiliated Investment Accounts.

It is also possible that a counterparty, lender or other unaffiliated participant in such transaction requires or desires facing only one Investee Company or group of Investee Companies, which will typically result in (i) any of an Investee Companies or a portfolio entity of an Affiliated Investment Account being solely liable with respect to its own and such Affiliated Investment Account's portfolio entity's share of the applicable obligation and therefore, being required to contribute amounts in excess of its pro rata share, including additional capital to make up for any shortfall if such Affiliated Investment Account's portfolio entity is unable to repay its pro rata share of such indebtedness and/or (ii) any of the Investee Companies and such Affiliated Investment Account's portfolio entity being jointly and severally liable for the full amount of such applicable obligation or liable on a cross-collateralised basis on an investment-by-investment or portfolio wide basis or liable for an equity cushion (which cushion amount may vary depending upon the type of financing or refinancing (e.g., cushions for refinancings may be smaller)), in each case which may result in the Investee Company and such Affiliated Investment Account's portfolio entity entering into a back-to-back or other similar reimbursement agreement. In such situations it is not expected that the Sub-Fund or such Affiliated Investment Account or Investee Companies would be compensated (or provide compensation to the other) from being primarily liable vis-à-vis such third-party counterparty.

**Loans – Security.** Loan obligations are subject to unique risks, including the possible invalidation of an investment as a fraudulent conveyance under relevant creditors' rights laws. Further, where exposure to loans is gained by purchase of participations there is the additional credit and bankruptcy risk of the direct participant and its failure for whatever reason to account to the Sub-Fund for monies received in respect of loans directly held by it. In analysing each loan or participation, the Investment Manager will compare the relative significance of the risks against the expected benefits of the investment.

**Assignments and Participations.** The Investment Manager, on behalf of the Sub-Fund, may acquire investments directly (by way of assignment) or indirectly (by way of participation). As described in more detail below, holders of participation interests are subject to additional risks not applicable to a holder of a direct interest in a debt obligation.

The purchaser of an assignment of a loan obligation typically succeeds to all the rights and obligations of the selling institution and becomes a party to the applicable documentation relating to lender under the loan or credit agreement with respect to the loan obligation. In contrast, participations ("**Participations**") acquired by the Sub-Fund in a portion of a loan obligation held by a selling institution (the "**Selling Institution**") typically result in a contractual relationship only with such Selling Institution, not with the obligor. The Sub-Fund would have the right to receive payments of principal, interest and any fees to which it is entitled under the Participation only from the Selling Institution and only upon receipt by the Selling Institution of such payments from the obligor. In purchasing a Participation, the Sub-Fund generally will have no right to enforce compliance by the obligor with the terms of the loan or credit agreement or other instrument evidencing such loan obligation nor any rights of set-off against the obligor, and the Sub-Fund may not directly benefit from the collateral supporting the loan obligation in which it has purchased the Participation. As a result, the Sub-Fund will assume the credit risk of both the obligor and the Selling Institution, which will remain the legal

owner of record of the applicable loan obligation. In the event of the insolvency of the Selling Institution, the Sub-Fund may be treated as a general creditor of the Selling Institution in respect of the Participation, may not benefit from any set-off exercised by the Selling Institution against the obligor and may be subject to any set-off exercised by the obligor against the Selling Institution. In addition, the Sub-Fund may purchase the Participation from a Selling Institution that does not itself retain any portion of the applicable loan and, therefore, may have limited interest in monitoring the terms of the loan agreement and the continuing creditworthiness of the borrower.

In addition, when the Sub-Fund holds a Participation in a loan obligation, the Sub-Fund may not have the right to vote to waive enforcement of any default by an obligor. Selling Institutions commonly reserve the right to administer the loan obligations sold by them as they see fit and to amend the documentation evidencing such loan obligations in all respects. A Selling Institution may have interests different from those of the Sub-Fund, and the Selling Institution might not consider the interests of the Sub-Fund when taking actions with respect to the loan underlying the Participation. In addition, some participation agreements that provide voting rights to the participant further provide that if the participant does not vote in favour of amendments, modifications or waivers, the Selling Institution may repurchase such Participation at par. Assignments and participations are typically sold strictly without recourse to the seller thereof, and the seller will generally make no representations or warranties about the underlying loan, the borrowers, the documentation of the loans or any collateral securing the loans.

The risk management system and the procedures established in respect of the Sub-Fund comprise, among others, (i) procedures for periodic monitoring and evaluation of the evolution of loan quality in order to determine, as necessary, the appropriate levels of impairment in value of loans; and (ii) procedures for periodic monitoring of appropriate diversification regarding borrowers (risks associated with e.g. “borrower correlation” or “connected group of borrowers” should be taken into account).

As regards collateral and loan collection, the following procedures have been established by the Investment Manager in respect of the Sub-Fund, among others: (i) procedures to verify and ensure the existence, quality and valuation of collateral, if any, until the loan’s maturity date; (ii) procedures regarding enforcement of collateral arrangements, where applicable, and loan collection/recovery; and (iii) procedures to mitigate maturity transformation.

**Loan participation risk** The Sub-Fund may not always have direct recourse against a borrower if the borrower fails to pay scheduled principal and interest. Where the Sub-Fund lacks direct recourse, the Sub-Fund will look to an agent for the lenders to enforce appropriate credit remedies against the borrower. The Sub-Fund may be subject to greater delays, expenses and risks than would have been involved if the Sub-Fund had purchased a direct obligation of the borrower. Under the terms of certain loan participations, the Sub-Fund may be regarded as a creditor of the agent lender rather than of the underlying borrower, and therefore may be subject to the risk that the agent lender may become insolvent.

**Reliance on Management of Investee Companies.** While the Investment Manager intends to invest in companies with proven operating management in place, there can be no assurance that such management will continue to operate successfully. Although the Investment Manager will monitor the performance of each investment, the Sub-Fund will rely upon management to operate the Investee Companies on a day-to-day basis and, in certain cases, upon equity sponsors who control the boards of directors of the Investee Companies to select qualified management for such companies. The management and the boards of directors of the Investee Companies may include representatives of other financial investors whose interests may at times conflict with the Sub-Fund’s interests. There can be no assurance that each investment will perform successfully or as planned. To the extent

management engages in misconduct, the Investment Manager may not be able to detect such misconduct in time to prevent significant losses and, as a result, such misconduct could have a material adverse effect on the Sub-Fund. In addition, certain of the Sub-Fund's investments may be in businesses with limited operating histories.

**Risks Relating to Investee Company Reputation.** If an Investee Company fails to maintain the strength and value of the Investee Company's historic brand, its value is likely to decrease. An Investee Company's success often depends on the value and strength of its brand. In such cases, the name of such Investee Company is integral to its business as well as to the implementation of its strategies for expanding its business. Maintaining, promoting and positioning such brand can depend largely on the success of marketing efforts and its ability to provide consistent, high quality merchandises, services and / or customer experience. An Investee Company's brand could be adversely affected if it fails to achieve these objectives or if its public image or reputation were to be tarnished by negative publicity. Any of these events could result in decreases in value of investments in an Investee Company.

**Sub-Fund's Lack of Control Over Investments; Minority Investor.** There are numerous circumstances under which the Sub-Fund may not have complete or even partial control over decisions affecting an Investment. For example, the Sub-Fund, may originate or acquire an Investment that represents a minority position in a debt tranche where third-party investors may control amendments or waivers or enforcement. In addition, administrative agents may be appointed under certain facilities in which the Sub-Fund may invest that have discretion over certain decisions on behalf of the investors, including the Sub-Fund.

The Sub-Fund may also originate or acquire an Investment and enter into an intercreditor agreement or similar arrangement with other lenders. The terms of any such intercreditor agreement or similar arrangement may grant one or more of the other lenders the right to make certain decisions on behalf of or at the exclusion of the other lenders, including the Sub-Fund. Consequently, the terms and conditions of an Investment could be modified, amended, or waived in a manner contrary to the preferences of the Sub-Fund if the amendment, modification or waiver of such term or condition does not require the consent of the Sub-Fund. Furthermore, the terms of any such intercreditor agreement or similar arrangement may substantially restrict the ability of the Sub-Fund to pursue its remedies in respect of an Investment, and the Sub-Fund may realise fewer proceeds from such Investment as a result.

For these reasons, the Sub-Fund may also be limited in its ability to obtain ongoing or periodic ESG information from Investments or to take appropriate action if an Investment declines from an ESG perspective and/or no longer meets its Article 8 SFDR characteristics.

**Uncertainty of Financial Projections.** The Investment Manager will generally make investment decisions on the basis of financial projections for prospective Investee Companies. Projected operating results will often be based on management judgments. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be obtained, and actual results may vary significantly from the projections. General economic conditions, which are not predictable, can have a material adverse impact on the reliability of such projections.

**Expedited Transactions.** Investment analyses and decisions by the Investment Manager may frequently be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available to the Investment Manager at the time of making an investment decision may be limited. Therefore, no assurance can be given that the

Investment Manager will have knowledge of all circumstances that may adversely affect an Investment, and the Sub-Fund may make investments which it would not have made if more extensive due diligence had been undertaken. In addition, the Investment Manager may rely upon independent consultants and advisors in connection with its evaluation of proposed investments, and no assurance can be given as to the accuracy or completeness of the information provided by such independent consultants and advisors or to the Sub-Fund's right of recourse against them in the event errors or omissions do occur.

**Lack of Maintenance Financial Covenants.** A majority of debt issued in the past several years has imposed less stringent covenants on the issuers of that debt than covenants included in the terms of debt offered in previous periods, and such "covenant lite" debt may not obligate the Investee Companies to observe and maintain financial ratios or other financial maintenance covenants. These flexible covenants (or the absence of covenants) could cause Investee Companies to experience a significant downturn in their results of operations without triggering any default that would permit holders of the senior secure debt (such as the Sub-Fund) to accelerate indebtedness or negotiate terms and pricing. Such a delay or inability to the exercise of remedies may lower the ultimate recoveries received by the Sub-Fund in any insolvency or restructuring of indebtedness of the Investee Companies.

**Risk of Liability.** A concern with certain of the types of investments contemplated by the Sub-Fund is the possibility of becoming subject to unknown liabilities, with limited recourse (or no recourse) against the prior owners of the investments, and no assurance can be given that the Investment Manager will have an understanding of all circumstances that may adversely affect an investment. The Sub-Fund will rely upon the accuracy and completeness of representations made by sellers or borrowers, but cannot guarantee such accuracy or completeness. Moreover, the Sub-Fund's recourse will be subject to customary limitations. As a result, the Sub-Fund may bear the responsibility for substantial liabilities that are unknown at the time of investment and the Sub-Fund may be required to expend a significant amount of money to contest or settle third-party claims relating to such liabilities. There can be no assurance that the Sub-Fund will be able to detect or prevent any issues or irregularities with respect to an investment during the due diligence phase or during its efforts to monitor an investment on an ongoing basis or that any risk management procedures implemented by the Sub-Fund will be adequate. In the event of fraud by any investment or any of its affiliates, the Sub-Fund may suffer a partial or total loss of capital invested in that investment. An additional concern is the possibility of material misrepresentation or omission on the part of the investment, the seller or the borrower. Such inaccuracy or incompleteness may adversely affect the value of the investments. The Sub-Fund may rely upon the accuracy and completeness of representations made by portfolio entities and / or their former owners or creditors in the due diligence process to the extent reasonable when it makes its investments, but cannot guarantee such accuracy or completeness. Under certain circumstances, payments to the Sub-Fund may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

**Limited Amortisation Requirements.** The Sub-Fund intends to invest primarily in senior secured debt that will typically have limited mandatory amortisation and interim repayment requirements. A low level of amortisation of any senior debt over the life of the investment may increase the risk that an Investee Company will not be able to repay or refinance the senior debt held by the Sub-Fund when it comes due at its final stated maturity.

**Debt Regulation Risk.** As a result of its activities, it is possible that the Sub-Fund could be deemed to be engaged in the origination of debt securities for purposes of the applicable laws in jurisdictions in which such activities take place. Such laws are often highly complex and may include licensing requirements. The licensing process can be lengthy and can be expected to subject a debt originator to increased regulatory oversight. In some instances, the process for obtaining a required license or

exception certificate may require disclosure to regulators or to the public of information about the Sub-Fund, its direct or indirect investors, its loans, its business activities, its management or controlling persons or other matters. Such disclosures may provide competitors with information that allows them to benefit at the expense of the Sub-Fund, which could have a material adverse effect on the Sub-Fund. Failure, even if unintentional, to comply fully with applicable laws may result in sanctions, fines, or limitations on the ability of the Sub-Fund, the Board of Directors, the Investment Manager, Morgan Stanley, or Affiliates of the foregoing to do business in the relevant jurisdiction or to procure required licenses in other jurisdictions, all of which could have a material adverse effect on the Sub-Fund.

**Potential Impact of a Small Number of Investments.** To the extent the Sub-Fund concentrates Investments in a particular borrower, security, geographic region or industry, its Investments will become more susceptible to fluctuations in value resulting from adverse economic or business conditions with respect thereto. As a consequence, the aggregate return, if any, realised by a Shareholder may be materially adversely affected by the unfavourable performance of even a single Investment by the Sub-Fund or unfavourable developments in one or a small number of issuers, types of securities, geographic regions, or industries.

**Investments in Non-Listed Enterprises and Securities.** The Sub-Fund will make investments in non-listed enterprises and securities. Non-listed enterprises and securities are generally not governed by investor protection provisions of applicable securities laws and relevant regulations, such as rules on corporate governance and information disclosure. Accordingly, the Sub-Fund's investments in non-listed enterprises and securities may be riskier than investments in the stocks or bonds of listed companies. The Investment Manager may make inappropriate decisions due to the lack of information and therefore cause the Sub-Fund to suffer losses.

**Foreign Currency and Exchange Risks.** The Sub-Fund may engage in transactions involving foreign currencies, and the Sub-Fund and the Shareholders may experience foreign currency gain or loss with respect to the Investments. In addition, the Sub-Fund may incur costs in connection with conversions between various currencies or in foreign currency exchange transactions. Investments may also enter into financial arrangements intended to hedge their currency exchange risks. Such hedging arrangements are themselves subject to risks. For example, changes in interest rates, securities prices or currency exchange rates may result in lower overall returns than if the Sub-Fund or the Investment had not entered into any hedging arrangement. Further, there can be no assurance that the instruments necessary to hedge will be available, or that such instruments will be attractively priced at the time the Sub-Fund, or the Investment may desire to use them. Repatriation of investment income, capital, and the proceeds from sales of securities by foreign investors such as the Sub-Fund may require governmental registration and approval in some countries. The Sub-Fund could be adversely affected by delays in or a refusal to grant required governmental registration or approval for any such proposed repatriation.

**European Union Screening Regulation.** In March 2019, the EU adopted Regulation (EU) 2019/452 (the "**Screening Regulation**"), establishing a framework for the screening of foreign direct investments ("**FDI**") from non-EU countries that may affect security or public order. At that time, roughly half of the EU Member States had some form of legislation in place for screening foreign direct investment within their territories (namely, Austria, Denmark, Finland, France, Germany, Hungary, Italy, Latvia, Lithuania, the Netherlands, Poland, Portugal, Romania, Slovenia, and Spain). The Screening Regulation's objective is to equip the EU to identify, assess and mitigate potential risks for security or public order by creating a framework for Member States that already have, or that may implement a screening mechanism. The Regulation does not require Member States to implement or maintain a screening mechanism. The Regulation has applied since 11 October 2020.

The Screening Regulation covers FDI from third countries, i.e., those investments “which establish or maintain lasting and direct links between investors from third countries including State entities, and undertakings carrying out an economic activity in a Member State.” The Screening Regulation applies to all sectors of the economy. It is not triggered by any monetary threshold. The Screening Regulation empowers Member States to review investments within its scope on the grounds of security or public order, and to take measures to address specific risks. The review and, when required, the adoption of measures preventing or conditioning an investment is the ultimate responsibility of Member States.

In determining whether FDI is likely to affect security or public order, Member States and the Commission may “consider all relevant factors, including the effects on critical infrastructure, technologies (including key enabling technologies) and inputs which are essential for security or the maintenance of public order, the disruption, failure, loss or destruction of which would have a significant impact in a Member State or in the Union.”

Under the Regulation, the Commission has no formal power to approve or prevent FDI, but it can intervene in national screening by obtaining information from the national competent authority. The Commission may also screen FDI that is likely to affect projects or programs of EU interest on the grounds of security or public order and issue an opinion. Member States must take account of the Commission’s opinion and justify a decision not to follow the Commission’s opinion. The framework establishes basic criteria for FDI screening, such as transparency, non-discrimination, procedural rules, and factors to be taken into account in determining whether an investment is likely to affect security or public order.

On 25 March 2020, the Commission provided guidance to Member States on how to use FDI screening in times of public health crisis and economic vulnerability given the Covid-19 emergency. In its guidance, the Commission urged Member States to be particularly vigilant to prevent a “sell-off” of Europe’s business and industrial actors, including small and mid-size enterprises, and to seek advice and coordination in cases where foreign investments could, actually or potentially, now or in the future, have an effect in the single market.

In its guidance, the Commission called upon Member States that currently have screening mechanisms to make full use of those mechanisms and called upon Member States that do not have a screening mechanism, or whose screening mechanisms do not cover all relevant transactions, to set up a screening mechanism and/or consider other options to address cases where the acquisition or control of a particular business, infrastructure or technology would create a risk to security or public order, including health security, in the EU.

The scope of the Screening Regulation and the concerns expressed by the Commission in the context of the current pandemic suggest that more transactions involving companies in the EU are likely to be subject to FDI screening, and if not screened, could be subject to ex post comments by Member States or opinions by the Commission up to 15 months after completion of the investment. The outcome of any FDI screening process may be difficult to predict, and there is no guarantee that, if applicable to an Investment, the decisions of a national competent authority would not adversely impact the Sub-Fund’s Investment in such entity.

**Conflicts with Investee Companies.** Officers and employees of the Investment Manager or Morgan Stanley may serve as directors of certain Investee Companies and, in that capacity, will be required to make decisions that they consider to be in the best interest of the Investee Company. In certain circumstances, for example in situations involving bankruptcy or near insolvency of the Investee Company, actions that may be in the best interests of the Investee Company may not be in the best interests of the Sub-Fund, and vice versa. In addition, the possibility exists that the companies with

which one or more employees of Morgan Stanley are involved could engage in transactions that would be suitable for the Sub-Fund, but in which the Sub-Fund might be unable to invest. Accordingly, in these situations, there may be conflicts of interests between such person's duties as an officer or employee of the Investment Manager or Morgan Stanley and such person's duties as a director of the Investee Company.

Morgan Stanley may invest on behalf of itself and/or its Affiliated Investment Accounts in an entity that is a competitor of an Investee Company or that is a service provider, supplier, customer, or other counterparty with respect to an Investee Company. In providing advice and recommendations to, or with respect to, such Investee Companies, and in dealing in their securities on behalf of itself or such Affiliated Investment Accounts, to the extent permitted by law, Morgan Stanley will not take into consideration the best interests of the Sub-Fund, its Investments and/or Investee Companies. Accordingly, such advice, recommendations and dealings may result in adverse consequences to the Sub-Fund, its Investments and/or its Investee Companies. Conflicts of interest may also arise with respect to the allocation of Morgan Stanley's time and resources between such Investee Companies. In addition, in providing services to such Investee Companies, Morgan Stanley may come into possession of information that it is prohibited from acting on (including on behalf of the Sub-Fund) or disclosing, even though such action or disclosure would be in the best interests of the Sub-Fund. To the extent not restricted by confidentiality requirements or applicable law or otherwise, Morgan Stanley may apply experience and information gained in providing services to Investee Companies to provide services to competing entities invested in by Morgan Stanley or Affiliated Investment Accounts, which may have adverse consequences for the Sub-Fund. See also "—Non-Public Information" below.

**Fixed Income Securities.** The Investment Manager may invest in fixed-income securities. Investment in these securities may offer opportunities for income and capital appreciation, and may also be used for temporary defensive purposes and to maintain liquidity. Fixed-income securities are obligations of the issuer to make payments of principal and / or interest on future dates. These securities may pay fixed, variable, or floating rates of interest, and may include zero coupon obligations. Fixed income securities are subject to the risk of the issuer's or a guarantor's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer, and general market liquidity. In addition, high yield bonds (commonly known as "junk bonds") and other debt securities in which the Investment Manager may invest will typically be junior to the obligations of companies to senior creditors, trade creditors and employees. The lower rating of high yield debt reflects a greater possibility that adverse changes in the financial condition of the issuer or in general economic, financial, competitive, regulatory or other conditions may impair the ability of the issuer to make payments of principal and interest. High yield debt securities have historically experienced greater default rates than investment grade securities. The ability of holders of high yield debt to influence a company's affairs, especially during periods of financial distress or following an insolvency, will be substantially less than that of senior creditors.

**Repurchase Agreements.** The Sub-Fund is permitted to enter into repurchase agreements in connection with its investment programme and in lieu of other forms of fund finance facilities. In particular, the Sub-Fund may enter into an arrangement with a broker-dealer or other financial institution where the Sub-Fund, simultaneous with or following its acquisition of an investment, sells or participates such investment to such counterparty and agrees to reacquire such investment or participation at a later date in exchange for a fixed payment to such counterparty. In connection with any repurchase agreement or arrangement, during the period that the Sub-Fund's investments are sold to the Sub-Fund's counterparty, the Sub-Fund may, depending on the terms of such arrangement, not be able to exercise certain rights of the holder of such investments on issues that could affect the ultimate value of such investments.

The use of repurchase agreements by the Sub-Fund involves certain risks, including that the market value of any investments purchased by the Sub-Fund with the proceeds of the repurchase agreement may decline below the price of the investments the Sub-Fund has sold to its counterparty but is obligated to repurchase. In addition, if the Sub-Fund fails to reacquire such investment or is otherwise declared to be in default under a repurchase agreement, the counterparties may have certain recourse against the Sub-Fund, including the right to sell the investments to a third party, and any such sale could be at disadvantageous prices that could adversely affect the Sub-Fund's profitability and result in substantial losses. Repurchase agreements also involve the risk that a buyer of financial instruments under a repurchase agreement files for bankruptcy or becomes insolvent, in which case such buyer or its trustee or receiver may receive an extension of time to determine whether to enforce the obligation of the Sub-Fund to repurchase the financial instruments, and the Sub-Fund's use of the proceeds of the repurchase agreement may effectively be restricted pending such decision. To the extent that, in the meantime, the value of the financial instruments that the Sub-Fund has purchased has decreased, it could experience a loss. For the avoidance of doubt, if an investment's value fluctuates, including by significantly decreasing in value, the Sub-Fund will remain committed to reacquire the investment and to pay its counterparty for its services in acquiring the investment. While repurchase agreements are economically similar to borrowings, repurchase agreements present additional risks of loss to the Sub-Fund that are not present where the Sub-Fund borrows money from a third party.

The risks associated with collateral management, arising from the use of repurchase agreements include, but are not limited to unexpected market, credit, legal or political events that change the nature or value of cash collateral; in the case of cash collateral received, the risk that the value of collateral may deteriorate; in the case of collateral received, the risk that the cash collateral may be insufficient to satisfy obligations in the event of a counterparty default.

The Sub-Fund's use of repurchase agreements and similar arrangements are subject to the limitations on leverage and other conditions set forth in this Supplement. In addition, the use of repurchase agreements are expected to result in incremental expenses that will be borne by investors, including those relating to structuring and establishing the repurchase arrangement.

**Environmental Matters.** The Sub-Fund may invest in Investee Companies that are subject to changing and increasingly stringent environmental and health and safety laws, regulations and permit requirements and environmental costs that could place increasing financial burdens on such portfolio entities. Required expenditures for environmental compliance may adversely impact investment returns on portfolio entities. The imposition of new environmental and other laws, regulations and initiatives could adversely affect the business operations and financial stability of portfolio entities.

There can be no guarantee that all costs and risks regarding compliance with environmental laws and regulations can be identified. New and more stringent environmental and health and safety laws, regulations and permit requirements or stricter interpretations of current laws or regulations could impose substantial additional costs on Investee Companies or potential investments. Compliance with such current or future environmental requirements does not ensure that the operations of the Investee Companies will not cause injury to the environment or to people under all circumstances or that the Investments will not be required to incur additional unforeseen environmental expenditures. Moreover, failure to comply with any such requirements could have a material adverse effect on an investment, and there can be no assurance that the Investments will at all times comply with all applicable environmental laws, regulations, and permit requirements.

**Banking Requirements.** Certain federal and local banking and other regulatory bodies or agencies inside or outside the United States may require the Fund, the Sub-Fund and / or the Investment

Manager to obtain licenses or similar authorisations to engage in various types of lending activities, including the origination of senior secured debt and other debt. Such licenses or authorisations may take a significant amount of time to obtain, and may require the disclosure of confidential information regarding the Sub-Fund, Shareholders or their respective Affiliates, including financial information and / or information regarding officers and directors of certain significant Shareholders, and the Sub-Fund may or may not be willing or able to comply with these requirements. In addition, there can be no assurance that any such licenses or authorisations would be granted or, if so, would not impose restrictions on the Sub-Fund. Alternatively, the Investment Manager may be able to structure potential investments in a manner which would not require such licenses and authorisations, but which would be inefficient or otherwise disadvantageous for the Sub-Fund and / or the borrower. The inability of the Sub-Fund, the Fund or the Investment Manager to obtain such licenses or authorisations, or the structuring of an investment in an inefficient or otherwise disadvantageous manner, could adversely affect the Investment Manager's ability to implement the strategy for the Sub-Fund and the Sub-Fund's results.

**European Government Regulation Relating to Leveraged Lending.** There has been increasing commentary among European regulators and intergovernmental institutions, including the European Central Bank, on leveraged lending transactions and the European Central Bank has published guidance on leveraged transactions applicable to banks subject to the European Central Bank's oversight. While it is difficult to predict the scope of any new regulations or guidance and the nature or scope of any further supervisory requirements, if regulations or further guidance, such as those relating to risk appetite standards are issued, the regulatory and operating consequences associated with compliance could have an impact on the investment strategy of the Sub-Fund.

**Sub-Fund Classification Under AIFMD.** For the purposes of the AIFMD, the AIFM Laws and Regulations, alternative investment funds are classified according to the predominant fund types and investment strategies listed under Annex IV of Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012. Currently, there is no specific fund type or investment strategy for alternative investment funds which have adopted a direct lending strategy, such as the Sub-Fund. Considering the investment objective and strategy of the Sub-Fund, and in particular, that the Sub-Fund predominantly engages in directly originated loans made to, and debt instruments issued by, private companies based on intensive due diligence and bespoke transaction documents, and that it follows a take-and-hold strategy, the AIFM considers that, for the purposes of the AIFMD, the AIFM Laws and Regulations, the Sub-Fund has characteristics which are closer to alternative investment funds classified under the predominant fund type "Private Equity Fund" and expects to classify the Sub-Fund in accordance therewith.

**Counterparty, Settlement and Local Intermediary Risk.** From time to time, certain securities markets have experienced operational clearance and settlement problems that have resulted in failed trades. These problems could cause the Sub-Fund to miss attractive investment opportunities or result in the Sub-Fund being liable to third parties by virtue of an inability to perform the Sub-Fund's contractual obligation to deliver securities or close transactions. In addition, delays, and inefficiencies of the local postal, transport and banking systems could result in missed rights and entitlements, the loss of funds (including dividends) and exposure to currency fluctuations. To the extent the Sub-Fund invests in securities, swaps, derivatives, or other over-the-counter transactions, in certain circumstances, the Sub-Fund may take a credit risk with regard to parties with whom it trades and may also bear the risk of transfer, clearance or settlement default. Transactions entered directly between two counterparties may expose the parties to the risk of counterparty defaults. Such risks may be exacerbated with respect to certain foreign securities or transactions with certain foreign counterparties. It is expected, but in no way assured, that all securities and other assets deposited with custodians or brokers will be clearly identified as being assets of the Sub-Fund and hence the Sub-Fund should not be exposed to credit risk with regard to such parties. Certain of the Sub-Fund's

transactions may be undertaken through local brokers, banks, or other organisations in the countries in which the Sub-Fund may make Investments, and the Sub-Fund will be subject to the risk of default, insolvency, or fraud of such organisations. The collection, transfer and deposit of bearer securities and cash expose the Sub-Fund to a variety of risks including theft, loss, and destruction. Finally, the Sub-Fund will be dependent upon the general soundness of the banking systems of these countries.

**Valuation Risk.** General movements in prevailing market conditions could have a substantial impact on the value of Investments and investment opportunities generally. Certain securities and other assets in which the Sub-Fund may invest may not have a readily ascertainable market value and will be valued by the AIFM (based on valuations provided by the Investment Manager or another valuation support provider) in accordance with the Sub-Fund's valuation principles. In addition, the AIFM and the Investment Manager may face a conflict of interest in valuing the securities or assets that lack a readily ascertainable market value as the value of the assets held by the Sub-Fund will affect the timing of the payment of the Incentive Fee.

**Limited Liquidity of Shares in the Sub-Fund.** An investment in the Sub-Fund provides limited liquidity since the Shares are subject to the restrictions on transfers and redemption described in this Supplement. There may be a significant period of time between the date as of which Shareholders submit redemption requests and the date as of which they can expect to receive full payment for their redemption proceeds in respect of any redemption request. Shareholders whose redemption requests in respect of any particular Redemption Date are accepted will bear the risk that the Sub-Fund's Net Asset Value may fluctuate significantly between the date as of which the redemption requests were submitted and the relevant Valuation Day with respect to the Redemption Date. As a general matter, however, an investment in the Sub-Fund should be considered to be illiquid.

**Liquidity Risk.** Liquidity risk is the risk that the Sub-Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. Liquidity risk exists when a particular instrument is difficult to purchase or sell. The AIFM and the Investment Manager manage the Sub-Fund's liquidity risk. The Sub-Fund may invest in investments such as sub-investment grade corporate loans, bonds and notes which, as a result, carry greater liquidity risk than, for example, investment grade sovereign or corporate bonds or loans. Due to the unique and customised nature of loan agreements evidencing private debt assets and the private syndication thereof, these assets are not as easily purchased or sold as publicly traded securities. There can be no assurance that future levels of supply and demand in loan trading will provide the degree of liquidity in loan trading which currently exists in the market. In addition, the terms of these assets may restrict their transferability without borrower consent. Where the Sub-Fund invests in investments such as mid-market direct lending and restructuring debt, in addition to the aforementioned liquidity risks, the Sub-Fund may have difficulty in disposing of certain assets because of the limited secondary market for such assets. The Investment Manager on behalf of the Sub-Fund will consider any such restriction, along with all other factors, in determining whether or not the Sub-Fund should acquire participation in each asset.

**Substantial Redemptions.** Substantial requests for the Sub-Fund to redeem Shares in a concentrated period of time could require the Sub-Fund to liquidate certain of its investments more rapidly than otherwise desirable in order to raise cash to fund the redemptions and achieve a market position appropriately reflecting a smaller asset base. Substantial redemptions could have a material adverse effect on the Sub-Fund's investment mix and could also cause the Sub-Fund to postpone or suspend future Shareholder redemptions. At any time, and from time to time, a substantial portion of the Shares may be held by one or a small number of Shareholders. Such concentration of ownership in the Sub-Fund could increase the likelihood of substantial redemptions.

Should the Sub-Fund be required to satisfy significant redemption requests in a short period of time, the Sub-Fund could, notwithstanding the application of the Redemption Cap, be forced to liquidate investments prematurely, causing losses to the Sub-Fund. Further, the Sub-Fund may suspend redemptions, either of which actions would limit the ability of investors to redeem their Shares and the value of such investments may decline prior to the time when redemption is permitted.

**Compulsory Redemptions.** The Board may cause the redemption of all or any part of a Shareholder's Shares that would prevail over redemptions carried out under normal circumstances as laid out in section (*Redemptions and Liquidity*) of this Supplement. Such a redemption could cause such a Shareholder, among other things, to incur transaction costs associated with the (partial or total) liquidation of the Sub-Fund's assets and/or to miss an opportunity to recover earlier losses or to enjoy potentially attractive future returns and could result in adverse tax consequences for that Shareholder.

**Limited Redemption Rights.** The Board of Directors (or any other person to whom such powers have been delegated by the Board of Directors) retain the discretion to accept or reject redemption requests in full or in part, and to determine in the best interests of Shareholders and whether and to what extent to fulfil redemptions, and the timing of such fulfilment. Rejecting or delaying redemption may be due to a variety of reasons including, without limitation, as a result of certain contractual arrangements entered into by the Sub-Fund with respect to indebtedness. Therefore, each Shareholder should recognise that, in certain circumstances, it may not be able to liquidate its Shares even if it submits a redemption request ahead of the relevant Redemption Cut-Off Date. Shareholders whose redemption requests in respect of any particular Redemption Date are delayed to a future Redemption Date will bear the risk that the Sub-Fund's Net Asset Value may fluctuate significantly between the date of which the redemption requests were submitted and the date the Shares are effectively redeemed. As a general matter, however, an investment in the Sub-Fund should be considered to be illiquid.

**Substantial Subscriptions.** Due to liquidity constraints in the loan market, the Sub-Fund may not be able to invest all net subscription proceeds on the relevant Dealing Date. To the extent that the Sub-Fund's assets are not invested on the relevant Dealing Date, this could have a negative impact on the performance of the Sub-Fund, as the Sub-Fund will not be pursuing its investment objective in respect of the portion of its assets held as in cash or other liquid assets.

**Special Considerations Applicable to the Continuous Offering of Shares.** The Sub-Fund may accept additional subscriptions for Shares, from time to time, as determined by the Board of Directors. Additional subscriptions will dilute the indirect interests of existing Shareholders in the Sub-Fund's investment portfolio prior to such subscriptions, which could have an adverse impact on the existing Shareholders' interest in the Sub-Fund if future Sub-Fund investments underperform the prior investments.

**Operation of the Subscription and Redemption Collection Accounts.** Subscriptions monies received in respect of the Sub-Fund in advance of the issue of Shares will be held in the cash collection account in the name of the Sub-Fund and will be an asset of the Sub-Fund. Shareholders will be unsecured creditors of the Sub-Fund with respect to the amount subscribed until such Shares are issued, and will not benefit from any appreciation in the Net Asset Value of the Sub-Fund or any other Shareholder rights until such time as Shares are issued. In the event of an insolvency of the Sub-Fund, there is no guarantee that the Sub-Fund will have sufficient funds to pay unsecured creditors in full.

**No Minimum Size of Sub-Fund and Availability of Investments.** The Sub-Fund may begin operations without attaining any particular level of assets, but, for the avoidance of doubt, is not obliged to hold the First Closing Date even if one or more third-party investors have applied the invest in the Sub-Fund. At low asset levels, the Sub-Fund may be unable either to diversify its investments as fully as would otherwise be desirable or to take advantage of potential economies of scale, including the ability to obtain the most timely and valuable research and trading information in respect of its investments. To the extent that prevailing market conditions or other factors result in poor overall economic conditions or results during such period, then the diversification of the Sub-Fund's portfolio and/or the aggregate returns realised by the Shareholders may be substantially adversely affected by the relative concentration of such investments.

Notwithstanding the forgoing, the Fund is required to comply with the minimum level of capital required under Part II of the 2010 Law within twelve (12) months from the date on which the Fund has been authorised as an investment company with variable capital (société d'investissement à capital variable) under Part II of the 2010 Law.

**Payment of Redemption Proceeds to Redeeming Shareholders Based on Unaudited Data.** The calculation and payment of an investor's redemption proceeds may be based on estimated and unaudited data. Accordingly, adjustments and revisions may be made to the Net Asset Value of the Sub-Fund following the year-end audit of the Sub-Fund or at such other times as is required by CSSF guidelines in this respect and/or applicable laws. However, once paid, no revision to an investor's redemption proceeds is generally made based upon audit adjustments. Thus, the Sub-Fund will not generally seek reimbursement in the event of any overpayment and will not pay additional amounts in the event of an underpayment. As a result, a redeeming investor may be positively or negatively affected by a revision to the Sub-Fund's Net Asset Value. To the extent that such revisions to Net Asset Value decrease the Net Asset Value of the Sub-Fund, the outstanding Shares will be adversely affected by redemptions. Conversely, any increases in the Net Asset Value of the Sub-Fund resulting from such adjustments will be entirely for the benefit of the outstanding Shares. Notwithstanding the above, in the event of a material error in the determination of the Net Asset Value used to calculate redemption proceeds, the Board may in its discretion (subject to CSSF guidelines in this respect and/or applicable laws) require reimbursement in the event of any overpayment and cause payment of additional amounts in the event of an underpayment.

**Adequacy of Reserves.** The Sub-Fund may establish holdbacks or reserves, including for forecasted expenses, Management Fees, pending or anticipated liabilities or redemptions, investments, claims and contingencies relating to the Sub-Fund. Estimating adequate reserves is complex and inadequate or excessive reserves could negatively affect the investment returns to Shareholders. If the Sub-Fund's reserves are inadequate, the Sub-Fund may not be able to take advantage of attractive investment opportunities or protect its current investments.

**Subscription Monies and Process.** Subscription amounts received in respect of the Sub-Fund in advance of the issuance of Shares will be held in the cash collection account in the name of the Sub-Fund and will be an asset of the Sub-Fund. Subject to variances in the valuation of the Net Asset Value of the Sub-Fund, investors will be unsecured creditors of the Sub-Fund with respect to the amount subscribed until such Shares are issued. In the event of an insolvency of the Sub-Fund, there is no guarantee that the Sub-Fund will have sufficient funds to pay unsecured creditors in full.

## **CONFLICTS OF INTEREST**

As a diversified global financial services firm, Morgan Stanley engages in a broad spectrum of activities including financial advisory services, investment management activities, lending,

commercial banking, sponsoring, and managing private investment funds and registered investment companies, engaging in broker-dealer transactions and principal securities, commodities and foreign exchange transactions, research publication and other activities. In the ordinary course of its business, Morgan Stanley performs full-service investment banking and financial services and therefore engages in activities where Morgan Stanley's interests or the interests of its clients may conflict with the interests of the Shareholders, notwithstanding Morgan Stanley's participation in the Sub-Fund. Shareholders should be aware that potential and actual conflicts of interest between Morgan Stanley and/or any of its clients, on the one hand, and the Sub-Fund, on the other hand, may exist and others may arise in connection with the operation of the Sub-Fund. In addition, Morgan Stanley's employees may have interests separate from those of Morgan Stanley that also conflict with those of the Sub-Fund. The discussion below enumerates certain actual, apparent and potential conflicts of interest.

The Board of Directors can give no assurance that conflicts of interest will be resolved in favour of the Shareholders. By acquiring a Share in the Sub-Fund, each Shareholder will be deemed to have acknowledged the existence of such actual, apparent and potential conflicts of interest, to have consented thereto, to have waived any claim in respect of the existence of any such conflict of interest and to have acknowledged that any such conflicts will be resolved by Morgan Stanley in its discretion without any guarantee that any situation involving a conflict will be resolved in favour of the Sub-Fund.

The Investment Manager may (in consultation with the AIFM) appoint the Board of Directors (comprised of individuals, a majority of whom will be independent of Morgan Stanley) or one or more other persons (or committee of persons) who are not affiliated with Morgan Stanley (any such person or committee, including the Board of Directors, an "**Independent Person**") to review and approve or disapprove, at the request of the Investment Manager and on behalf of all Shareholders, certain matters in connection with the foregoing (including the purchase of the Warehouse SPV—and its underlying investments—by the Sub-Fund) that require consent under the Advisers Act or other applicable law, and to review and approve or disapprove any other matters presented to them, including certain transactions, measures and other matters arising in connection with actual and/or potential conflicts of interest. Any such approval will be binding upon the Sub-Fund and all the Shareholders. Potential investors should review this section and the Investment Manager's Form ADV Part 2A carefully before making an investment decision.

By acquiring Shares, a Shareholder acknowledges and represents that it has carefully reviewed the conflicts of interest section in the general part of the Prospectus as well as the conflicts of interest section of this Supplement and understands and consents to the existence of potential conflicts of interest including, without limitation, those described in this section, and to the operation of the Sub-Fund subject to these conflicts.

**Investments by Affiliated Investment Accounts, Affiliated Investment Programs and Morgan Stanley Businesses.** Morgan Stanley has sponsored, organised, managed and advised (and will continue to do so in the future) Affiliated Investment Accounts with a wide variety of investment objectives that in some instances may overlap or conflict with the investment objectives of the Sub-Fund and present conflicts of interest, including without limitation: private equity funds, real estate funds, infrastructure funds, distressed debt investment funds, credit funds, opportunistic funds, oil and gas funds and funds that invest in or alongside private equity funds, credit funds or hedge funds. In addition, Morgan Stanley's fixed income division routinely makes equity, equity-linked and private credit investments in connection with its acquisition, monitoring and disposition of debt securities, instruments, and portfolios. Morgan Stanley may also from time to time sponsor or create new or successor Affiliated Investment Accounts that may compete with the Sub-Fund and may present similar conflicts of interest as the existing Affiliated Investment Accounts. Morgan Stanley and/or some of its Affiliated Investment Accounts have routinely made, and will continue to make, investments fall

within the investment objective of the Sub-Fund. For example, Morgan Stanley currently provides management and/or advisory services to certain Affiliated Investment Accounts that seek to invest in private credit. Certain members of the investment team and the investment committee may make investment decisions on behalf of both Morgan Stanley and such Affiliated Investment Accounts, including Affiliated Investment Accounts with investment objectives that overlap with those of the Sub-Fund. In addition, the personnel of the Investment Manager provide management and/or advisory services to various Affiliated Investment Accounts. An Affiliated Investment Account (including one with an investment objective that is similar to the Sub-Fund's investment objective) may prove more successful than the Sub-Fund in achieving the investment objective of the Sub-Fund.

Morgan Stanley currently invests and plans to continue to invest on its own behalf and on behalf of its Affiliated Investment Accounts in a wide variety of investment opportunities in North America, Europe and elsewhere. Morgan Stanley and its Affiliated Investment Accounts will be permitted to invest in investment opportunities without making the investment opportunity available to the Sub-Fund beforehand. Morgan Stanley may (and in certain cases, will be required to) offer investments that fall into the investment objectives of an Affiliated Investment Account to such Affiliated Investment Account or make such investment on its own behalf, even though such investment also falls within the investment objectives of the Sub-Fund. The Sub-Fund may invest in opportunities that one or more Affiliated Investment Accounts has declined, and vice versa. All of the foregoing may reduce the number of investment opportunities available to the Sub-Fund and may create conflicts of interest for Morgan Stanley in allocating investment opportunities among the Sub-Fund, itself, and the Affiliated Investment Accounts. There can be no assurance that any particular investment opportunities will be allocated to the Sub-Fund. In addition, certain of such Affiliated Investment Accounts have or will have priority rights (including due to applicable legal or regulatory requirements) in respect of certain types of investments. After taking account of any priority rights, including those described above, Morgan Stanley will allocate opportunities among one or more of the Sub-Fund, itself, and such Affiliated Investment Accounts in its sole discretion. In determining such allocations, Morgan Stanley will take into account such factors as it deems appropriate in its discretion in a manner consistent with its internal policies as in effect from time to time (subject to any applicable legal or regulatory requirements). Shareholders should note that the conflicts inherent in making such allocation decisions may not always be resolved to the advantage of the Sub-Fund. There can be no assurance that the Sub-Fund will have an opportunity to participate in certain opportunities that fall within the Sub-Fund's investment objectives.

With respect to broken deal expenses, the Sub-Fund and the applicable Affiliated Investment Account will generally be required to bear their pro rata portion of broken deal expenses in accordance with the amount they were expected to invest in the unconsummated deal. Travel and entertainment expenses in connection with a trip taken by the Directors for purposes of multiple matters will generally be allocated to each such matter based on the time spent for each matter and then the resulting expenses will be allocated to the Sub-Fund or the applicable Affiliated Investment Account as otherwise set forth herein.

Decisions as to the allocation of investment opportunities among the Sub-Fund and other Affiliated Investment Accounts present numerous inherent conflicts of interest, particularly where an investment opportunity has limited availability. For example, Morgan Stanley manages assets for Affiliated Investment Accounts for which it receives (and certain of its personnel may be entitled to a portion of) a performance-based allocation or fee, including the Sub-Fund, and at the same time it manages Affiliated Investment Accounts that do not charge a performance-based fee or allocation. A conflict of interest may be created when such simultaneous management exists as Morgan Stanley, a portfolio manager or an investment committee member (including a member of the investment team or the investment committee) may be incentivised to favour the Affiliated Investment Accounts that charge a performance-based allocation or fee (or a higher performance-based allocation or fee than other

Affiliated Investment Accounts that also charge a performance-based allocation or fee) when making allocations of investment opportunities in light of the possibility of earning higher fees on those Affiliated Investment Accounts that charge such fees. A similar conflict may arise in situations where there are differences in the investments of Morgan Stanley and/or its personnel in Affiliated Investment Accounts. In order to address potential conflicts of interest and to attempt to allocate investment opportunities in a fair and equitable manner, the Investment Manager will implement these and other allocation-related policies and procedures. These policies and procedures are intended to give all Affiliated Investment Accounts and the Sub-Fund, fair access to new investment opportunities consistent with the requirements of organisational documents, investment strategies, applicable laws and regulations and the fiduciary duties of the Investment Manager that were designed to require that all investment allocation decisions made by the Investment Manager are being made fairly and equitably among Affiliated Investment Accounts over time. These policies and procedures are subject to change from time to time in the Investment Manager's sole discretion and without notice to Shareholders.

In some cases, Morgan Stanley or an Affiliated Investment Account may invite the Sub-Fund to co-invest with it, or the Investment Manager may invite Morgan Stanley or an Affiliated Investment Account to co-invest with the Sub-Fund in the same Investee Company, at either the same time or at a different time and in either the same or different tiers of an Investee Company's capital structure or in an Affiliate of such Investee Company. In addition to such co-investments, the Sub-Fund and Morgan Stanley or an Affiliated Investment Account may, as part of unrelated transactions, invest in either the same or different tiers of an Investee Company's capital structure or in an Affiliate of such Investee Company. To the extent the Sub-Fund holds investments in the same Investee Company or in an Affiliate thereof that are different (including with respect to their relative seniority) than those held by Morgan Stanley or an Affiliated Investment Account, the Investment Manager and Morgan Stanley may be presented with decisions when the interests of the two co-investors are in conflict (e.g., over the terms, exit strategies and related matters, including the exercise of remedies of their respective investments). If the Investee Company in which the Sub-Fund has an investment and in which Morgan Stanley or an Affiliated Investment Account has an equity or senior debt investment elsewhere in the Investee Company's capital structure, becomes distressed or defaults on its obligations, Morgan Stanley may have conflicting loyalties between its duties to its shareholders, the Affiliated Investment Account, the Sub-Fund, certain of its other Affiliates and the Investee Company. In that regard, actions may be taken for Morgan Stanley or such Affiliated Investment Account that are adverse to the Sub-Fund, or actions may or may not be taken by the Sub-Fund due to Morgan Stanley's or such Affiliated Investment Account's investment, which action or failure to act may be adverse to the Sub-Fund. The Investment Manager may seek Shareholder, Independent Persons or other independent third-party approval in connection with certain of such actions and such approval will be binding upon the Sub-Fund and the Shareholders. In addition, it is possible that in a bankruptcy proceeding, the Sub-Fund's interest may be subordinated or otherwise adversely affected by virtue of Morgan Stanley's or such Affiliated Investment Account's involvement and actions relating to its investment.

Where the Sub-Fund invests in an Investment in which an Affiliated Investment Account has an equity interest or debt interest in the same tranche as the Sub-Fund, such Affiliated Investment Account may have bought or sold its interest in such Investment at a different time and may have paid or received a different price than the Sub-Fund. In making decisions with regards to such Investments, the applicable Affiliated Investment Account (including an Affiliated Investment Account managed by the investment team) may make investment decisions with regards to such Investment (including with respect to voting its interest or selling or otherwise disposing of such Investment) without regard to the interests of the Sub-Fund and may take action inconsistent with that of the Sub-Fund. Similarly, the Sub-Fund may act similarly without regard to the interests of such Affiliated Investment Account.

Decisions about what action should be taken in a troubled situation, including whether to enforce claims, whether to advocate or initiate restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring, raise conflicts of interest. If an Investee Company becomes troubled, the Sub-Fund might arguably be best served by a liquidation that would result in its debt being paid but leave nothing for Morgan Stanley or such Affiliated Investment Accounts. In those circumstances where the Sub-Fund and Morgan Stanley or such Affiliated Investment Accounts hold investments in different classes of an Investee Company's debt or equity, Morgan Stanley may also, to the fullest extent permitted by applicable law, take steps to reduce the potential for adversity between the Sub-Fund and Morgan Stanley or such Affiliated Investment Accounts, including by listing, causing the Sub-Fund to take certain actions that, in the absence of such conflict, it would not take, such as (A) remaining passive in a restructuring or similar situations (including electing not to vote or voting pro rata with other security holders), (B) divesting investments or (C) otherwise taking an action designed to reduce adversity. Any such step could have the effect of benefiting Morgan Stanley or such Affiliated Investment Accounts and therefore may not have been in the best interests of, and may have been adverse to, the Sub-Fund. A similar standard generally will apply if Morgan Stanley or such Affiliated Investment Accounts make an investment in an Investee Company or asset in which the Sub-Fund holds an investment in a different class of such Investee Company's debt or equity securities or such asset.

Under certain circumstances, an acquisition of debt by the Sub-Fund in an Investee Company in which Morgan Stanley or any of its Affiliated Investment Accounts holds an equity interest may result in adverse U.S. tax consequences to the Investee Company and to the Sub-Fund. Specifically, if the Sub-Fund were treated as being related to the Investee Company for U.S. tax purposes, an acquisition by the Sub-Fund of the Investee Company's debt at a discount to the adjusted issue price of such debt may result in the Investee Company recognising cancellation of indebtedness income and the Sub-Fund being required to treat the discount as "original issue discount" (rather than "market discount"), resulting in phantom income to the Shareholders. It is possible that the Investment Manager may decide not to acquire such debt in order to avoid the adverse tax consequences.

It is possible that Morgan Stanley or an Affiliated Investment Account will invest in a company that is or becomes a competitor of an Investee Company of the Sub-Fund. Such investment could create a conflict between the Sub-Fund, on the one hand, and the Affiliated Investment Account, on the other hand. In such a situation, Morgan Stanley may also have a conflict in the allocation of its own resources to the Investee Company. In addition, certain Affiliated Investment Accounts will be focused primarily on investing in other funds which may have strategies that overlap and/or directly conflict and compete with the Sub-Fund.

Although it is expected that any co-investments made by the Sub-Fund and Morgan Stanley or an Affiliated Investment Account in the same instruments at the same time will generally be disposed of in substantially the same proportion, and on substantially the same terms, subject to legal, tax, regulatory or other considerations, there can be no assurance that the interests in an Investee Company held by the Sub-Fund will be harvested on as favourable terms as the interests in such Investee Company held by Morgan Stanley or an Affiliated Investment Account. Further, the disposal by Morgan Stanley or an Affiliated Investment Account may depress the market value of the continuing investment of the Sub-Fund or may reduce the price available to the Sub-Fund, which may also be disposing of such investment.

It should be noted that Morgan Stanley has, directly or indirectly, made large investments in certain of its Affiliated Investment Accounts, and accordingly, Morgan Stanley's significant investment in the Sub-Fund may not be a determining factor in the outcome of any of the foregoing conflicts.

Nothing in this Supplement, the Prospectus or in the Articles of Association precludes, restricts or in any way limits the activities of Morgan Stanley, including its ability to buy or sell interests in, or provide financing to, equity and/or debt instruments, funds, or Investee Companies, for its own accounts or for the accounts of Affiliated Investment Accounts or other investment funds or clients.

**Risks Relating to Investment Decisions.** Where the Sub-Fund, on the one hand, and any Affiliated Investment Accounts, on the other hand, participate (or intend to participate) in the same investment, the Investment Manager may determine to make different investment management decisions (i.e., sale, disposition, additional investment and other decisions) with respect to each fund due to differences in their investment mandates, commitment periods, terms or other considerations. As a result, investment decisions by the Investment Manager with respect to each fund's investment in a common Investee Company, including the timing of sales, may be made independently, which may result in different rates of return and profit and loss on the investment and adverse consequences for the Sub-Fund or such Investee Company. Alternatively, as a result of the funds' co-investment in a common Investee Company, it may be difficult, impractical or costly for the Investment Manager to dispose of an investment on behalf of one fund but not on behalf of the other fund. As a result, the Investment Manager may be incentivised to accelerate or delay the sale, disposition or restructuring of an investment, which may have an adverse effect on the returns to the Sub-Fund. Further, the Sub-Fund may hold a minority interest in an Investee Company in which an Affiliated Investment Account owns a majority interest, and the Sub-Fund could be adversely affected in the context of restructuring and / or recapitalisation transactions with respect to such Investee Company.

**Allocation of Investment Opportunities; Other Investment Activities of Morgan Stanley.** The allocation of investment opportunities to the Sub-Fund will be in the discretion of the Investment Manager. Certain Affiliated Investment Accounts have the right or may be given the opportunity to invest alongside the Sub-Fund and / or Morgan Stanley in certain investments made by the Sub-Fund and / or Morgan Stanley. Such Affiliated Investment Accounts may include one or more Morgan Stanley-managed co-invest entities comprised of investors of the Sub-Fund, investors in certain Affiliated Investment Accounts and / or third-party investors, in each case, that are formed or have mandates to invest alongside the Sub-Fund, certain Affiliated Investment Accounts and / or Morgan Stanley.

The Investment Manager may establish sharing percentages between the Sub-Fund and Affiliated Investment Accounts from time to time with respect to certain investments or types of investments. The Investment Manager will have substantial discretion in applying any such sharing percentages, the Investment Manager may have a conflict of interest in making such determinations and such targeted sharing percentages might result in the Sub-Fund not being fully invested. The Investment Manager will have the right to change any such targeted sharing percentages at any time and from time to time. In addition, based on various considerations (including, but not limited to, the concentration of investments, geography and industry-specific factors), the Investment Manager may cause the Sub-Fund to invest alongside the Affiliated Investment Accounts in a ratio not indicated by any applicable targeted sharing percentage. The Investment Manager may have an incentive to cause the Sub-Fund's share of an investment to exceed the applicable targeted sharing percentage where the Investment Manager had or expects to have trouble syndicating a portion of the applicable investment opportunity to other co-investors. Conversely, the Investment Manager may have an incentive to cause the Sub-Fund's share of an investment to be less than any applicable targeted sharing percentage where the Investment Manager wants to increase participation by Affiliated Investment Accounts, other co-investors or Morgan Stanley. Additionally, for the avoidance of doubt, certain investment opportunities may be allocated fully to the Sub-Fund, with no participation by Morgan Stanley or any Affiliated Investment Accounts.

If an investment represents an “add-on” investment opportunity for Morgan Stanley, the Sub-Fund or an Affiliated Investment Account, there can be conflicts of interest, including the determination of the economic terms of the new investment. Although it is not currently contemplated, add-on investment opportunities may be available to the Sub-Fund with no existing investment in the applicable Investee Company, creating an incentive to use the assets of the Sub-Fund to support investments of the Affiliated Investment Accounts. In addition, in certain situations where the Sub-Fund holds a minority interest in a particular investment in an Investee Company, conflicts of interest in recapitalisation transactions arise between the Sub-Fund and the Affiliated Investment Accounts with existing investments in such Investee Company, on the one hand, and Affiliated Investment Accounts which have opposing interests regarding pricing and other terms, on the other hand.

No part of Morgan Stanley will be under any obligation or fiduciary or other duty to make any investments available to the Sub-Fund. Investment opportunities initially offered the Sub-Fund, or any portion thereof, in which the Sub-Fund does not participate, may be offered to the Affiliated Investment Accounts, including Morgan Stanley for its own account, investment vehicles organised to facilitate investment by Morgan Stanley’s current or former directors, partners, trustees, managers, members, officers, consultants, employees, and their families and related entities, including employee benefit plans in which they participate, all or certain investors in the Sub-Fund or the Affiliated Investment Accounts or such other persons or entities as determined by Morgan Stanley in its sole discretion, and the Sub-Fund will not receive any compensation related to any such opportunities.

**Allocation of Personnel, Services and / or Resources.** Conflicts of interest may arise in allocating time, personnel and / or resources among the investment activities of the Sub-Fund, on the one hand, and the Affiliated Investment Accounts, on the other hand.

**Diverse Interests of the Sub-Fund and Affiliated Investment Accounts.** It is expected that the Sub-Fund will, subject to applicable law, invest alongside Affiliated Investment Accounts in certain investments. The Sub-Fund and the Affiliated Investment Accounts, and their respective investors, including Morgan Stanley, may have conflicting investment and other interests with respect to the investments made, including as a result of different investment mandates and regulatory restrictions.

Conflicts of interest may arise in connection with decisions made by the Investment Manager, which may be more beneficial for the Affiliated Investment Accounts and their investors and / or Morgan Stanley, on the one hand, than for the Sub-Fund and the Shareholders, on the other hand. In addition, the amounts and types of leverage incurred by the Affiliated Investment Accounts and the Sub-Fund will be different. The terms of such leverage may require or otherwise cause the Investment Manager to seek to manage the Sub-Fund’s investments differently than the manner in which Morgan Stanley manages the Affiliated Investment Accounts’ investments and may require or cause the Sub-Fund to take or not to take actions with respect to an investment that are different than those taken by the Affiliated Investment Accounts. Such actions or inactions may adversely affect the Sub-Fund and / or the value of its investments.

The Investment Manager has broad discretion on behalf of the Sub-Fund to engage in certain transactions which may have the effect of delaying the Sub-Fund’s receipt of proceeds, foregoing and reinvesting distributions and extending investment horizons. The Investment Manager is not required to cause any Affiliated Investment Accounts to engage in any such transaction, which may materially affect the returns of the Sub-Fund relative to the Affiliated Investment Accounts. The Investment Manager also has broad discretion on behalf of the Sub-Fund to make an investment (or continue, convert or exchange an investment) in one or more Investee Companies whose debt is, prior to consummation of such transaction, held by Affiliated Investment Accounts and which such debt is being repaid as part of the transaction by which the Sub-Fund is investing (or continuing, converting

or exchanging its investment); the Investment Manager is not required to cause any Affiliated Investment Accounts to continue, convert or exchange such debt, even if the Sub-Fund does do so, which may affect the performance of the Sub-Fund, including relative to the Affiliated Investment Accounts.

It is expected that the participation of the Sub-Fund and the Affiliated Investment Accounts in investments will vary as between such entities based upon relevant legal, regulatory, tax, portfolio concentration, investment mandate and such other considerations that the Investment Manager deems appropriate. As a result, the investment portfolio, risk profile and investment returns of and fees and performance fee paid by the Affiliated Investment Accounts and the Sub-Fund will differ.

**Morgan Stanley Seed Capital.** All decisions to make any investments acquired with Morgan Stanley's seed capital will be in the discretion of the Investment Manager and subject to the approval of an Independent Person, and Shareholders will not have an opportunity to evaluate such investments or their terms. Morgan Stanley will determine, in its discretion, when to cause the Sub-Fund to use the Subscription Amounts of Shareholders to redeem such seed investment, which will affect the amount that will be paid to Morgan Stanley upon such redemption.

**Risks Relating to Warehousing of Investments and/or Seed Capital.** Prior to and / or after the First Closing Date, Morgan Stanley may, and is expected to, establish Warehouse SPV. Following the receipt of Subscription Amounts from Shareholders (or at any other appropriate time as determined by the Investment Manager in its discretion), Morgan Stanley may, in its discretion, convey the Warehouse SPV (and all of its underlying investments) to the Sub-Fund, upon which the Sub-Fund would be expected to pay an amount equal to (x) the cost of the investment or, if different, the fair value of the investment as determined by the Investment Manager in accordance with the Valuation Policy and applicable law and subject always to the final determination of the value being approved by the AIFM and (y) related expenses, including transaction expenses and expenses of conveyance. Any income or other proceeds received by Morgan Stanley with respect to the investments held in the Warehouse SPV during the period of warehousing shall, subject to applicable laws, be retained for the benefit of Morgan Stanley. Although the value of any investments within the Warehouse SPV may decline prior to the transfer of the Warehouse SPV to the Sub-Fund, admission of such investors, the Sub-Fund will be required to pay the amounts set out in (x) and (y) above. There are conflicts of interest inherent in any such transfer between affiliated parties and Shareholders. By executing the Subscription Agreement, each Shareholder will consent to the appointment of the Independent Persons to approve, on behalf of all Shareholders, any conflicts and/or transactions requiring approval under applicable laws including section 206(3) of the Advisers Act.

**Incentive Fee.** While the Incentive Fee to be received by the Incentive Fee Recipients may create an incentive for the Investment Manager to make more speculative Investments for the Sub-Fund than it would otherwise make in the absence of such performance-based fee, the existence of such an arrangement often serves to align the interests of the Investment Manager and the Shareholders, and to incentivise the Investment Manager to seek to maximise the profitability of the Sub-Fund's investments. In addition, the method of calculating the preferred return and the Incentive Fee to be received by the Incentive Fee Recipients may result in conflicts of interest between the Incentive Fee Recipients and the Shareholders with respect to the management and disposition of Investments, including the timing and sequence of such dispositions. In calculating Incentive Fee and making corresponding payments, the Investment Manager may be required by the Articles of Association or the Prospectus to provide valuations for certain of the Sub-Fund's unrealised Investments. In addition, the Investment Manager will generally value any securities being distributed in-kind to investors in order to calculate the Incentive Fee. The AIFM will be responsible for such valuations of the Investments, which will be provided by the Investment Manager. If the valuations conducted by the

Investment Manager are incorrect, the amount and the timing of payment of Incentive Fee could be incorrect. Finally, the Investment Manager and/or its Affiliates may be incentivised to allocate all or a portion of certain investment opportunities to Affiliated Investment Accounts that provide for the payment of a higher performance-based compensation and not to the Sub-Fund.

**Morgan Stanley Trading and Principal Investing Activities.** Morgan Stanley generally will conduct its sales and trading businesses, publish research and analyses, and render investment advice without regard for the Sub-Fund's holdings, although these activities could have an impact on the value of one or more Investments or could cause Morgan Stanley to have an interest in one or more Investments that is different from, and potentially adverse to, that of the Sub-Fund.

Notwithstanding anything to the contrary herein, Morgan Stanley's sales and trading, financing, and principal investing businesses (whether or not specifically identified as such and including Morgan Stanley's trading and principal investing businesses) will not be required to offer any investment opportunities to the Sub-Fund. These businesses may encompass, among other things, principal trading activities as well as principal investing.

Morgan Stanley's sales and trading, financing, and principal investing businesses have acquired or invested, and in the future may acquire or invest, in minority and/or majority control positions in equity or debt instruments of diverse public and/or private companies. Such activities may put Morgan Stanley in a position to exercise contractual, voting, or creditor rights, or management or other control with respect to securities or loans of Investee Companies or other issuers, and in these instances, Morgan Stanley may, in its discretion, act to protect its own interests or interests of clients, and not the interests of the Sub-Fund.

Subject to the investment limitations set forth in the Articles of Association, the Sub-Fund may purchase from or sell to, or make Investments in, companies in which Morgan Stanley has or may acquire an interest, including as an owner, creditor, or counterparty.

**Commodities and Global-Structured Products.** Morgan Stanley's commodities business will not be required to offer any investment opportunity to the Sub-Fund. This business includes or may include in the future (but is not limited to) the ownership (whether directly or indirectly, in whole or in part), financing, hedging, trading, production, storage and delivery of various types of commodities and commodity-related products and commodity-related assets, including, without limitation, energy (power and capacity), coal, emissions, oil and its by-products, natural gas, metals and minerals, agricultural products, wind-powered energy, renewables, biodiesels, shipping, transmission, port and storage facilities, conversion facilities or any associated land or other facilities and generation.

Morgan Stanley's global-structured products business will not be required to offer any investment opportunity to the Sub-Fund. This business is a joint venture among Morgan Stanley's investment banking, fixed income and consolidated equities divisions that pursues structured tax-advantaged transactions primarily on behalf of Morgan Stanley.

**Morgan Stanley's Restructuring Activities.** Morgan Stanley may be engaged to act as financial adviser to financially troubled companies in connection with the restructuring of their capital structures or in connection with their bankruptcy. Morgan Stanley's compensation for such activities is generally based upon the successful completion of a restructuring, which may include raising funds for the purchase of existing securities or for an equity infusion. If the Sub-Fund were invested in such a company, certain conflicts of interest would be inherent in the situation, including those involved in negotiation of a purchase price.

**Morgan Stanley's Loan Syndication and Administration Activities.** Morgan Stanley is engaged in the business of making, underwriting, administrating, and syndicating senior and other loans to corporate and other issuers, which may include issuers in which the Sub-Fund has invested or will consider investing. The Sub-Fund may, and is expected to, invest in transactions in which Morgan Stanley acts as arranger or administrative agent for, and receives fees from, such issuers. Any fees earned by Morgan Stanley as an administrative agent or arranger of loans will not be shared with the Sub-Fund. If the Sub-Fund were to purchase loans from Morgan Stanley or participate in loans arranged or administrated by Morgan Stanley, or Morgan Stanley were to receive a fee from an issuer for placing loans (or participation interests therein) with the Sub-Fund, or for acting as administrative agent with respect to such loans, certain conflicts of interest, in addition to the receipt of fees, would be inherent in the transaction. For example, Morgan Stanley as administrative agent or arranger may be exposed to liabilities to purchasers of loans or participation interests therein (including the Sub-Fund) and others in connection with the services it renders in such capacities and its defence of such liabilities could, and is expected to, result in it taking actions in its own interests that are contrary to the interests of purchasers of loans or participation interests therein, which may include the Sub-Fund. Moreover, the interests of Morgan Stanley or one of Morgan Stanley's clients with respect to an issuer of a loan (or participation interest therein) could be adverse to the best interests of the Sub-Fund in its capacity as a holder of all or a portion of such loan (or participation interests therein). To the extent the Sub-Fund holds loans (or participation interests therein) with respect to which Morgan Stanley acts as arranger or administrative agent, the Investment Manager and Morgan Stanley may be presented with decisions where the interests of the Sub-Fund, on the one hand, and the interests of Morgan Stanley or the issuer of such loans, on the other hand, are in conflict, including decisions about what actions should be taken upon default or breach and whether to enforce or pursue claims. If the issuer becomes distressed or if the issuer or Morgan Stanley defaults on its obligations or makes an error under the relevant loan agreement (or the administration agreement relating thereto), Morgan Stanley may have conflicting loyalties between its own interests, the interests of the issuer and the interests of the Sub-Fund. In that regard, actions might be taken by Morgan Stanley that are adverse to the Sub-Fund, or the Investment Manager might cause the Sub-Fund to take certain actions that it would not take if Morgan Stanley were not the arranger or administrative agent on the relevant loan, which action or failure to act could have the effect of benefiting Morgan Stanley while being adverse to the Sub-Fund. Morgan Stanley, in its capacity as arranger or administrative agent, will be acting solely for itself or its other clients and in such capacity is permitted and expected to act in its own best interests or in the best interests of such clients (or otherwise prioritise such interests) and will have no obligation to act in the best interests of the Sub-Fund or the Shareholders (or otherwise prioritise such interests).

To facilitate the Sub-Fund's investment in private credit instruments of Investee Companies for which Morgan Stanley is acting as an arranger or administrative agent, the Board of Directors is permitted (but not required) to seek Shareholder or other independent third-party approval or review in connection with certain of the conflicts of interest inherent in such transactions or with respect to any proposed action or inaction, with any such approval constituting approval of the Sub-Fund on behalf of all Shareholders for any conflict or course of action/inaction so approved. For the avoidance of doubt, in lieu of or in addition to the foregoing, the Board of Directors is permitted (but not required) to cause the Sub-Fund to follow the actions (including inaction) of one or more holders of the applicable private credit instrument that are unaffiliated with Morgan Stanley, and each Shareholder acknowledges that such course of action or inaction shall be a satisfactory resolution of the aforementioned conflict of interest.

Moreover, Morgan Stanley is permitted and expected to take (or refrain from taking) certain actions that affect the Sub-Fund (or its Investee Companies) as a result of Morgan Stanley's reputation in the marketplace and relationships with other Persons, and the Investment Manager is entitled to determine in its sole discretion whether or not to take certain actions on behalf of the Sub-Fund in

order to protect or preserve Morgan Stanley's reputation. As a result, there might be certain rights or activities that the Investment Manager will not undertake on behalf of the Sub-Fund (including in connection with distressed or adverse situations involving an Investee Company), even if such actions would be in the Sub-Fund's best interests.

**Principal Investments.** There may be situations in which the interests of the Sub-Fund in Investments may conflict with the interests of one or more general accounts of Morgan Stanley and its Affiliates or accounts managed by Morgan Stanley or their Affiliates. This may occur because these accounts hold public and private debt and equity securities of a large number of issuers which may be or become Investee Companies, or from whom Investments may be acquired. The Board of Directors believes that the participation of Morgan Stanley in the capital markets is a significant factor in ensuring the Board of Directors' continuing access to new transactions for investment by the Sub-Fund and that this participation is believed by the Board of Directors to be, on balance, beneficial to the Sub-Fund.

**Other Affiliate Transactions.** In connection with selling Investments by way of a public offering, Morgan Stanley may act as the managing underwriter or a member of the underwriting syndicate on a firm commitment basis and purchase securities from the Sub-Fund. Morgan Stanley also may, on behalf of the Sub-Fund, effect transactions, including transactions in the secondary markets where Morgan Stanley is also acting as a broker or other advisor for the Sub-Fund or on the other side of the same transaction. Morgan Stanley may receive commissions from such agency cross-transactions and has a potential conflict of interest regarding the Sub-Fund and the other parties to those transactions. The Board of Directors will approve any such transactions in which Morgan Stanley acts as an underwriter, as broker for the Sub-Fund, or as broker or advisor on the other side of a transaction with the Sub-Fund or bunches or aggregates transactions with others only where it believes in good faith that such transactions are appropriate for the Sub-Fund and, by executing the Articles of Association, an investor will consent to all such transactions, along with the other transactions involving conflicts of interest described in this Supplement and Prospectus, to the fullest extent permitted by law. In addition, from time to time, the Investment Manager may seek to effect a purchase or sale of an investment between the Sub-Fund and one or more other Affiliated Investment Accounts (for example, where such investment is bridged by an Affiliated Investment Account). Such transactions will generally not require the consent of the Sub-Fund under applicable law and, accordingly, the Investment Manager may cause such transactions to be effected without such prior consent.

Mitsubishi UFJ Financial Group ("**MUFG**") is one of the major shareholders of Morgan Stanley. Morgan Stanley and MUFG have agreed to pursue a global strategic alliance and have identified numerous areas of collaboration, including asset management, capital markets and corporate and retail banking. While the Sub-Fund may transact business with MUFG and its Affiliates, such transactions will be on an arm's-length basis.

**Financial Interests of Morgan Stanley Personnel May Incentivize Morgan Stanley Personnel to Promote the Sale of Shares in the Sub-Fund.** Morgan Stanley Wealth Management ("**MSWM**") and certain of its Affiliates may assist in the placement of Shares in the Sub-Fund (in such capacity, the "**Affiliated Placement Agents**"). Each Investor that purchases Shares through an Affiliated Placement Agent may receive additional disclosures from the Affiliated Placement Agent regarding services provided by the Affiliated Placement Agent and the fees received by the Affiliated Placement Agent and/or their salespersons (i.e., financial advisors and private wealth advisors) in connection with the sale of Shares in the Sub-Fund, and should review such disclosures carefully prior to making an investment in the Sub-Fund. The prospect of receiving, or the receipt of, additional compensation by the Affiliated Placement Agents may provide such Affiliated Placement Agents and/or their salespersons (i.e., financial advisors and private wealth advisors) with an incentive to favour sales of

Shares in the Sub-Fund and interests in funds whose Affiliates make similar compensation available over sales of interests in funds (or other fund investments) with respect to which the Affiliated Placement Agent does not receive additional compensation, or receives lower levels of additional compensation.

In addition, the Investment Manager will seek to source certain investment opportunities from MSWM's network of financial advisors and private wealth advisors, who will be compensated for sourcing an Investment that is ultimately consummated by the Sub-Fund. A financial advisor or private wealth advisor, therefore, may be compensated for both a sale of Shares in the Sub-Fund and for sourcing an Investment. Sufficient capital from the sale of Shares in the Sub-Fund is required for such Investments to be consummated, and, therefore, financial advisors and private wealth advisors who may receive compensation for sourcing Investments have an incentive to promote sales of Shares in the Sub-Fund and have an incentive to source Investments regardless of the expected performance of such Investments.

Prospective investors should take such payment arrangements into account when considering and evaluating any recommendations related to Shares in the Sub-Fund.

**Non-Public Information.** It is expected that confidential or material non-public information regarding an Investee Company or potential investment opportunity may become available to Morgan Stanley. If such information becomes available to Morgan Stanley, the Sub-Fund may be precluded (including by applicable law or internal policies or procedures) from pursuing an investment or exit opportunity with respect to such Investee Company or investment opportunity. In addition, as a result of Morgan Stanley's policies regarding disclosure of security holdings of Morgan Stanley and its Affiliated Investment Accounts, the Sub-Fund may dispose of an investment sooner than desired or take another action with respect to such investment. Morgan Stanley may also from time to time be subject to contractual "stand-still" obligations and/or confidentiality obligations that may restrict its ability to trade in certain Investments on behalf of the Sub-Fund. In addition, Morgan Stanley may be precluded from disclosing such information to the Board of Directors or any member of the investment team, even in circumstances in which the information would benefit the Sub-Fund if disclosed. Therefore, the Board of Directors may not be provided access to material non-public information in the possession of Morgan Stanley that might be relevant to an investment decision to be made by the Sub-Fund, and the Sub-Fund may initiate a transaction or sell an investment that, if such information had been known to it, may not have been undertaken. In addition, certain members of the investment team and the investment committee may be recused from certain investment-related discussions, including investment committee meetings, so that such members do not receive information that would limit their ability to perform functions of their employment with Morgan Stanley unrelated to the Sub-Fund. Furthermore, access to certain parts of Morgan Stanley may be subject to third-party confidentiality obligations and to information barriers established by Morgan Stanley in order to manage potential conflicts of interest. Accordingly, the Sub-Fund's ability to source investments from other business units within Morgan Stanley may be limited and there can be no assurance that the Sub-Fund will be able to source any investments from any one or more parts of the Morgan Stanley network.

**Morgan Stanley's Investment Banking Activities.** Morgan Stanley advises clients on a variety of mergers, acquisitions, and financing transactions. Morgan Stanley may act as an advisor to clients, including other investment funds that may compete with the Sub-Fund, with respect to investments in opportunities in which the Sub-Fund invests. Morgan Stanley may give advice and take action with respect to any of its clients or proprietary accounts that may differ from the advice given or may involve a different timing or nature from action taken, by the Sub-Fund. Morgan Stanley may give advice and provide recommendations to persons competing with the Sub-Fund and/or any Investee Company that are contrary to the Shares of the Sub-Fund and/or any Investee Company.

Morgan Stanley could be engaged in financial advising, whether on the buy-side or sell-side, or in financing or lending assignments that result in Morgan Stanley's determining in its discretion or being required to act exclusively on behalf of one or more third parties, which could limit the Sub-Fund's ability to transact with respect to one or more existing or potential Investee Companies. Alternatively, there could be buy-side or sell-side assignments in which the buyer or seller permits the Sub-Fund to act as a participant in the transaction. In such cases, certain conflicts of interest would be inherent, including those involved in negotiating a purchase price. Morgan Stanley may have relationships with or advise third-party funds, companies or investors who may have invested in or may look to invest in Investee Companies, and there could be conflicts between the interests of the Sub-Fund, on the one hand, and the interests of a Morgan Stanley client or counterparty, on the other hand. From time to time, Morgan Stanley's investment banking professionals may introduce to the Sub-Fund a client that requires financing to complete an acquisition transaction. If the Sub-Fund pursues the resulting investment, Morgan Stanley could have a conflict in its representation of the client over the price and terms of the Sub-Fund's investment.

Morgan Stanley has long-term relationships with a significant number of companies and their senior management. In determining whether to pursue a particular transaction on behalf of the Sub-Fund, these relationships will be considered by Morgan Stanley, and there may be certain potential transactions that will or will not be pursued on behalf of the Sub-Fund in view of such relationships.

To the extent that Morgan Stanley advises creditor or debtor companies in the financial restructuring of companies either prior to or after filing for protection under chapter 11 of the U.S. Bankruptcy Code or similar laws in other jurisdictions, the Board of Directors' flexibility in making investments in such restructurings on behalf of the Sub-Fund may be limited.

Morgan Stanley could provide investment banking services to competitors of Investee Companies as well as to other private equity funds; such activities may present Morgan Stanley with a conflict of interest vis-à-vis the Sub-Fund's investment and may also result in a conflict in respect of the allocation of investment banking resources to Investee Companies.

The Sub-Fund and the Investee Companies may engage Morgan Stanley to perform investment banking services, including advice on valuing, structuring, negotiating, and arranging financing for certain transactions, and Morgan Stanley may also earn fees in connection with unconsummated transactions. In such situations, Morgan Stanley will generally receive fees based on the prevailing market rates for such services upon the consummation of the investment banking transaction for which it was retained. Morgan Stanley will not share these fees with the investment team, the Sub-Fund, or the Shareholders. Accordingly, Morgan Stanley may be paid fees from an Investee Company before the Sub-Fund receives a return on its investment in the Investee Company, and such fees will not generally vary based on the success of the Sub-Fund's investment. Other compensation may include warrants to purchase an equity interest or other securities in the Investee Company for which the transaction is being undertaken. Morgan Stanley may also make interest-bearing loans to the Sub-Fund and Investee Companies and may act as agent in connection with the placement or syndication of their indebtedness. In addition, the Sub-Fund may pay fees to Morgan Stanley for audit, tax, accounting, legal and administrative services provided to the Sub-Fund (at rates rendered on an arms-length basis, as determined in good faith by the Board of Directors). Morgan Stanley may also provide a broad range of financial services to Investee Companies in which the Sub-Fund has (or is considering making) an Investment, including strategic and financial advisory services, interim acquisition financing and other lending and underwriting or placement of securities, and Morgan Stanley generally will be paid fees (that may include warrants or other securities) for such services. Morgan Stanley will not share any of the foregoing interest, fees and other compensation received by it (including, for the avoidance of doubt, amounts received by the Investment Manager) with the Sub-

Fund or the Shareholders, and neither the Management Fee nor the Incentive Fee payable by or on behalf of the Sub-Fund and any Shareholder will be reduced thereby.

Morgan Stanley may be engaged to act as a financial advisor to a company in connection with the sale of such company, or subsidiaries or divisions thereof, may represent potential buyers of businesses through its mergers and acquisition activities and may provide lending and other related financing services in connection with such transactions. Morgan Stanley's compensation for such activities is usually based upon realised consideration and is usually contingent, in substantial part, upon the closing of the transaction. The Sub-Fund may be precluded from buying or participating in a loan to the company being sold if the seller has required Morgan Stanley to act exclusively on its behalf. Additionally, there may be seller assignments in which the seller permits the Sub-Fund to act as a participant in the purchase of the company. In that case, certain conflicts of interest would be inherent in the situation, including those involved in negotiating a purchase price. If a Morgan Stanley Affiliate serves as underwriter with respect to an Investee Company's securities, the Sub-Fund may be subject to a "lock-up" period following the offering under applicable regulations during which time its ability to sell any Investments that it continues to hold would be restricted. This may prejudice the Sub-Fund's ability to dispose of its Investments at an opportune time.

Morgan Stanley may derive ancillary benefits from providing any such services to the Sub-Fund and/or an Investee Company and providing such services may enhance Morgan Stanley's relationships with various parties, facilitate additional business development and enable Morgan Stanley to obtain additional business and generate additional revenue. In addition, Morgan Stanley may derive ancillary benefits from certain decisions made by the Board of Directors and/or the Investment Manager. While the Board of Directors and the Investment Manager will make decisions for the Sub-Fund in accordance with their obligations to manage the Sub-Fund appropriately, the fees, allocations, compensation and other benefits to Morgan Stanley (including benefits relating to business relationships of Morgan Stanley) arising from those decisions may be greater as a result of certain portfolio, investment, service provider or other decisions made for the Sub-Fund than they would have been had other decisions been made, which also might have been appropriate for the Sub-Fund. Morgan Stanley will not share any of the interest, fees and other compensation discussed herein received by it (including, for the avoidance of doubt, amounts received by the Investment Manager, other than as specifically set herein and in the Articles of Association or the Management Agreement) with the Sub-Fund or the Shareholders, and neither the Management Fee or the Incentive Fee payable by or on behalf of the Sub-Fund and any Shareholder will be reduced thereby.

**Morgan Stanley's Investment Management Activities.** Morgan Stanley conducts a variety of investment management activities, including sponsoring investment funds registered under the Investment Company Act subject to its rules and regulations. Such activities also include managing assets of pension funds that are subject to federal pension law and its regulations. Such activities are generally restricted to investments in publicly traded securities but may present conflicts if the Sub-Fund pursues an investment in, or if one of the Investee Companies seeks to acquire or merge with, a public company in which Morgan Stanley's investment management clients and investment companies have previously invested.

**Morgan Stanley's Marketing Activities.** Morgan Stanley is engaged in the business of underwriting, syndicating, brokering, administering, servicing, arranging, and advising on the distribution of a wide variety of alternative structured products and other securities in which the Sub-Fund may invest, including, without limitation, royalty-backed bonds and royalty sales, tax receivable agreements, index dividend swaps, synthetic performing loan securitisations, CLOs and CMBS. The Sub-Fund may invest in transactions in which Morgan Stanley acts as underwriter, placement agent, syndicator, broker, administrative agent, servicer, advisor, arranger, or structuring agent and receives fees or other compensation from the sponsors of such products or securities.

Without limiting the generality of the foregoing, in light of the Sub-Fund's investment strategy, it is anticipated that a portion of the Sub-Fund's investments will be sourced from various Morgan Stanley business units, including in particular, but without limitation, the Institutional Securities Group (which includes Investment Banking, Sales & Trading, and Global Capital Markets) ("ISG"). It is expected that in many instances, ISG may serve as an advisor (or other capacity) to or will otherwise represent the counterparty in the transaction and will not act on behalf of the Sub-Fund, although in other instances, ISG may serve as a broker to both the counterparty and the Sub-Fund. Some of the roles in which ISG may serve include the following, among others:

- (i) **Referral Only:** In a referral only situation, ISG may refer or introduce the counterparty to the Sub-Fund in respect of the potential transaction. ISG would not serve in any advisory capacity and would not receive compensation from the counterparty in respect of the referral or introduction, but may receive compensation (e.g., a finder's fee) from the Sub-Fund. The Board of Directors, on the Sub-Fund's behalf, would negotiate the terms of the transaction directly with the counterparty without any involvement from ISG.
- (ii) **Club Deal:** In a "club deal," ISG may serve as an advisor or placement agent, underwriter or arranger to the counterparty and would assist the counterparty in undertaking a transaction process involving multiple potential investors, including the Sub-Fund. The Sub-Fund would participate alongside other investors and in most instances would not serve as the lead negotiator of the investment terms. It is expected that ISG would receive a fee from the counterparty in respect of the consummation of the transaction, including in respect of any investment made by the Sub-Fund.
- (iii) **Divestiture:** In a divestiture situation, ISG may serve as an advisor to either the buyer or the seller in the transaction in respect of which a divestiture of a subsidiary or asset of either the buyer or the seller would be required for regulatory or other similar reasons (e.g., antitrust). In this situation, the Sub-Fund may purchase or otherwise invest in the subsidiary or asset being divested and, in most instances, the Board of Directors would negotiate the terms of the transaction with either the counterparty divesting the subsidiary or asset or a co-advisor to ISG (if any), rather than directly with ISG. ISG would be expected to receive a fee in respect of the overall M&A transaction and may receive additional compensation in respect of the divestiture.
- (iv) **Difficult Capital Raise:** In a difficult capital raise, ISG may serve as an advisor, placement agent, underwriter, arranger, and/or bookrunner, to the counterparty in respect of a capital raise that encounters some difficulty (e.g., the counterparty becomes distressed during the book-build). In this situation, the Sub-Fund would be invited to participate in the financing and the Board of Directors would negotiate the terms of the financing directly with ISG or the counterparty. ISG would be expected to receive a fee from the counterparty in respect of the consummation of the transaction.

The situations described above are provided for illustrative purposes to describe some of the types of situations, and actual or potential conflicts, that the Sub-Fund may encounter in connection with its investment activities sourced from Morgan Stanley. However, there can be no assurance that the investment team will be successful in identifying Investments similar to the ones described above or that the Sub-Fund will be able to source Investments from other businesses within Morgan Stanley. To the extent that the Sub-Fund does pursue Investments similar to those described above, Shareholders should be aware that potential and actual conflicts of interest between Morgan Stanley and/or any of its clients, on the one hand, and the Sub-Fund, on the other hand, may exist and others may arise. By executing its Subscription Agreement, an investor will be deemed to consent (including, without limitation, for purposes of Section 206(3) of the Advisers Act) to all such transactions, along with the other transactions involving conflicts of interest described in this Supplement and Prospectus,

to the fullest extent permitted by law. To mitigate any actual or potential conflicts of interest in connection with transactions sourced from Morgan Stanley, the Board of Directors may, but shall not be required, unless required by applicable law, take any of the following steps, among others: (1) implement policies and procedures designed to conform with applicable rules and regulations governing affiliated transactions, or (2) seek the consent of the requisite vote of the Shareholders as the Board of Directors may determine in its sole discretion. See also “—Other Affiliate Transactions” above.

**Conflicts with Investee Companies.** Officers and employees of the Investment Manager or Morgan Stanley may serve as directors of certain Investee Companies and, in that capacity, will be required to make decisions that they consider to be in the best interest of the Investee Company. In certain circumstances, for example in situations involving bankruptcy or near insolvency of the Investee Company, actions that may be in the best interests of the Investee Company may not be in the best interests of the Sub-Fund, and vice versa. In addition, the possibility exists that the companies with which one or more members of the investment team or other employees of Morgan Stanley are involved could engage in transactions that would be suitable for the Sub-Fund, but in which the Sub-Fund might be unable to invest. Accordingly, in these situations, there may be conflicts of interests between such person’s duties as an officer or employee of the Investment Manager or Morgan Stanley and such person’s duties as a director of the Investee Company.

Morgan Stanley may invest on behalf of itself and/or its Affiliated Investment Accounts in an entity that is a competitor of an Investee Company or that is a service provider, supplier, customer, or other counterparty with respect to an Investee Company. In providing advice and recommendations to, or with respect to, such Investee Companies, and in dealing in their securities on behalf of itself or such Affiliated Investment Accounts, to the extent permitted by law, Morgan Stanley will not take into consideration the best interests of the Sub-Fund, its Investments and/or Investee Companies. Accordingly, such advice, recommendations and dealings may result in adverse consequences to the Sub-Fund, its Investments and/or its Investee Companies. Conflicts of interest may also arise with respect to the allocation of Morgan Stanley’s time and resources between such Investee Companies. In addition, in providing services to such Investee Companies, Morgan Stanley may come into possession of information that it is prohibited from acting on (including on behalf of the Sub-Fund) or disclosing, even though such action or disclosure would be in the best interests of the Sub-Fund. To the extent not restricted by confidentiality requirements or applicable law or otherwise, Morgan Stanley may apply experience and information gained in providing services to Investee Companies to provide services to competing entities invested in by Morgan Stanley or Affiliated Investment Accounts, which may have adverse consequences for the Sub-Fund. See also “—Non-Public Information” above.

**Transactions with Investee Companies of Affiliated Investment Accounts.** Investee Companies may be counterparties to or participants in agreements, transactions or other arrangements with Investee Companies or other entities of portfolio investments of Affiliated Investment Accounts (for example, an Investee Company may retain a company in which an Affiliated Investment Account invests to provide services or may acquire an asset from such company or vice versa). Certain of these agreements, transactions and arrangements involve fees, servicing payments, rebates and/or other benefits to Morgan Stanley or its Affiliates. For example, Investee Companies may, including at the encouragement of Morgan Stanley, enter into agreements regarding group procurement and/or vendor discounts. Morgan Stanley and its Affiliates may also participate in these agreements and may realise better pricing or discounts as a result of the participation of Investee Companies. Certain of these agreements may provide for commissions or similar payments and/or discounts or rebates to be paid to a portfolio entity of an Affiliated Investment Account, and such payments or discounts or rebates may also be made directly to Morgan Stanley or its Affiliates. Under these arrangements, a particular Investee Company or other entity may benefit to a greater degree than the other

participants, and the Morgan Stanley funds, investment vehicles and accounts (which may or may not include the Sub-Fund) that own an interest in such entity will receive a greater relative benefit from the arrangements than the Morgan Stanley funds, investment vehicles or accounts that do not own an interest therein. Fees and compensation received by portfolio companies of Affiliated Investment Accounts in relation to the foregoing will not be shared with the Sub-Fund or offset against Management Fees or Incentive Fee distributions payable by the Sub-Fund.

**Diverse Membership; Relationships with Shareholders.** The Shareholders of the Sub-Fund are expected to include persons or entities, which may have conflicting investment, tax, and other interests in respect of their investments in the Sub-Fund. The conflicting interests of individual partners may relate to or arise from, among other things, the nature of Investments made by the Sub-Fund, the structuring of the acquisition of Investments, the purchase by the Sub-Fund of assets from an Investee Company where certain Shareholders did not participate in such Investment, and the timing of disposition of investments. Such structuring of Investments and other factors may result in different returns being realised by different Shareholders. As a consequence, conflicts of interest may arise in connection with decisions made by the Investment Manager, including in respect of the nature or structuring of investments, that may be more beneficial for one Shareholder than for another Shareholder, especially in respect of Shareholders' individual tax situations. In addition, the Sub-Fund may make investments that may have an adverse impact on related investments made by the Shareholders in other transactions. In selecting and structuring investments appropriate for the Sub-Fund, the Board of Directors will consider the investment and tax objectives of the Sub-Fund and its Shareholders as a whole, instead of the investment, tax, or other objectives of a single Shareholder. Certain Shareholders may be significant or long-standing clients of Morgan Stanley's investment management or securities businesses. Morgan Stanley will consider these relationships in its dealings with the Sub-Fund.

**Amendments.** The terms governing the Articles of Association and the Prospectus may generally be amended with the approval of the Board of Directors and the Shareholders holding the required majority of Shares, subject to the non-objection of the CSSF. Such amendments may include changes to the Sub-Fund's investment objectives, investment restrictions and other limitations. In addition, certain terms, including affiliate transaction restrictions, may be waived with the approval of the Board of Directors, to the extent permitted under the Prospectus and applicable laws. Shareholder consent may be granted despite the objection of a large minority in interest of the Shareholders. Any such amendment or waiver may be considered adverse by the Shareholders who did not support the amendment or waiver.

**Syndication.** The Sub-Fund may, on a recurring or ad hoc basis, consummate an Investment with the expectation that a portion of the interests therein (which may be substantial relative to the portion of the applicable Investment that the Sub-Fund will ultimately hold) will later be re-allocated to co-investors or sold (or "syndicated") to third-party investors (which may include Affiliated Investment Accounts) (within a reasonable period of time after consummating such co-investment, and generally at a price equal to the sum of (i) the Sub-Fund's acquisition cost for the transferred portion of such co-investment, including any allocable expenses relating thereto (based on the amount syndicated relative to the amount retained by the Sub-Fund) and (ii) interest on such amount from the closing date of such co-investment by the Sub-Fund through the transfer date to such certain participating persons at a rate at least equal to the Sub-Fund's cost of funds, for the period of time during which such transferred portion was funded by borrowing by the Sub-Fund).

To the extent the Sub-Fund enters into an Investment or any portion thereof intended as a co-investment, there can be no assurance that the Investment Manager will be successful in reallocating or syndicating such co-investment, in whole or in part; that the reallocation or syndication of a co-investment will be consummated in a timely manner; that the reallocation or syndication will take place

on terms and conditions that are favourable to the Sub-Fund; that the Sub-Fund will seek or receive as part of the re-allocation or sale consideration interest on the amount of the initial acquisition cost of the reallocated or syndicated investment; that the Sub-Fund will obtain or retain the benefit of any income received or accrued on such Investment during the period of its ownership of the co-investment portion; that the Sub-Fund will generate a positive net return on such investment from the co-investment or syndication participants; that the consideration received by the Sub-Fund in respect of the reallocation or syndication of such Investment will reflect the value of any such Investment as of the date of the reallocation or syndication; that expenses incurred by the Sub-Fund (including any borrowing costs and out-of-pocket expenses) with respect to such co-investment or syndication will ultimately be borne by or shared by co-investment or syndication participants; or that expenses incurred by the Sub-Fund with respect to such co-investment or syndication will not be substantial. There may be situations where the Sub-Fund may not be able to require co-investors to pay all or their share of the expenses incurred by the Sub-Fund with respect to such co-investment or syndication. Factors outside the Sub-Fund's control will impact when certain investments are able to be re-allocated or syndicated, which may affect the purchase price, the amount of interest/proceeds and/or carrying cost (if any) that will accrue to, and be paid to, the Sub-Fund upon such syndication or reallocation. Certain debt arrangements have restrictions on assignments and participations which may negatively impact the Sub-Fund's ability to exit from all or part of its investment or co-investment, or influence the structure and other arrangements relating to such exit or syndication. In the event that the Investment Manager is not successful in reallocating or syndicating an Investment or any portion thereof intended as a co-investment, in whole or in part, the Sub-Fund may consequently hold a greater concentration in and have a higher exposure to the relevant Investment (and the underlying borrower or Investee Company) than was initially intended. An Investment by the Sub-Fund which is not re-allocated or syndicated to co-investors or third parties as originally anticipated could significantly reduce the Sub-Fund's overall investment returns as a result of such increased concentration risk. Although co-investment or syndication participants may ultimately share in the risks and benefits of any hedging and financing transactions and other expenses and liabilities that occur prior to the re-allocation or syndication of an Investment, the Sub-Fund is directly exposed to these risks, as well as investment-related risks, prior to completing the re-allocation or syndication of an Investment.

The Sub-Fund may dispose of Investments (including in connection with the syndication of co-investments as described herein) by transferring the legal and/or beneficial title to the underlying Investment (for example, by way of assignment or transfer) or by retaining the legal and/or beneficial title to the underlying Investment and transferring only the risk or an economic interest associated with an Investment (for example, by way of sub-participation, hedging arrangement or other back-to-back contractual arrangement). In relation to sub-participations or similar arrangements, co-investors may not pay any fees to the Sub-Fund for the benefit of such arrangements. The Sub-Fund, as grantor, may also be subject to counterparty credit risk in respect of sub-participants or other counterparties in connection with such arrangements where such counterparties fail to settle at the required time, whether due to system failure, insolvency or otherwise, the amounts required to be funded by them in order for the Sub-Fund to meet its obligations under the relevant Investment, which could significantly reduce the Sub-Fund's overall investment returns.

Potential conflicts of interest may arise in dealing with any investors to whom the Sub-Fund has syndicated certain Investments, and the Investment Manager and its Affiliates may not be motivated to act solely in accordance with its functions and interests relating to the Sub-Fund. In addition, certain investors may have more information about the Sub-Fund or any particular Investment than other investors, and the Board of Directors will have no duty to ensure all investors seek, obtain or process the same information regarding the Sub-Fund and its Investments and/or portfolio entities. See also "Risk Factors and Potential Conflicts of Interest—Investments by Affiliated Investment Accounts, Affiliated Investment Programs and Morgan Stanley Businesses".

Management Fees generally will not be rebated with respect to the syndicated portion of the Investments from the date of initial acquisition through the closing of the syndication (though Management Fees will not be charged on such syndicated portion following the completion of such syndication).

**Temporary Investments in Cash Management Products.** Subject to applicable laws, the Sub-Fund may at times keep a portion of its assets in cash, cash equivalents or other short-term, high grade liquid assets, including, without limitation, government securities, commercial papers, interest bearing or overnight deposits or open-ended mutual funds that invest in government securities or repurchase agreement. Such temporary investments may be financed by entering into repurchase agreements and/or reverse repurchase agreements with the Sub-Fund's brokers or by other means. Shareholders should be aware that such temporary investments usually produce a lower return than other investments contemplated by the Sub-Fund and therefore may impact the overall performance of the Sub-Fund.

To more efficiently invest short-term cash balances held by the Sub-Fund, the Investment Manager may also invest such balances on an overnight "sweep" basis in shares of one or more money market funds or other short-term vehicles. In connection with any of these investments, the Sub-Fund will bear all fees pertaining to the investment, including advisory, administrative or 12b-1 fees, and no portion of any fees and expenses otherwise payable by the Sub-Fund will be offset against Management Fees payable in accordance with any of these investments. The Investment Manager nonetheless believes these sweep investments are in the best interests of the Sub-Fund and are made on fair and reasonable terms.

**Management of the Sub-Fund.** The members of the investment team will devote such time as the Investment Manager, in its sole discretion, deems necessary to carry out the operations of the Sub-Fund effectively. The members of the investment team and/or the investment committee may also work on projects for Morgan Stanley (including the Affiliated Investment Accounts), and conflicts of interest may arise in allocating management time, investment resources, services, or functions among such Affiliates. In particular, investors should be aware that most of the members of the Sub-Fund's investment committee have significant other responsibilities to Affiliates of the Investment Manager, will continue to be active in Affiliated Investment Accounts independent from the Sub-Fund currently in existence and may also be involved in Affiliated Investment Accounts independent from the Sub-Fund formed in the future. The agreements and arrangements among Morgan Stanley, the Sub-Fund, and the members of the investment team and/or the investment committee have been and will be established by Morgan Stanley and may not be the result of arm's-length negotiations. Certain members of the investment team and/or the investment committee are not expected to be involved in every aspect of the Sub-Fund, including in evaluating and reviewing certain types of investments made by the Sub-Fund. Morgan Stanley (including the Investment Manager, members of the investment team and members of the investment committee) is not precluded from conducting activities unrelated to the Sub-Fund.

The members of the investment team and/or the investment committee may also serve as members of the boards of directors of various companies other than Investee Companies. The possibility exists that such companies could engage in transactions which would be suitable for the Sub-Fund, but in which the Sub-Fund might be unable to invest. The members of the investment team and/or the investment committee may also enter into strategic alliances or form Affiliated Investment Accounts in the future that are independent of the Sub-Fund. Conflicts may arise as a result of such other activities.

**The Investment Committee.** The investment committee has principal responsibility for approving new investments and oversight over portfolio construction and management of existing investments. The investment committee is expected to be comprised of senior members of the investment team and other Morgan Stanley investment professionals and executives. There is no assurance that all members of the investment committee will be present at every meeting of the investment committee, or otherwise involved in all decisions of the investment committee. Most of the members of the investment committee will be involved in business activities of Morgan Stanley other than activities with respect to the Sub-Fund. Conflicts of interest may arise between Morgan Stanley or its clients on one hand, and the Sub-Fund on the other hand, including without limitation for the reasons set out in this section (*Risk Factors and Potential Conflicts of Interest*). Members of the investment committee may be affected by such conflicts of interest as a result of their other activities for Morgan Stanley. One or more members of the investment committee may recuse themselves from attendance at one or more meetings of the investment committee or from participation in certain of its activities, with a view to mitigating actual or potential conflicts of interest, even where such individual has relevant knowledge or experience with respect to the matters under consideration that would have assisted the investment committee in making its decisions. Also, a member of the investment committee may be precluded from attending, or may decide not to attend, meetings of the investment committee as a result of regulatory or other requirements affecting such individual. To the extent that one or more members of the investment committee does not participate in the meetings or activities of the investment committee for any reason, this may result in the investment committee making different decisions to those that it would have made had such member(s) participated (including, without limitation, investment decisions), which may have adverse consequences for the Sub-Fund. Conversely, a member of the investment committee may, to the extent permitted by Morgan Stanley's internal policies and applicable law, attend and participate in meetings of the investment committee notwithstanding that such individual is affected by conflicts of interest as contemplated in this paragraph. In such a case, the investment committee may reach different conclusions with respect to matters affecting the Sub-Fund (including without limitation investment decisions) than it would have reached had such member either not been affected by such conflict of interest or had recused himself or herself from participating in such decision, which may have adverse consequences for the Sub-Fund. Furthermore, the Investment Manager may change the composition of the investment committee from time to time. There can be no assurance that any replacement members of the investment committee will be of comparable experience and seniority to current members of the investment committee.

**Investments in Investments of Other Funds.** When the Sub-Fund invests in certain companies or other entities, other funds affiliated with the Investment Manager may have made or may be making an investment in such companies or other entities. Other funds that have been or may be managed by the Investment Manager may invest in the companies or other entities in which the Sub-Fund has made an investment. Under such circumstances, the Sub-Fund and such other funds may have conflicts of interest (e.g., over the terms, exit strategies and related matters, including the exercise of remedies of their respective investments). If the interests held by the Sub-Fund are different from (or take priority over) those held by such other funds, the Investment Manager may be required to make a selection at the time of conflicts between the interests held by such other funds and the interests held by the Sub-Fund.

**Credit Standing of the Sub-Fund.** The Sub-Fund will be required to establish business relationships with its counterparties based on the Sub-Fund's own credit standing. Morgan Stanley will not have any obligation to allow its creditworthiness to be used in connection with the Sub-Fund's establishment of its business relationships, nor is it expected that the Sub-Fund's counterparties will rely on the creditworthiness of Morgan Stanley in evaluating the Sub-Fund's creditworthiness.

**Legal Counsel of the Sub-Fund.** Fried, Frank, Harris, Shriver & Jacobson LLP and Fried, Frank, Harris, Shriver & Jacobson (London) LLP (“**Fried Frank**”), Arendt & Medernach SA (acting exclusively with respect to Luxembourg law matters), Walkers Ireland LLP (acting exclusively with respect to Irish law matters) and other counsel (collectively, “**Counsel**”) will act as counsel to the Sub-Fund, the Board of Directors, the AIFM and the relevant Investment Manager(s), as the case may be, in connection with the offering of Shares and other ongoing activities. Counsel may represent Morgan Stanley, the Board of Directors, the AIFM, the relevant Investment Manager(s) and their respective Affiliates from time to time in a variety of different matters. In connection with this offering of Shares and ongoing advice to the Sub-Fund, the Board of Directors, the AIFM and the relevant Investment Manager(s), Counsel will not be representing any investor absent an express agreement to the contrary with such investor. Separate counsel has not been, and it is not anticipated that separate counsel will be, engaged to act on behalf of the Shareholders. Representation by Counsel of the Sub-Fund, the Board of Directors, the AIFM, the relevant Investment Manager(s) and their Affiliates may be limited to specific matters as to which they have been instructed to advise on by such persons. There may exist other matters which could have a bearing on the Sub-Fund, the Board of Directors, the AIFM, the relevant Investment Manager(s) and/or their Affiliates as to which Counsel have not been consulted or advised of. In the event a conflict of interest or dispute arises between any Morgan Stanley entity and the Sub-Fund or any Investor, the applicable Counsel will act as counsel to such Morgan Stanley entity and not counsel to the Sub-Fund as a whole or such individual investor(s), notwithstanding the fact that, in certain cases, such Counsel’s fees are paid through or by the Sub-Fund (and therefore in effect by the investors). Counsel may be removed without the consent of, or notice to, the investors. In addition, Counsel does not (collectively or individually) undertake to monitor the compliance of the Sub-Fund, the Board of Directors, the AIFM, the relevant Investment Manager(s) and their Affiliates with the investment strategies, investment programs, valuation procedures, investment restrictions and other guidelines and terms set forth in this Prospectus and any relevant Supplement and the Articles of Association, nor does Counsel (collectively or individually) monitor compliance with applicable laws. Counsel has not investigated or verified the accuracy and completeness of information set forth in this Prospectus and any relevant Supplement, including information concerning the Sub-Fund, Board of Directors, the relevant Investment Manager, the AIFM, Morgan Stanley and their Affiliates and personnel. Counsel may also act as counsel to portfolio companies, equity sponsors of portfolio companies, other creditors of portfolio companies, or an agent therefor, a party seeking to acquire some or all of the assets or equity of a portfolio company, or a person engaged in litigation with a portfolio company. Prospective investors should seek their own legal, tax, and financial advice before making an investment in the Sub-Fund.

In the course of advising the Board of Directors, there are times when the interests of the Shareholders may differ from those of the Board of Directors and the relevant Sub-Fund(s). Counsel does not represent the Shareholders’ interests in resolving these issues.

In reviewing this Prospectus and the relevant Supplement, Counsel has relied upon information furnished to it by the Board of Directors and has not investigated or verified the accuracy or completeness of the information set forth in this Prospectus and the relevant Sub-Fund, including information concerning the relevant Sub-Fund(s), the Board of Directors, the relevant Investment Manager and their Affiliates, and personnel.

**Other present and future activities of Morgan Stanley may give rise to additional conflicts of interest.**

**THE FOREGOING LIST OF RISK FACTORS AND POTENTIAL CONFLICTS OF INTEREST DOES NOT PURPORT TO BE A COMPLETE EXPLANATION OF THE RISKS AND POTENTIAL CONFLICTS INVOLVED IN THIS OFFERING. BEFORE MAKING A DECISION TO INVEST, POTENTIAL INVESTORS SHOULD READ THEIR SUBSCRIPTION AGREEMENT AND THIS**

**SUPPLEMENT IN THEIR ENTIRETY, AND CONSULT THEIR OWN LEGAL, FINANCIAL AND TAX ADVISERS. EACH PROSPECTIVE INVESTOR SHOULD CAREFULLY CONSIDER THESE POTENTIAL CONFLICTS OF INTEREST. BY SUBSCRIBING FOR SHARE CLASSES IN THE SUB-FUND, EACH INVESTOR WILL BE DEEMED TO HAVE ACKNOWLEDGED THE EXISTENCE OF EACH SUCH ACTUAL, APPARENT AND POTENTIAL CONFLICT OF INTEREST, TO HAVE CONSENTED THERETO, TO HAVE WAIVED ANY CLAIM IN RESPECT OF THE EXISTENCE OF SUCH CONFLICT OF INTEREST AND TO HAVE ACKNOWLEDGED THAT ANY SUCH CONFLICTS OF INTEREST WILL BE RESOLVED BY MORGAN STANLEY IN ITS DISCRETION WITHOUT ANY GUARANTEE THAT ANY SITUATION INVOLVING A CONFLICT WILL BE RESOLVED IN FAVOUR OF THE FUND. OTHER PRESENT AND FUTURE ACTIVITIES OF MORGAN STANLEY MAY GIVE RISE TO ADDITIONAL CONFLICTS OF INTEREST.**

**ANNEX III  
AIFMD DISCLOSURE STATEMENT**

The AIFM has made available to Shareholders the relevant information in respect of the Sub-Fund as set out by Article 23 of Directive 2011/61/EU (the “**AIFMD**”) and the EU Regulation 2015/2365 on transparency of securities financing transactions (the “**SFTR**”) as follows (the “**AIFMD Disclosure Statement**”). This AIFMD Disclosure Statement also includes disclosures required pursuant to Regulation (EU) (2019/2088) on sustainability related disclosures in the financial services sector (“**SFDR**”). This AIFMD Disclosure Statement should be read together with the Prospectus and the contents of Annex IV (SFTR Disclosure) and Annex V (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) therein, as the context requires, and any capitalised terms not otherwise defined within this AIFMD Disclosure Statement shall adopt the meanings given to them elsewhere in this Supplement, including in the Prospectus.

| <b>AIFMD reference</b> | <b>Information to be disclosed</b>   | <b>Where disclosed to Shareholders</b>   |
|------------------------|--|--|
| Art 23(1)(a)           | Description of the investment strategy and objectives of the AIF.  | Please refer to section ( <i>Investment Objectives and Investment Strategy</i> ) of this Supplement.   |
| Art 23(1)(a)           | Information on where any master AIF is established and where the underlying funds are established if the AIF is a fund of funds. | The Sub-Fund is not a feeder fund or a fund of funds.  |
| Art 23(1)(a)           | Description of the types of assets in which the AIF may invest.  | Please refer to sections ( <i>Investment Objectives and Investment Strategy</i> ), and ( <i>Investment Limitations</i> ) of this Supplement.   |
| Art 23(1)(a)           | Description of the techniques the AIF may employ and all associated risks.   | Please refer to sections ( <i>Investment Objectives and Investment Strategy</i> ) and ( <i>Derivatives and Securities and Financing Transactions</i> ) of this Supplement, Annex II ( <i>Risk Factors and Conflicts of Interest</i> ), Annex IV ( <i>SFTR Disclosure</i> ) to this Supplement, and section <b>Error! Reference source not found.</b> ( <i>Certain Risk Considerations</i> ) of the Prospectus. |

| AIFMD reference | Information to be disclosed  | Where disclosed to Shareholders   |
|-----------------|--|---|
| Art 23(1)(a)    | Description of any applicable investment restrictions.   | Please refer to section ( <i>Investment Limitations</i> ) of this Supplement  |
| Art 23(1)(a)    | Description of the circumstances in which the AIF may use leverage, the types and sources of leverage permitted and the associated risks, any restrictions on the use of leverage and any collateral and asset reuse arrangements. | <p>Please refer to section (<i>AIFMD Leverage</i>) of this Supplement.</p> <p>The Sub-Fund's assets could potentially be subject to reuse. Restrictions on reuse of collateral will be detailed in the relevant documents related to the repurchase agreements in accordance with the requirements of applicable law and regulatory regimes. Any changes to any right of re-use of collateral will be disclosed to the Investors in accordance with the requirements of AIFMD.</p>                                |
| Art 23(1)(a)    | Description of the maximum level of leverage which the AIFM is entitled to employ on behalf of the AIF.  | Please refer to section ( <i>AIFMD Leverage</i> ) of this Supplement.   |
|                 | Information required to be disclosed pursuant to the SFTR  | Please refer to section ( <i>Derivatives and securities financing transactions</i> ) of this Supplement and Annex IV ( <i>SFTR Disclosure</i> ) to this Supplement.   |
| Art 23(1)(b)    | Description of the procedures by which the AIF may change its investment strategy or investment policy, or both.   | <p>Please refer to section <b>Error! Reference source not found.</b> (<i>Amendments</i>) of the Prospectus:</p> <p>Amendments to this Supplement (including change to the investment strategy or policy) which may adversely affect Shareholders in a material respect, as reasonably determined by the Board of Directors require one (1) month's prior notice to Shareholders in order to enable them to request, before the amendments are effective, that their Shares be redeemed in accordance with and</p> |

| AIFMD reference | Information to be disclosed   | Where disclosed to Shareholders   |
|-----------------|---|---|
|                 |   | subject to the terms contained in this Supplement, free of any Redemption Fee or other repurchase, reduction or redemption charge.  |
| Art 23(1)(c)    | Description of the main legal implications of the contractual relationship entered into for the purpose of investment, including information on jurisdiction, on the applicable law and on the existence or not of any legal instruments providing for the recognition and enforcement of judgments in the territory where the AIF is established | Please refer to sections <b>Error! Reference source not found.</b> ( <i>General Information</i> ) and <b>Error! Reference source not found.</b> ( <i>Investor Rights</i> ) of the Prospectus.   |
| Art 23(1)(d)    | Identity of the AIFM, the AIF's depositary, auditor and any other service providers and description of their duties and the Shareholders' rights.   | <p><b>AIFM:</b><br/>MSIM Fund Management (Ireland) Limited<br/>24-26 City Quay<br/>Dublin D02 NY19<br/>Ireland</p> <p><b>Investment Manager:</b><br/>Morgan Stanley Investment Management Limited<br/>25 Cabot Square, Canary Wharf<br/>London E14 4QA, United Kingdom</p> <p><b>Sub-Investment Manager</b><br/>Eaton Vance Management<br/>One Post Office Square<br/>Boston, MA 02109-2106<br/>United States</p> <p><b>Depository:</b><br/>The Bank of New York Mellon SA/NV Luxembourg Branch<br/>Vertigo Building - Polaris<br/>2-4 rue Eugène Ruppert<br/>L-2453 Luxembourg<br/>Grand-Duchy of Luxembourg</p> |

| AIFMD reference | Information to be disclosed | Where disclosed to Shareholders  |
|-----------------|-----------------------------|--|
|                 |                             | <p><b>Administrator, Registrar and Transfer Agent</b><br/> The Bank of New York Mellon SA/NV Luxembourg Branch<br/> Vertigo Building - Polaris<br/> 2-4 rue Eugène Ruppert<br/> L-2453 Luxembourg<br/> Grand-Duchy of Luxembourg</p> <p><b>Auditor:</b><br/> Deloitte Audit S.à r.l.<br/> 20, Boulevard de Kockelscheuer<br/> L - 1821 Luxembourg<br/> Grand Duchy of Luxembourg</p> <p><b>Legal Counsel:</b></p> <p>Fried, Frank, Harris, Shriver &amp; Jacobson LLP<br/> One New York Plaza<br/> New York, NY 10004<br/> United States</p> <p>Fried, Frank, Harris, Shriver &amp; Jacobson (London) LLP<br/> 100 Bishopsgate<br/> London EC2N 4AG, United Kingdom</p> <p>Arendt &amp; Medernach S.A.<br/> 41A, Avenue JF Kennedy<br/> L-2082 Luxembourg</p> <p>Walkers Ireland LLP<br/> The Exchange, George's Dock,<br/> IFSC, Dublin 1, D01 W3P9,<br/> Ireland</p> <p>The AIFM will perform the risk management function and oversight of the portfolio management function for the Sub-Fund. The AIFM is acting as Global Distributor for the Sub-Fund and may from time to time in its sole discretion appoint one or more Sub-Distributors. The AIFM is the alternative investment fund manager for the purposes of the AIFMD. The AIFM has established and maintains a risk management function in-house, which ensures compliance with the requirements of AIFMD. The AIFM is ultimately responsible for its risk management framework, which encompasses a culture of risk management principles and practices that support risk identification, measurement, monitoring, escalation</p> |

| AIFMD reference | Information to be disclosed | Where disclosed to Shareholders   |
|-----------------|-----------------------------|---|
|                 |                             | <p>and decision making. The AIFM's permanent and independent in-house risk management function is represented by the Chief Risk Officer.</p> <p>The Investment Manager (in respect of the Private Investments, the Other Liquid Assets and, where relevant, the Liquidity Investments) and the Sub-Investment Manager (in respect of the Liquidity Investments only) will have full discretion and be responsible for making portfolio management decisions for the Sub-Fund, including conducting due diligence, analysing, structuring, and negotiating potential investments, monitoring the performance of investments, incurring leverage and other indebtedness and making all investment and disposition decisions for the Sub-Fund, as well as providing certain administrative services to the Sub-Fund, subject to the supervision of the AIFM.</p> <p>The Depositary will be responsible for the functions contemplated by Article 21 of the AIFMD. Certain custody assets of the Sub-Fund (such as shares tradable on a liquid market and settled in a central securities depository) may be entrusted to the Depositary for safekeeping in accordance with the AIFMD. The Depositary may delegate custody of such assets to one or more sub-custodians. Other assets of the Sub-Fund may be held by a separate custodian. The Depositary will exercise oversight over the custody of such other assets in accordance with Article 21(8)(b) of the AIFMD.</p> <p>The Auditor will audit the financial statements of the Sub-Fund on an annual basis and deliver an audit opinion to the Sub-Fund in respect thereof.</p> <p>The Administrator will carry out all central administrative duties related to the central administration of the Sub-Fund, including calculation of the Net Asset Value. The Administrator is responsible for handling the processing of subscriptions for the Shares of the Sub-Funds, dealing with requests for redemption, accepting transfers of funds, safekeeping the Share Register and mailing documents to Shareholders.</p> <p>Legal counsel will provide the Fund and/or the AIFM with advice in respect of negotiating the terms of the Sub-</p> |

| AIFMD reference | Information to be disclosed   | Where disclosed to Shareholders   |
|-----------------|---|---|
|                 |   | <p>Fund and will draft legal documentation in respect of the Sub-Fund.</p> <p>Investors' rights against the Sub-Fund are provided for in the Articles of Association and are governed under the applicable laws of the Grand Duchy of Luxembourg. Investors do not have any direct rights against the Investment Manager, the Sub-Investment Manager, the Administrator (or any other delegates appointed by the AIFM) or the Auditor. In the event that the actions or omissions of any service provider to the Sub-Fund were to result in an adverse impact on an investor in the Sub-Fund, this may give rise to contractual rights for the Sub-Fund; however, any such rights would need to be exercised by, or for, the Sub-Fund on behalf of Investors as a whole. Investors in the Sub-Fund may have direct rights against the Depositary and the AIFM in certain circumstances for breach of statutory duty founded on the AIFMD and its implementing measures. Complaints against the AIFM may be addressed to the compliance officer at the AIFM. The AIFM is authorised and regulated by the Central Bank of Ireland at the following address: New Wapping Street North Wall Quay Dublin 1 D01 F7X3.</p> |
| Art 23(1)(e)    | Description of how the AIFM is complying with the requirements of Article 9(7) of the AIFMD.  | The AIFM covers its potential professional risks resulting from its activities as an AIFM by holding additional funds in its own account which are appropriate to cover potential liability risks arising from professional negligence.   |
| Art 23(1)(f)    | Description of any delegated management functions as referred to in Annex I by the AIFM and of any safe-keeping function delegated by the depositary, identity of the delegate and description of related conflicts of interest that may arise from such delegations. | Morgan Stanley Investment Management Ltd will be appointed by the AIFM as delegated portfolio manager with respect to all Investments and, subject to permitted sub-delegation of its management functions with respect to specific investment as further described below, will perform the day-to-day portfolio management of the portion of the Sub-Fund's investment portfolio comprising the Private Investments and Other Liquid Assets. The Investment Manager has sub-delegated the management of the portion of the Sub-Fund's investment portfolio comprising the Liquidity Investments to Eaton Vance Management. Notwithstanding such sub-delegation, the Investment Manager may also exercise certain of its portfolio  |

| AIFMD reference | Information to be disclosed   | Where disclosed to Shareholders  |
|-----------------|---|--|
|                 |   | <p>management functions and powers with respect to Liquidity Investments. Further information is set out in section (<i>Investment Manager and Sub-Investment Manager</i>) of this Supplement.</p> <p>The AIFM may decide to delegate portfolio management functions in relation to the Sub-Fund alongside or replacing the Investment Manager and/or Sub-Investment Manager to one or more entities of the Morgan Stanley group.</p> <p>The Depositary may delegate the performance of its safekeeping functions, subject to certain conditions. However, the liability of the Depositary will not be affected by the fact that it has entrusted the safekeeping function to a third party. As part of the normal course of its business, the Depositary or the safekeeping delegate 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.</p> <p>In relation to conflicts of interest, please refer to Annex II (<i>Risk Factors and Potential Conflicts of Interests</i>) to this Supplement and section <b>Error! Reference source not found.</b> (<i>Conflicts of Interest</i>) of the Prospectus.</p> |
| Art 23(1)(g)    | Description of the AIF's valuation procedure and the pricing methodology for valuing assets, including the methods used in valuing hard-to-value assets in accordance with Article 19 of the AIFMD. | Please refer to section ( <i>Valuation Methodology</i> ) of this Supplement and section <b>Error! Reference source not found.</b> ( <i>Valuation and Net Asset Calculation</i> ) of the Prospectus.  |
| Art 23(1)(h)    | Description of the AIF's liquidity risk management, including redemption rights of Shareholders, both in normal circumstances and exceptional circumstances and a description of the existing       | Please refer to section ( <i>Redemptions and Liquidity</i> ) of this Supplement and sections <b>Error! Reference source not found.</b> ( <i>Shares</i> ) and <b>Error! Reference source not found.</b> ( <i>Redemption of Shares</i> ) of the Prospectus.  |

| AIFMD reference | Information to be disclosed   | Where disclosed to Shareholders  |
|-----------------|---|--|
|                 | redemption arrangements with Shareholders.  |  |
| Art 23(1)(i)    | Description of all fees, charges and expenses and of the maximum amounts thereof which are directly or indirectly borne by Shareholders.  | <p>Please refer to section (<i>Distributor; Sub-Distributors</i>), (<i>Incentive Allocation</i>), (<i>Costs of setting up the Sub-Fund</i>), (<i>Management Fee</i>), (<i>Distribution Costs</i>), (<i>Other Costs</i>), (<i>Investment Expenses Allocation</i>) of this Supplement and section <b>Error! Reference source not found.</b> (<i>Fees and Expenses</i>) of the Prospectus.</p> <p>There is no maximum amount of fees, charges or expenses which may be borne directly or indirectly by Investors.</p> |
| Art 23(1)(j)    | Description of how the AIFM ensures a fair treatment of Shareholders and a description of any preferential treatment or the right to obtain preferential treatment obtained by any Shareholder, a description of that preferential treatment, the type of Shareholders who obtain such preferential treatment and, where, relevant, their legal or economic links with the AIF or AIFM. | Please refer to sections <b>Error! Reference source not found.</b> ( <i>General Information</i> ) and <b>Error! Reference source not found.</b> ( <i>Preferential Treatment</i> ) of the Prospectus.   |
| Art 23(1)(k)    | Latest annual report referred to in Article 22 of the AIFMD.  | No Annual Report is yet available in respect of the Sub-Fund. The first such report will be made available in accordance with section ( <i>Reporting</i> ) of this Supplement and sections <b>Error! Reference source not found.</b> ( <i>General Information</i> ) and <b>Error! Reference source not found.</b> ( <i>Reports and financial statements</i> ) of the Prospectus and made available to prospective investors upon request.  |

| AIFMD reference | Information to be disclosed  | Where disclosed to Shareholders  |
|-----------------|--|--|
| Art 23(1)(l)    | Procedure and conditions for the issue and sale of shares.   | Please refer to sections ( <i>Shares</i> ), ( <i>First Closing / Subscriptions</i> ) and ( <i>Share Classes</i> ) of this Supplement, section <b>Error! Reference source not found.</b> ( <i>Shares</i> ) of the Prospectus. |
| Art 23(1)(m)    | Latest net asset value of the AIF or the latest market price of the interests of the AIF, in accordance with Article 19 of the AIFMD.  | This information will be included in the latest Annual Report and made available to Shareholders upon request to the AIFM.   |
| Art 23(1)(n)    | Historical performance of the AIF, where available   | This information will be provided to Investors in the annual and other regular reports when available.   |
| Art 23(1)(o)    | Identity of the prime broker and a description of any material arrangements of the AIF with its prime brokers and the way the conflicts of interest in relation thereto are managed and the provision in the contract with the depositary on the possibility of transfer and reuse AIF assets. | N/A  |
| Art 23(1)(o)    | Information about any transfer of liability to the prime broker that may exist.  | N/A  |

| AIFMD reference | Information to be disclosed   | Where disclosed to Shareholders  |
|-----------------|---|--|
| Art 23(1)(p)    | Description of how and when the information required to be periodically disclosed under Article 23(4) and Article 23(5) of the AIFMD will be disclosed to Shareholders. | Please refer to section <b>Error! Reference source not found.</b> ( <i>Documents and information available</i> ) of the Prospectus.        |
| Article 23(2)   | Description of any arrangement made by the Depositary to contractually discharge itself of liability in accordance with Article 21(13) of the AIFM Directive            | The Depositary has not made any arrangement to contractually discharge itself of liability in accordance with Article 21(13) of the AIFMD. |

## **ANNEX IV SFTR DISCLOSURE**

Any type of assets that may be held by the Sub-Fund in accordance with its investment objective and policy may be subject to repurchase agreements. The maximum proportion of the Net Asset Value of the Sub-Fund that can be subject to repurchase agreements is 100%. The expected proportion of the Net Asset Value of the Sub-Fund that will be subject to repurchase agreements will be a range of 0-100%.

In accordance with the requirements of AIFMD, the AIFM and the Investment Manager are required to exercise due diligence when selecting and appointing counterparties taking into account the services provided by such counterparties. When selecting counterparties to a repurchase agreement, such counterparties must meet the conditions that they are subject to supervision by a public authority, financially sound and have an organisational structure for performing the services which are to be provided by them in respect of the Sub-Fund. Factors that may be taken into account when considering financial soundness include legal status, country of origin and any credit rating. It is anticipated that the counterparties to such repurchase agreements may be corporate entities, banks, investment firms or other financial institutions or intermediary entities (which may or may not be related to the Sub-Fund or its service providers). The Investment Manager will check that the counterparties are subject to ongoing supervision by a public authority, are financially sound and have the necessary organisational structure and resources for the relevant type of transaction. In addition, a credit assessment will be undertaken by the Investment Manager with respect to each counterparty taking into account the minimum credit rating of the counterparty.

The Sub-Fund may accept cash collateral as agreed in the agreement with the counterparty or otherwise between the parties from time to time. It is not proposed that the Sub-Fund shall receive non-cash collateral. Collateral received by the Sub-Fund in respect of repurchase agreements will be valued in accordance with the Valuation Policy (as defined below). All revenues arising from the use of repurchase agreements by the Sub-Fund, net of direct and indirect operational and transaction costs, will be paid to the Sub-Fund.

The Sub-Fund may be entitled to pass cash or other assets to its counterparties as margin or collateral and such assets may therefore be passed outside the custodial network of the Depository to an unlimited extent in order to support the Sub-Fund's transactions.

The Sub-Fund's assets could potentially be subject to reuse. Restrictions on reuse of collateral will be detailed in the relevant documents related to the repurchase agreements in accordance with the requirements of applicable law and regulatory regimes. Any changes to any right of re-use of collateral will be disclosed to the Shareholders in accordance with the requirements of AIFMD.

Save as provided for above, the Sub-Fund does not otherwise intend to invest in total return swaps or enter into other securities financing transactions within the meaning of the SFTR.

ANNEX V

**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:** Morgan Stanley European Private Income Fund (the “**Sub-Fund**”) a sub-fund of Cabot S.A. SICAV.

**Legal entity identifier:** 254900WC041M0N8W7K11

**Environmental and/or social characteristics**

| Does this financial product have a sustainable investment objective?   |   |
|--|---|
| <input checked="" type="radio"/> <input type="radio"/> <b>Yes</b>  | <input type="radio"/> <input checked="" type="checkbox"/> <b>No</b>   |
| <input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b> : __%<br><br><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy<br><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy | <input type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __% of sustainable investments<br><br><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy<br><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy<br><input type="checkbox"/> with a social objective |
| <input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b> : __%  | <input checked="" type="checkbox"/> It promotes E/S characteristics, <b>but will not make any sustainable investments</b>   |

**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 Sub-Fund promotes environmental and social characteristics through the application of (1) a binding exclusions policy; and (2) a binding scorecard methodology.

**Exclusions Policy:** The Sub-Fund promotes environmental and social characteristics by excluding investments in adult entertainment, production of controversial and conventional weapons, production of ammunition, production of tobacco, upstream production of palm oil, and oil sand and tar sand development. In addition, the Sub-Fund will not invest in companies that have violated the UN Global Compact or the International Labour Organisation’s Declaration on Fundamental Principles and Rights at Work.

The Sub-Fund also excludes from investment companies that generate over 5% of total revenue from any of the following activities: exploration and/or extraction of oil, thermal coal power generation and/or mining, gas extraction and/or power generation, and nuclear power generation.

The Exclusions Policy will not apply to the Regular Liquid Assets.

**Scorecard:** The Sub-Fund also promotes environmental and social characteristics by seeking to make Private Investments that the Manager considers perform well against various Environmental, Social and Governance criteria in accordance with the Manager’s proprietary scoring methodology. All Private Investments will be assessed against the Scorecard, and the Manager will aim to have at least 75% of the Sub-Fund’s Private Investments meet the ESG Threshold (as defined below). The Scorecard characteristic will not apply to the Regular Liquid Assets.

Please see “What is the asset allocation planned for this financial product?” below for further information.

The Sub-Fund does not use 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 Sub-Fund’s environmental and social characteristics:

| Binding environmental and social characteristic | Indicator | Methodology |
|---|-----------|-------------|
|   |           |             |

|                   |   |   |
|-------------------|---|---|
| Exclusions Policy | Exposure to Private Investments that violate any of the exclusion criteria set out above. | Measured in terms of the percentage of Private Investments within the portfolio.  |
| Scorecard         | ESG score (0-3, 3 best)   | The score is based on the Manager’s proprietary ESG scoring methodology which assesses potential investment across a range of environmental, social and governance topics to derive a weighted score. |

Additional details on the Sub-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?*”.

**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-

- *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*



***Does this financial product consider principal adverse impacts on sustainability factors?***

Yes

No

The Sub-Fund considers some of the principal adverse impacts (“**PAI**”) on sustainability factors through the Sub-Fund’s exclusionary criteria that are applied to Private Investments, as follows:

- The Sub-Fund excludes issuers which receive 5% or more of their revenue from the exploration and/or extraction of oil, thermal coal power generation and/or mining.

The Sub-Fund therefore partly considers PAI indicator number 4: exposure to companies active in the fossil fuel sector.

- The Sub-Fund excludes issuers that have violated the UN Global Compact Principles. The Sub-Fund therefore considers in part PAI indicator number 10: violations of UN Global Compact principles and OECD Guidelines for Multinational enterprises.
- The Sub-Fund excludes issuers which receive any revenue from the production of controversial weapons. The Sub-Fund therefore considers in part PAI indicator number 14: exposure to controversial weapons.

The above exclusionary criteria do not apply to the Regular Liquid Assets.

The proprietary scorecard used for the Sub-Fund also considers certain PAIs as inputs when assessing Private Investments from an ESG perspective. These include PAI indicator number 13 board gender diversity and PAI indicator 1: GHG emissions.

The Sub-Fund will make information available on how it has considered the PAIs in its periodic reports to investors. At the time of writing, the Investment Manager expects that this data will be presented at the portfolio-level, rather than the individual investment level. Investors and other audiences to which the Sub-Fund's ESG reporting will be directed will also have ongoing access to materials (e.g., the Sub-Fund's 'ESG Framework' document) that describe how the exclusions and scorecard impact on our investment decisions.



### *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 Sub-Fund's investment strategy is to seek to originate and underwrite a diversified and defensive portfolio of privately negotiated, senior secured loans and second lien senior secured term loans to European middle market companies that have leading market positions, enjoy higher barriers to entry, generate strong and stable free cash flow and are led by a proven management team with strong financial sponsor backing. The Sub-Fund will also have the option to provide financing on a more selective basis in the form of mezzanine, unsecured debt, and (in connection with investments in debt and debt-related instruments) equity and equity-like investments.

The investment objective is to achieve attractive risk-adjusted returns for investors through a combination of ongoing current cash yield (including upfront fees and interest payments) and repayment of principal, with upside through equity or equity-like participations. The investment approach is focused on long-term credit performance, risk mitigation and preservation of capital, all subject to the Sub-Fund's binding and integrated focus on ESG throughout the investment process.

The Sub-Fund will conduct quarterly and annual portfolio performance review meetings in which asset-level and portfolio-level performance is explored and appraised in detail. The investment process itself (including the integration of ESG factors) will be under continuous review and revised when the investment and/or operations team consider that market conditions or other strategic factors warrant it.

- *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?*

| <b>Binding criteria</b>   |  |
|---|--|
| <b>The Sub-Fund will not invest in Private Investments which:</b> | <p><b><u>Derive any revenue from any of the following activities:</u></b></p> <ul style="list-style-type: none"> <li>• Production of adult entertainment</li> <li>• Production of controversial and conventional weapons</li> <li>• Production of ammunition</li> <li>• Production of tobacco</li> <li>• Upstream production of palm oil; and</li> <li>• Oil sand and tar sand development</li> </ul> <p><b><u>Derive more than 5% revenue from any of the following activities:</u></b></p> <ul style="list-style-type: none"> <li>• Exploration and/or extraction of oil</li> <li>• Thermal coal power generation and/or mining</li> <li>• Gas extraction and/or power generation; and</li> <li>• Nuclear power generation</li> </ul> <p><b><u>Violate any of the following norm-based exclusions:</u></b></p> <ul style="list-style-type: none"> <li>• UN Global Compact; and</li> <li>• International Labour Organisation’s Declaration on Fundamental Principles and Rights at Work.</li> </ul> <p>Compliance with the above exclusions will be assessed prior to investment and reassessed on at least an annual basis (using information received from borrowers and/or appropriate proxies or estimates) using in-house research and third-party data.</p> |

|                         |  |
|-------------------------|--|
| <p><b>Scorecard</b></p> | <p>The Scorecard scores Private Investments on a number of environmental, social, and governance criteria and returns a score out of 3. The different factors that it considers include the following:</p> <p><b>Environmental Focus.</b> The environmental section of the Scorecard contains nine questions focused on how Private Investments interact with their immediate environment and their efforts to minimise waste and emissions. Specifically, the Investment Manager gathers information on the Private Investment’s policies concerning water management, waste distribution, recycling, energy efficiency, green/renewable energy usage, emissions reduction, and whether it has experienced any environmental contamination issues or compliance violations.</p> <p><b>Social Focus.</b> The social section of the Scorecard covers a wide range of topics relating to human capital management and diversity and inclusion. In particular, the Investment Manager seeks to probe the Private Investment’s modern slavery policies, the training and development opportunities provided for employees, engagement with community outreach and charitable schemes, recruitment targets for minority applicants, diversity monitoring, and whether employees are regularly surveyed.</p> <p><b>Governance Focus.</b> The Investment Manager also seeks to garner deep insights into the governance architecture of all potential Private Investments through fourteen targeted questions in the Scorecard. Areas of focus include whether executive remuneration is linked to ESG targets, the format and composition of board meetings/members, and whether the company has dedicated compliance staff and resources. In addition, the Investment Manager asks for information surrounding confidential whistleblowing procedures, independent board members, escalation processes for ESG issues, and codes of conduct including policies for anti-discrimination, sexual harassment, employee rights and general compliance.</p> <p>The investment team aim to have at least 75% of Private Investments made by the Sub-Fund achieve a score above 1 out of 3 (the “<b>ESG Threshold</b>”) following the period ending one year after the date of the initial issuance of Shares by the Sub-Fund (the “<b>ESG Scorecard Ramp Up</b>”), and in normal market conditions. The investment team will seek, where possible, to obtain the necessary information from borrowers in order to populate the Scorecard prior to investment. However, where this is not possible, the investment team will ensure that the Scorecard is completed within 4 months of investment.</p> |
|-------------------------|--|

|  |  |
|--|--|
|  | <p>Each investment committee memorandum includes a dedicated section (including, where available, the score from the Scorecard) on the ESG risks and merits of the company, enabling the investment committee members to reach an informed judgement on whether to approve the investment given the company's ESG record. Discussion of ESG matters is an integral part of each investment committee meeting.</p> <p>The Investment Manager is responsible (i) for verifying the quality and scope of the ESG due diligence upon which the Private Investment's perceived ESG credentials rest, and (ii) for ensuring that, where possible, multiple ESG data sources are used to corroborate findings.</p> <p>Subsequently, the Investment Manager will seek to review ESG data from Private Investments on an annual basis (together with more frequent updates where possible) to ensure compliance with the Sub-Fund's environmental and social characteristics. The ESG due diligence findings of the Investment Manager will be reviewed and considered by the Investment Committee. Records of ESG diligence materials and updates will be stored to ensure that any post hoc external reviews of the Sub-Fund's Private Investments can be undertaken thoroughly.</p> <p>The Sub-Fund will rescore each company on the ESG Scorecard on an annual basis (using information received from borrowers and/or appropriate proxies or estimates) to ensure that progress and potential issues across a wide range of ESG indicators are identified and tracked.</p> <p>Following the ESG Scorecard Ramp Up, the Investment Manager will monitor the portfolio's compliance on an ongoing basis and to the extent the Investment Manager considers that the portfolio's compliance has or may fall below 75%, the Investment Manager will take such remedial steps as it considers appropriate to raise the portfolio's compliance back to at least 75%. However, given the highly illiquid nature of the Private Investments that the Investment Manager expects to make on behalf of the Sub-Fund, the scope for divestment of companies underperforming against the ESG Threshold is likely to be very limited.</p> |
|--|--|

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

Not applicable. No minimum reduction rate has been defined in relation to the Sub-Fund's scope of investments.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

- *What is the policy to assess good governance practices of the investee companies?*

As part of its bottom-up, fundamental research process, the Manager systematically incorporates the assessment of a portfolio company'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.

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 companies on corporate governance and disclosure issues.



### *What is the asset allocation planned for this financial product?*

The Sub-Fund aims to invest:

- at least 80% of its portfolio in Private Investments; and
- up to 20% of its portfolio in Regular Liquid Assets. The Regular Liquid Assets are intended to provide the Sub-Fund with additional liquidity and / or to manage cash before investing capital received from investors into other investments.

The Exclusions Policy will be applied to the Private Investments, and therefore cover 80% of the portfolio.

Additionally, as noted above, within the 80% of the portfolio invested in Private Investments, the Manager aims to have at least 75% of Private Investments meeting the ESG Threshold following the one year ESG Scorecard Ramp Up, and in normal market conditions. Accordingly, at the end of the one year ESG Scorecard Ramp Up and in normal market conditions, the Sub-Fund expects:

- to invest a minimum of 60% of the portfolio in Private Investments which meet the ESG Threshold, as described above; and
- to have up to 40% of the portfolio invested in Regular Liquid Assets (which will not be assessed using the Scorecard) and in Private Investments which do not meet the ESG Threshold.

However, given the investment strategy pursued by the Sub-Fund:

- the Sub-Fund anticipates that the proportion of committed capital in Regular Liquid Assets will be up to 20%, which in turn would mean that the proportion of committed capital in Private Investments meeting the ESG Threshold in normal market conditions may be higher than 60%;
- outside of ordinary market conditions or during periods of market stress, the proportion of committed capital in Regular Liquid Assets may be higher, and therefore the proportion of committed capital in Private Investments meeting the ESG Threshold may be lower than 60%; and

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

- during the ESG Scorecard Ramp Up (or any other period where the committed capital of the Sub-Fund is not fully invested), the proportion of Private Investments meeting the ESG Threshold may fall below the thresholds set out above.

These percentages are measured according to the value of the investments. The percentages do not take into account hedging instruments that may be held by the portfolio from time to time, as the Manager generally expects them to represent a nil to minimal proportion of the overall Sub-Fund portfolio.

The Sub-Fund does not intend to make any sustainable investments within the meaning of the Sustainable Finance Disclosure Regulation (“SFDR”).

**Asset allocation** describes the share of investments in specific assets.



**#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.

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

- *How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?*

Not applicable.

**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.



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

Not applicable - the Sub-Fund does not commit to making sustainable investments or Taxonomy aligned investments.

● Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

Yes:

In fossil gas In

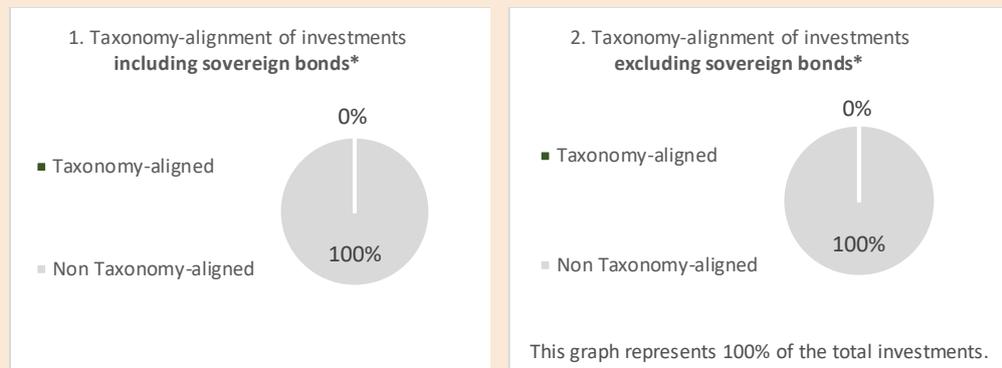
nuclear energy

No

---

<sup>1</sup> 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. 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 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?

*Not applicable*



- What is the minimum share of sustainable investments with an environmental objective that are not aligned with 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?

The Sub-Fund may invest up to 20% of its portfolio in Regular Liquid Assets (namely cash deposits, money market instruments and other cash-equivalents and liquid assets for liquidity management purposes, and investments in broadly syndicated senior secured floating rate loans, bonds, and other secured and unsecured debt instruments that may be issued by sub-investment grade corporations (that may

 are sustainable investments with an environmental objective that **do not take into account** the criteria for environmentally sustainable economic activities under the EU Taxonomy.

be rated below investment grade credit quality (“BB+”/“Ba1” or below) or, if not rated, are in the determination of the relevant Investment Manager of equivalent credit quality) with a focus on “performing” issuers, with strong competitive market positions that generate relatively predictable streams of free cash flow). As noted above, hedging instruments (such as FX forwards) may be held within the portfolio from time to time, however they have not been represented in the asset allocation section above as the Manager generally expects them to represent a nil to minimal proportion of the overall Sub-Fund portfolio. No minimum environmental or social safeguards will be applied to the Regular Liquid Assets or to such ad hoc positions in hedging instruments.



*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*



*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/msprivatefund/material/sfdrwebsite\\_pf\\_europeanprivateincome\\_en.pdf](https://www.morganstanley.com/im/publication/msprivatefund/material/sfdrwebsite_pf_europeanprivateincome_en.pdf)

## **ANNEX VI SELLING RESTRICTIONS**

*The distribution of the Prospectus and this Supplement and/or the offer and sale of the Shares in certain jurisdictions or to certain investors may (in addition to those restrictions under the laws of various jurisdictions described herein) be restricted or prohibited by law. Prospective investors should inform themselves as to the legal requirements and tax consequences within the countries of their citizenship, residence and domicile with respect to the acquisition, holding or disposition of the Shares. Copies of the Prospectus and this Supplement distributed to investors in a particular jurisdiction may include an additional notice regarding the offering and sale of the Shares in that jurisdiction, which notice, if included, will be annexed to the Prospectus and this Supplement.*

### **Distribution in the European Economic Area:**

In relation to each member state of the EEA (each a “**Relevant State**”) which has implemented the Alternative Investment Fund Managers Directive (Directive (2011/61/EU)) (the “**AIFMD**”), the Prospectus and this Supplement may only be distributed and Shares may only be offered or placed in a Relevant State to the extent that: (1) the Sub-Fund is permitted to be marketed to professional investors in the Relevant State in accordance with AIFMD (as implemented into the local law/regulation / as it forms part of local law of the Relevant State); or (2) the Prospectus and this Supplement may otherwise be lawfully distributed and the Shares may otherwise be lawfully offered or placed in that Relevant State (including at the initiative of the investor).

In relation to each Relevant State which, at the date of the Prospectus and this Supplement, has not implemented AIFMD, the Prospectus and this Supplement may only be distributed and Shares may only be offered or placed to the extent that the Prospectus and this Supplement may be lawfully distributed and the Shares may lawfully be offered or placed in that Relevant State (including at the initiative of the investor).

### **Distribution in Belgium:**

Any offer to sell or sale of Shares to non-professional investors must be made in compliance with the provisions of the Code of Business Law to the extent applicable. In addition, no public offer shall be made except in compliance with the Act of 19 April 2014 relating to alternative investment funds and their managers.

### **Distribution in Germany:**

Shares may only be offered or distributed to investors domiciled in Germany who are able to demonstrate that they are either (i) professional investors within the meaning of section 1 para. 19 no. 32 of the German Capital Investment Code (Kapitalanlagegesetzbuch – “**KAGB**”) which means professional clients pursuant to Annex II of MiFID or investors that may be treated as such up-on application; or (ii) semi-professional investors within the meaning of section 1 para. 19 no.33 of the KAGB (collectively the “**German Eligible Shareholders**”).

Consequently, the Prospectus and this Supplement and any other document relating to the Shares, as well as information or statements contained therein, may not be supplied to any other category of investors in Germany than the German Eligible Shareholders. Any resale of the Shares in Germany may only be made to German Eligible Shareholders and in accordance with the provisions of the KAGB and any other applicable laws in Germany governing the sale and offering of the Shares.

Prospective investors should be aware that the Prospectus and this Supplement have not been approved by the BaFin.

Prospective investors wishing to be qualified as semi-professional investors in Germany in accordance with section 1 para. 19 no. 33 lit. a) of the KAGB should, in addition, be aware that the amount of any investment by the investor in the Shares shall correspond to at least EUR 200,000 and that they are required to complete and sign a separate categorisation form, in order to be qualified as a semi-professional investor.

The foregoing is subject to the legend entitled "Distribution in the European Economic Area" above and the requirements of the AIFMD.

#### **Distribution in Italy:**

The Prospectus and this Supplement and the offer of the Shares of the Sub-Fund is addressed to professional investors as defined in the Italian consolidated law on finance No. 58 of 24 February 1998, as amended from time to time and in the regulations of the Commissione Nazionale Per Le Società E La Borsa (Consob) issued pursuant to it, in accordance with the framework of the Directive 2014/65/EU of 15 May 2014 on Markets and Financial Instruments and Regulation (EU) No. 600/2014 of 15 May 2014 on Markets and Financial Instruments. In addition to professional investors, the Shares of the Sub-Fund may be offered to the following categories of retail investors: (a) Shareholders who subscribe or purchase Shares of the Sub-Fund for an initial, not fractionable amount of five hundred thousand euros (€500,000); (b) entities authorised to provide portfolio management services, who, in execution of their investment mandate, subscribe or purchase Shares of the Sub-Fund for an initial amount of not less than one hundred thousand euros (€100,000) on behalf of the Shareholders; and (c) Shareholders who subscribe or purchase Shares of the Sub-Fund for an initial, not fractionable amount of one hundred thousand euros (€100,000), provided that the following two conditions jointly apply: (a) the Shareholder's commitments in alternative investment funds reserved to professional investors do not exceed the ten percent (10%) of the aggregate Shareholder's financial portfolio; and (b) the Shareholder is making the commitment on the basis of the investment advice received from an entity duly licensed to provide such services. The addressee acknowledges and confirms the above and hereby agrees not to circulate the Prospectus and this Supplement in Italy unless expressly permitted by, and in compliance with, applicable law. In addition, any Shareholder will be required to agree and represent that any on-sale or offer of any Share by such Shareholder (in accordance with the Prospectus, this Supplement and any accompanying documentation) shall be made in compliance with all applicable laws and regulations.

#### **Distribution in Saudi Arabia**

This document may not be distributed in the Kingdom except to such persons as are permitted under the Investment Funds Regulations issued by the Capital Market Authority. The Capital Market Authority does not make any representation as to the accuracy or completeness of this document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective subscribers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities to be offered. If you do not understand the contents of this document, you should consult an authorised financial adviser.

#### **Distribution in Switzerland:**

The Sub-Fund has not been and will not be approved by the Swiss Financial Market Supervisory Authority ("**FINMA**") for offering to non-qualified investors in Switzerland pursuant to art. 120 para. 1 and 2 of the Swiss Federal Act on Collective Investment Schemes of 23 June 2006, as amended (the "**CISA**"), nor have a Swiss representative and Swiss paying agent been appointed in relation to the Sub-Fund. Consequently, the Sub-Fund and the Shares may, in particular, not be marketed or offered in

Switzerland to non-qualified investors within the meaning of the CISA. Investors do not benefit from the specific investor protection afforded by the CISA nor from any supervision by FINMA in connection with an approval for offering.

The Prospectus, this Supplement and any accompanying documentation do not constitute an issuance prospectus pursuant to the Swiss Federal Act on Financial Services of 15 June 2018, as amended (the "**FinSA**"), nor otherwise under Swiss law, and may therefore not comply with the corresponding disclosure standards. Furthermore, the Shares have not been and are not expected to be listed on any stock exchange or other regulated trading venue in Switzerland and, consequently, the information presented in the Prospectus and/or this Supplement in or any accompanying documentation does not necessarily comply with the disclosure standards set out in the relevant listing rules. Neither the Prospectus, this Supplement nor any other offering or marketing materials relating to the Sub-Fund or the Shares have been or will be filed with, or approved by, any Swiss governmental authority.

In Switzerland, the Sub-Fund and the Shares may only be advertised or offered, and the Prospectus and this Supplement and any other advertising or offering materials relating to the Sub-Fund or the Shares may solely be provided, to qualified investors pursuant to art. 10 para. 3 CISA that qualify as such based on their status as per se professional clients or institutional clients in accordance with art. 4 para. 3 to 5 of the FinSA, i.e. excluding any elective qualified investors, being high-net-worth private clients or private investment structures established for such clients (without professional treasury operations) that are considered professional clients and, by extension, qualified investors, on the basis of an opting-out pursuant to art. 5 para. 1 FinSA only.

Certain persons may on a discretionary basis be considered eligible for investment in the Sub-Fund (a) under art. 10 para. 3ter CISA if they intend to subscribe in the context of a long-term, remunerated investment management or investment advisory agreement with a prudentially regulated financial intermediary, or (b) if an intended subscription comes about at the express initiative of the potential investor that was not preceded by any advertising by the Sub-Fund, its affiliates or representatives. Further, no key information document (KID) according to the FinSA nor any equivalent document recognised under the FinSA has been or will be prepared in relation to the Sub-Fund, and, therefore, the Shares may not be offered or recommended to private clients within the meaning of the FinSA in Switzerland (irrespective of their status and eligibility under the CISA), but may only be placed with, and solely made available to, such clients under a long-term, remunerated investment management agreement in accordance with art. 58 para. 2 FinSA.

The Prospectus and this Supplement and any accompanying documentation do not constitute investment advice. Said materials may only be used by those persons to whom they have been delivered in connection with the Sub-Fund or the Shares and may neither be copied nor directly or indirectly distributed or made available to other persons.

#### **Distribution in the United Kingdom:**

The Prospectus and this Supplement may only be distributed and the Shares may only be offered or placed in the United Kingdom to the extent that (1) the Sub-Fund is permitted to be marketed to professional investors in the United Kingdom in accordance with Alternative Investment Fund Managers Directive (Directive (2011/61/EU) (the "**AIFMD**") (as it forms part of the domestic law of the United Kingdom)); or (2) the Prospectus and this Supplement may otherwise be lawfully distributed and the Shares may otherwise be lawfully offered or placed in the UK (including at the initiative of the investor).

For the purposes of distribution within the United Kingdom, the Prospectus and this Supplement is being issued by Morgan Stanley Investment Management Limited to, and/or is directed at, only persons to or at whom it may lawfully be issued or directed under the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001, as amended ("**Promotion of**

**CIS Order**”), including persons who are authorised under the Financial Services and Markets Act 2000 (“**FSMA**”), as amended, certain persons having professional experience in matters relating to investments, high net worth companies, high net worth unincorporated associations or partnerships, or trustees of high value trusts, persons who fall within an exemption set out in Section 4.12B.7(5) of the Financial Conduct Authority’s Conduct of Business Sourcebook (including self-certified sophisticated investors or certified high net worth investors), or such other persons to whom the Prospectus and this Supplement may be lawfully communicated in accordance with FSMA and the Promotion of CIS Order. The Shares are only available to such persons in the United Kingdom and the Prospectus and this Supplement must not be relied or acted upon by any other persons in the United Kingdom.

Notice to resident of the United Kingdom

**Don’t invest unless you’re prepared to lose all the money you invest. This is a high-risk investment and you are unlikely to be protected if something goes wrong.**

**Estimated reading time: 2 min**

Due to the potential for losses, the Financial Conduct Authority (FCA) considers this investment to be very complex and high risk.

**What are the key risks?**

**1. You could lose all the money you invest**

- If the business offering this investment fails, there is a high risk that you will lose all your money. Businesses like this often fail as they usually use risky investment strategies.
- Advertised rates of return aren’t guaranteed. This is not a savings account. If the issuer doesn’t pay you back as agreed, you could earn less money than expected or nothing at all. A higher advertised rate of return means a higher risk of losing your money. If it looks too good to be true, it probably is.
- These investments are very occasionally held in an Innovative Finance ISA (IFISA). While any potential gains from your investment will be tax free, you can still lose all your money. An IFISA does not reduce the risk of the investment or protect you from losses.

**2. You are unlikely to be protected if something goes wrong**

- The Financial Services Compensation Scheme (FSCS), in relation to claims against failed regulated firms, does not cover investments in unregulated collective investment schemes. You may be able to claim if you received regulated advice to invest in one, and the adviser has since failed. Try the FSCS investment protection checker [here](#).
- Protection from the Financial Ombudsman Service (FOS) does not cover poor investment performance. If you have a complaint against an FCA-regulated firm, FOS may be able to consider it. Learn more about FOS protection [here](#).

**3. You are unlikely to get your money back quickly**

- This type of business could face cash-flow problems that delay payments to investors. It could also fail altogether and be unable to repay any of the money owed to you.
- You are unlikely to be able to cash in your investment early by selling your investment. In the rare circumstances where it is possible to sell your investment in a 'secondary market', you may not find a buyer at the price you are willing to sell.
- You may have to pay exit fees or additional charges to take any money out of your investment early or be unable to do so.

#### **4. This is a complex investment**

- This kind of investment has a complex structure based on other risky investments, which makes it difficult for the investor to know where their money is going.
- This makes it difficult to predict how risky the investment is, but it will most likely be high.
- You may wish to get financial advice before deciding to invest.

#### **5. Don't put all your eggs in one basket**

- Putting all your money into a single business or type of investment for example, is risky. Spreading your money across different investments makes you less dependent on any one to do well.
- A good rule of thumb is not to invest more than 10% of your money in [high-risk investments](#).
- **If you are interested in learning more about how to protect yourself, visit the FCA's website [here](#).**

**For further information about unregulated collective investment schemes (UCIS), visit the FCA's website [here](#)**