

## MSIM Fixed Income Engagement Strategy: Integrated, Insightful, Influential

**FIXED INCOME TEAM** | SUSTAINABILITY INSIGHT | APRIL 2025

As active asset managers with a focus on long-term value creation and responsible stewardship, effective engagement is a critical part of our investment process and fiduciary obligations. Morgan Stanley Investment Management (MSIM) Fixed Income has developed a targeted and thematic engagement programme on material environmental, social and governance (ESG) issues. Our approach is fully integrated into our research and investment processes to identify opportunities for improved risk management and alpha generation through constructive dialogues with issuers, while encouraging them to pursue positive sustainability outcomes.

### AUTHORS



**ANUJ GULATI**

*Managing Director  
Global Head of Fixed Income  
ESG Strategy & Research*



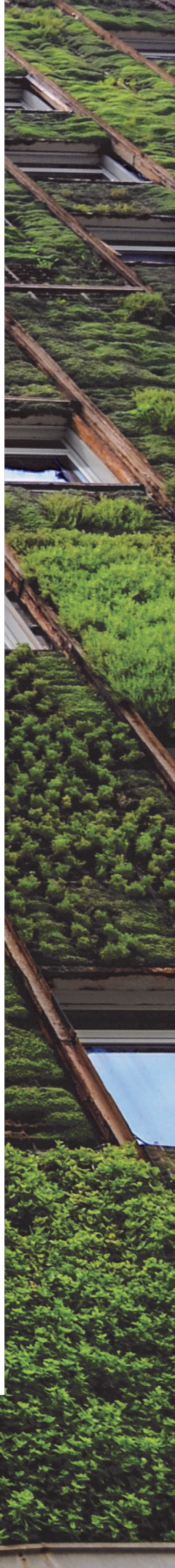
**RACHEL SMITH**

*Associate  
Fixed Income ESG  
Strategy Specialist*

### The Growing Imperative for Fixed Income Engagement

Fixed income investors have an important role to play in building a constructive dialogue with issuers and supporting them in pursuing positive sustainability outcomes while enhancing, where appropriate, financially material disclosure and price discovery of the proper cost of capital when accounting for ESG risks. While engagement and stewardship have historically been an equity investor remit, we believe fixed income investors are uniquely positioned to have a positive influence on issuers for a number of reasons:

- The responses to some of the world's key sustainability challenges, such as climate change and access to basic services, are going to require large capital investments that are primarily financed via debt instruments, including with sustainability labels.



- The vast majority of primary market financing is conducted in the debt market rather than in the equity market, giving fixed income investors a regular and direct interface with issuers seeking their capital.
- The magnitude of debt financing requirements increases in stressed scenarios, increasing the frequency of such issuer/investor interactions and their importance in shaping issuer strategy.
- Fixed income portfolios typically hold a large number of securities and a range of issuers, in contrast to the more concentrated nature of holdings in active equities portfolios, giving investors a broad scope of engagement opportunities where appropriate.

- Fixed income investors are uniquely positioned to engage with and influence issuers that do not have public equity outstanding, including Sovereigns, Supranationals/Agencies, many High Yield Companies, Securitised issuers, and state-owned enterprises.

### MSIM's Rationale for Fixed Income Engagement

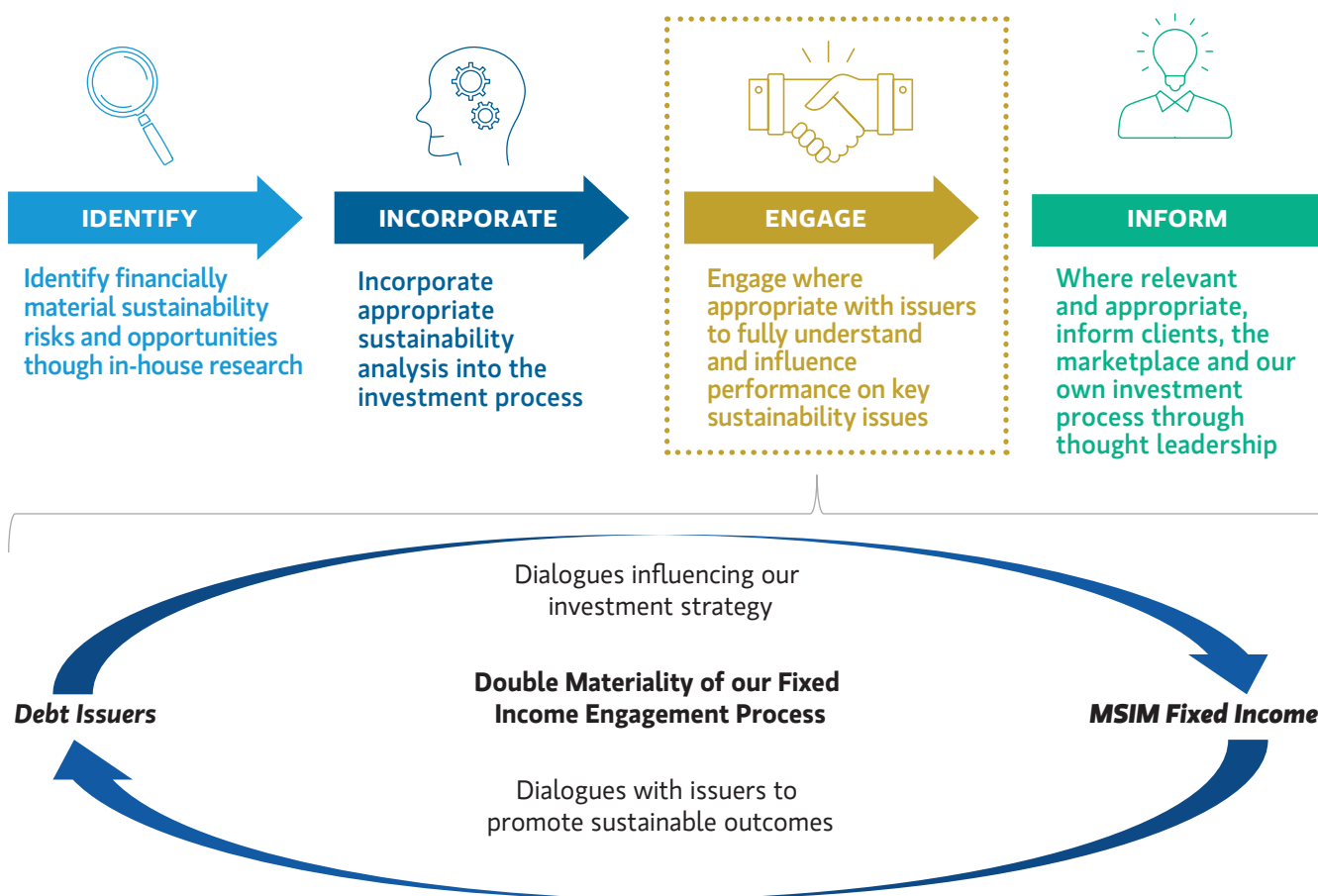
Through our proprietary ESG research, we seek to identify the financially material themes or key performance indicators (KPIs) relevant to an issuer's ESG performance, in the context of its peers. Our Fixed Income engagement programme aims to achieve the following three main objectives:

1. Deepen our insight of financially material issues affecting the issuer, in the context of its sector and/or peers;
2. Where appropriate, push for better sustainability outcomes; and, ultimately;
3. Capture alpha opportunities that may not be fully appreciated by the market, and where appropriate gather sustainability-related information as an input into investment decision-making.

Insights from the engagement process can potentially result in changes to our Credit Analysts' assessment of the issuer. This determination may contribute to our decision to participate in a new issuance, increase or reduce our existing holdings in outstanding bonds, or pass on a new issue.

#### DISPLAY 1

### Engagement Is a Key Component of MSIM Fixed Income's ESG Integration Approach



Individual funds and client accounts operating within specific fixed income strategies may have specific ESG related goals and restrictions that affects ESG integration. Please refer to governing documents of individual vehicles to understand their binding ESG criteria.

Finally, we strive to provide the same level of transparency that we expect of issuers. We therefore track and report our engagements on a quarterly basis, including in terms of thematic and sector breakdown, and influence on our investment view or understanding of an issuer's sustainability trajectory.

### The MSIM Fixed Income Approach to Engagement

At MSIM Fixed Income, we view engagement as an indispensable and powerful component of our ESG integration approach (see *Display 1*).<sup>1</sup> This is aligned with our 100% active management model and our duty as responsible stewards of capital.<sup>2</sup>

To this end, we have established an active engagement strategy that is based

on three pillars (see *Display 2*) and is applied across fixed income asset classes. This structure is intended to:

- Implement engagement where relevant as part of our regular fixed income investment process, with Credit Analysts leading the dialogue supported by the Fixed Income ESG Specialists;
- Help identify target companies for engagement based on financially material ESG considerations relative to their current stage of adoption of sustainability; and
- Anchor the dialogue to a consistent set of financially material thematic priorities that drive our key desired outcomes.

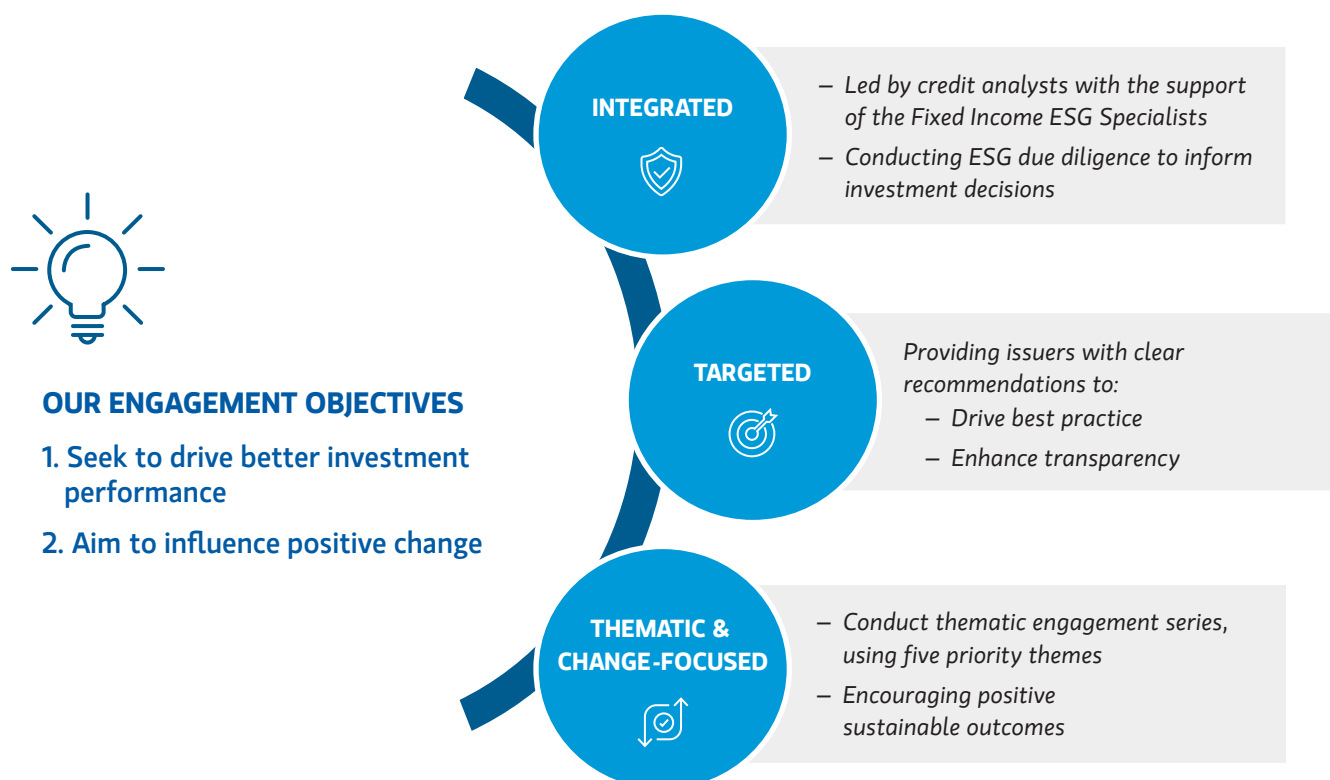
### 1. INTEGRATED PROCESS LED BY CREDIT ANALYSTS

Financially material ESG topics are included in our touchpoints with issuers' management and during roadshows, based on the thesis that we can be more impactful in our engagement by regularly following up with issuers on financially material ESG issues, as opposed to conducting sporadic, diluted sessions on a broad range of sustainability topics. Gathering financially material sustainability-related information, and formalising relationships with issuers, can sometimes be the factors that move the needle on an investment decision.

For this reason, our fixed income engagement process is led by the Credit Research team based on a qualitative, analytical approach to evaluate ESG risk

## DISPLAY 2

### The MSIM Fixed Income Three-Pillar Engagement Strategy



This represents how the portfolio management team generally implements its investment process under normal market conditions. Individual funds and client accounts may have specific ESG related goals and restrictions.

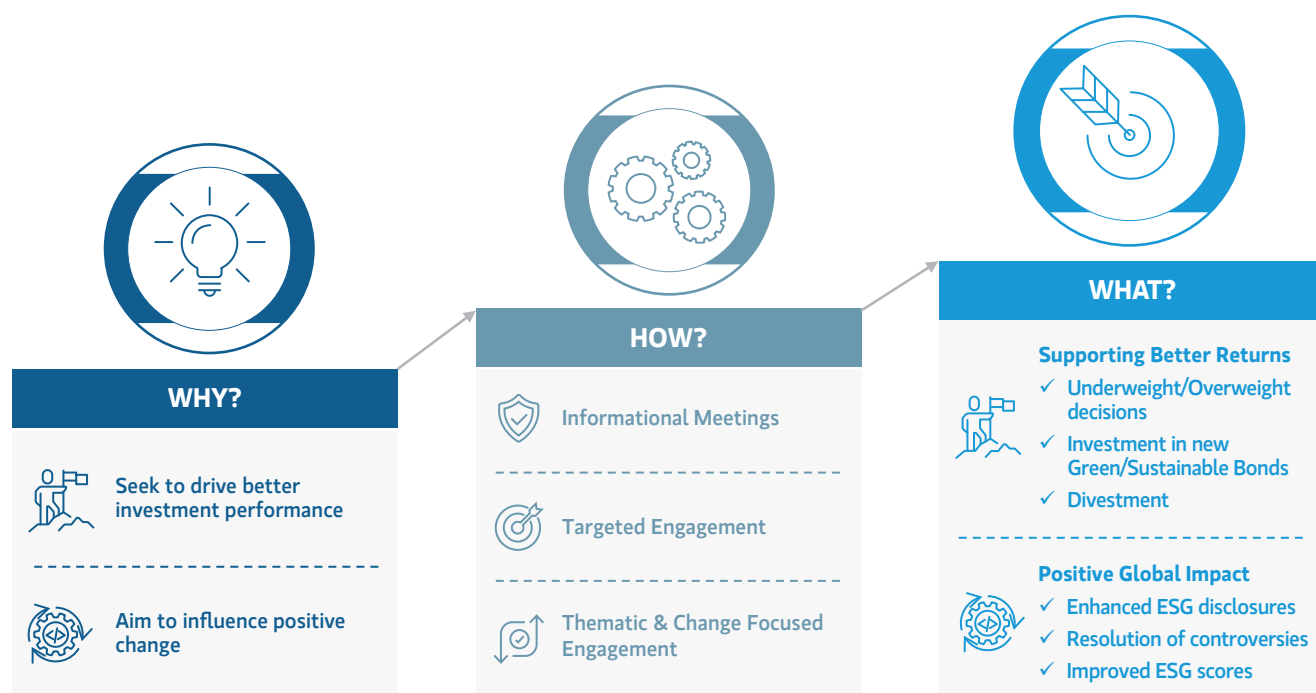
<sup>1</sup> See Morgan Stanley Investment Management's Sustainable Investing Policy, ([link](#)).

<sup>2</sup> See Morgan Stanley Investment Management's Engagement and Stewardship Principles ([link](#)).



## DISPLAY 3

## Fixed Income Engagement Philosophy &amp; Outcomes



for the targeted issuers. Our analysts have a deep understanding of the companies they cover, and the engagement topics complement their comprehensive approach. The Fixed Income ESG Specialists may contribute specific ESG expertise, through helping to set thematic priorities, ensuring consistency across engagements, and coordinating with the broader engagement ecosystem internally and externally.

In cases where we identify significant sustainability risks or egregious conducts, we may conduct joint engagement with other investment teams, to leverage our broader business influence and address our concerns and expectations in a coordinated manner.

## 2. TARGETED ENGAGEMENT — INVESTING TO IMPROVE SUSTAINABILITY OUTCOMES AND RETURNS

We request meetings with issuers where we believe there is a need to address a specific and financially material ESG matter, relying on our proprietary research capabilities to identify key themes and assess how an issuer is managing key ESG risks in comparison to peers. In these meetings, we seek to provide

recommendations where relevant, such as improving public disclosures or policies, or remediating controversies.

In addition to engaging with ESG laggards, we adopt a strategic outlook on sectoral sustainability opportunities, and where appropriate engage with issuers that we believe have the potential to benefit from those positive tailwinds. Our goal is to identify those ESG improvers, whose progress might not yet be reflected in their public reporting and third-party ratings, as a potential source of alpha generation. Finally, we also engage in conversations with ESG leaders that already have advanced sustainability credentials, to encourage them to share best practices across their sectors, support the adoption of new disclosure standards, and promote innovative sustainable solutions.

On an annual basis, the Fixed Income ESG Specialists identify an “engagement pipeline” of issuers that we intend to meet or follow up with. The list is determined by a set of criteria, including, but not limited to:

- Size of our bondholding across portfolios, particularly in ESG-focused accounts;

- Poor sustainability performance, determined through our proprietary ESG research;
- Inputs from fundamental credit analysts, including on feasibility of engagement; and,
- Severe controversies, or red flags, such as violations of international norms, or broader governance issues.

We understand that the various fixed income asset classes are at different stages of development of their sustainability practices and ESG disclosure, and we adapt our engagement approach and expectations accordingly (as presented in *Display 4*).

## 3. THEMATIC ENGAGEMENT SERIES FOCUSED ON SALIENT ESG RISKS AND OPPORTUNITIES

Across MSIM, we have established a framework that maps sector-level considerations to five “macro” environmental and social themes, presented in *Display 5*, which help us define the desired outcomes of our dialogues with issuers and report on progress. These engagement priorities are based on salient ESG risks and opportunities, reflecting our Credit Analysts’ sector specialisation and our

broader approach to ESG analysis, and form the basis for select thematic engagement series. Credit Analysts, together with the Fixed Income ESG Specialists, use these thematic engagements to benchmark issuers versus peers, make targeted recommendations, and encourage long-term positive change

from issuers. The engagement series serve as deep-dive analyses into relevant, sector-specific topics, such as biodiversity for paper & packaging companies, or human-rights across the supply chain for retail. Our thematic framework informs not only engagement, but also the

active security selection process in our fixed income strategies, and is part of our broader commitment to support investments that positively contribute towards the UN Sustainable Development Goals (SDGs).

#### DISPLAY 4

### MSIM Fixed Income Engagement Approach across Asset Classes

#### INVESTMENT GRADE CORPORATES

Investment Grade corporates are at the core of our engagement programme. Due to their size and presence in debt markets, encouraging them to adopt sustainable business practices and to lead on transparent reporting is key to drive positive impact. For these issuers, our intent is to engage with senior executives about their sustainability strategy and targets, as evidence of the extent to which ESG principles are embedded into their core business. As part of our dialogues with these companies, we expect and encourage ESG leaders and improvers to:

- Set corporate-level targets in relation to the material ESG issues for the sector, with a focus on emissions reduction targets in relation to climate;
- Develop an adequate Governance structure to deliver on those targets;
- Provide transparent disclosure of progress towards those targets and of key ESG data in line with recognised market standards, such as those set by the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD);
- Focus on impact and outcomes of the company's products and services, with robust monitoring and evaluation procedures, particularly in the context of labelled sustainable bonds.

#### HIGH YIELD & EMERGING MARKETS CORPORATES

The High Yield universe represents a significant opportunity for MSIM Fixed Income to encourage positive change and benefit from engagement on ESG issues. Our share of bond holdings tends to be larger compared to the Investment Grade market, providing us more direct access to companies' management and making our views more influential.

Many High Yield issuers lack external ESG ratings and provide limited disclosure, which makes the soliciting of material ESG information our engagement priority, in order to help us discern from ESG laggards and improvers. We then track specific ESG metrics over time, to hold issuers accountable to their commitments.

We apply a similar approach to Emerging Markets corporates, applying holistic considerations and expert judgement on specific ESG factors. For example, in certain locations, a longer glidepath might be necessary to achieve desired sustainability outcomes and minimise negative externalities (e.g. a longer phase-out period for fossil fuels in order to continue providing affordable energy to the broader population).

#### SECURITISED DEBT

In the securitised market, a rigorous due diligence process allows our teams to collect deal-level data and information, including on the environmental and social characteristics of underlying assets and loans (e.g. energy performance certifications of buildings, type of borrowers and costs). We then integrate this information in discussions with originators and servicers, to better understand their lending and servicing practices, as well as property owners' behaviour. This is an essential component of our assessment across types of securitisations, as we aim to avoid exposure to predatory lending and to mitigate litigation risk. Conducting direct engagement with issuers of securitisations continues to be challenging due to the nature of the asset class. We seek to conduct more systematic dialogues with issuers of securitised debt, to assess ESG practices and provide our feedback where relevant.

#### SOVEREIGN ISSUERS

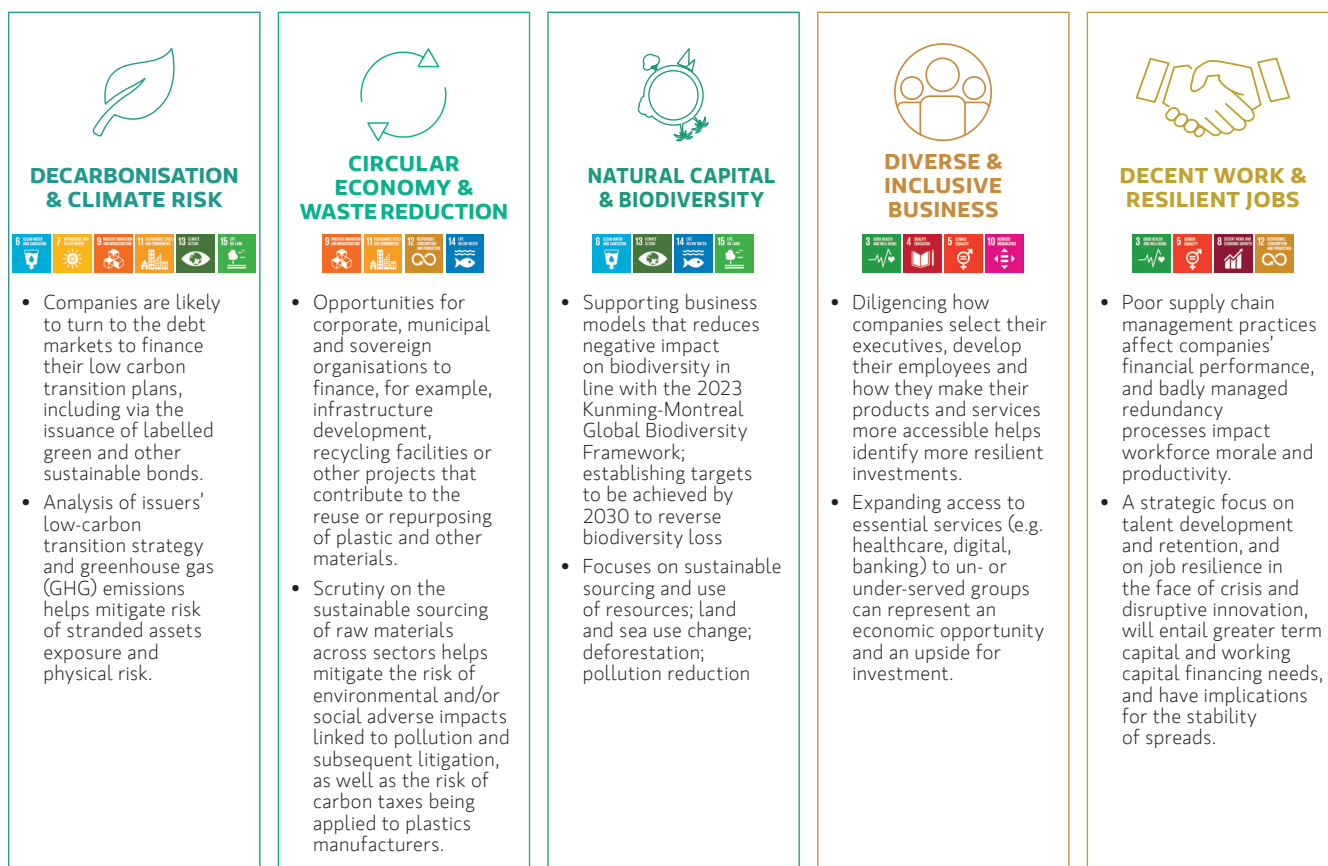
Sovereign engagement presents some challenges for investors when it comes to demonstrating a direct impact of one-on-one dialogue on the issuer's strategy. Our approach is to encourage Debt Management Offices to align their financing priorities with the United Nations Sustainable Development Goals (UN SDGs) agenda as a globally recognised impact framework—specifically intended for states—to facilitate progress tracking. In addition, we use the growing issuance of labelled sovereign sustainable bonds as an opportunity to engage at a senior level with governments and policy makers on sustainability issues.

#### SUPRANATIONALS, AND AGENCIES

Our engagement with supranational organisations and agencies is focused on disclosure and impact reporting, primarily in relation to their sustainable bond programmes, which we evaluate through our proprietary Sustainable Bond Evaluation Framework. Examples of engagement points with these issuers include the selection criteria for eligible projects financed via their sustainable bonds, particularly on the social side, the mapping of their projects to the UN SDGs and the publication of outcome-based reporting.

This represents how the portfolio management team generally implements its investment process under normal market conditions.

Individual funds and client accounts may have specific ESG related goals and restrictions. Please refer to governing documents of individual vehicles to understand their binding ESG criteria.

**DISPLAY 5****MSIM Fixed Income's Priority Engagement Themes**

This diagram represents how the portfolio management team generally implements its investment process under normal market conditions. Individual funds and client accounts may have specific ESG related goals and restrictions. Please refer to governing documents of individual vehicles to understand their binding ESG criteria. MSIM Fixed Income engagements do not include the engagements conducted by the Calvert Corporate Engagement Team. Source: MSIM, UNDESA. The content of this publication has not been approved by the United Nations and does not reflect the views of the United Nations or its officials or Member States" See <https://www.un.org/sustainabledevelopment/sustainable-development-goals> for more details on the Sustainable development goals icons.

### Collaborative and Market-Level Engagement: Driving Best Practice and Standardised ESG Disclosure

In addition to our one-on-one engagement programme with issuers, and internal collaborative processes, we also collaborate with external partners and

stakeholders to promote the adoption of best practices and international standards for sustainability disclosure, as shown in *Display 6*.

**DISPLAY 6****MSIM Fixed Income's Collaborative Engagement Initiatives**

As part of the PRI Collaborative Sovereign Engagement on Climate Change, MSIM and other international investors have been engaging with various stakeholders in the Australian government. This initiative, which we joined in 2023, aims to provide a platform for investors to collectively engage with sovereigns to mitigate climate risks and capitalise on potential opportunities.

In addition, MSIM Fixed Income is a member of the PRI Advance Collaborative Stewardship Initiative, a joint investor engagement initiative, where institutional investors are working together to escalate engagement on human rights and social issues in the mining and renewables sectors.



Through MSIM's participation in the work of the European Leveraged Finance Association (ELFA) to increase transparency in High Yield, we also systematically encourage companies to address material issues in their governance, business strategy and planning, risk management and public reporting to promote value creation, in line with our thematic focus.



Our Fixed Income ESG Specialists take part in the working groups of the International Capital Market Association (ICMA)'s Green and Social Bond Principles Working Groups,<sup>2</sup> among others. In this collaborative spirit, we also share our feedback with issuers and structuring advisers of sustainable bonds to increase the transparency and quality of these instruments in the market.

**Genuine Dialogue Means Both Sides Become Wiser**

MSIM Fixed Income takes the view that the best form of issuer engagement is a process of dialogue, in which issuers are willing to consider alternative perspectives to help them evolve their approach to sustainability and investors are willing to change the assumptions and conclusions in their investment analysis.

We aim to maintain a regular dialogue with issuers where we deem it most material. Consequently, many of our engagements are ongoing over a multi-year time horizon. This approach takes into consideration the time lag required for issuers to endorse new policies and sustainability targets, measure ESG impact, and reflect this information in the following period's public reporting.

As responsible long-term investors, our goals from engagement are to support improving behaviour, facilitate meaningful change, and to use the insights we glean to drive returns for the benefit of our clients.

<sup>2</sup> Morgan Stanley was a founding signatory of the Green Bond Principles and was selected to join the Advisory Council in 2019. Morgan Stanley and MSIM representatives participate in a number of GBP/SBP working groups, including those on Sustainability-Linked Bonds, and Impact Reporting. The third party websites are provided for informational purposes only. Morgan Stanley has not reviewed any of the content supplied, and does not guarantee any claims or assume any responsibility for the content provided by the sites.

## Risk Considerations

ESG ratings are relative and subjective and are not absolute standards of quality. Ratings apply only to portfolio holdings and do not remove the risk of loss. There is no assurance that a portfolio will achieve its investment objective. Portfolios are subject to **market risk**, which is the possibility that the market values of securities owned by the portfolio will decline and that the value of portfolio shares may therefore be less than what you paid for them. Market values can change daily due to economic and other events (e.g. natural disasters, health crises, terrorism, conflicts and social unrest) that affect markets, countries, companies or governments. It is difficult to predict the timing, duration, and potential adverse effects (e.g. portfolio liquidity) of events. **ESG Strategies** that incorporate impact investing and/or Environmental, Social and Governance (ESG) factors could result in relative investment performance deviating from other strategies or broad market benchmarks, depending on whether such sectors or investments are in or out of favor in the market. As a result, there is no assurance ESG strategies could result in more favorable investment performance. **Fixed-income securities** are subject to the ability of an issuer to make timely principal and interest payments (credit risk), changes in interest rates (interest rate risk), the creditworthiness of the issuer and general market liquidity (market risk). In a rising interest-rate environment, bond prices may fall and may result in periods of volatility and increased portfolio redemptions. In a declining interest-rate environment, the portfolio may generate less income. **Longer-term securities** may be more sensitive to interest rate changes. Certain **U.S. government securities** purchased by the strategy, such as those issued by Fannie Mae and Freddie Mac, are not backed by the full faith and credit of the U.S. It is possible that these issuers will not have the funds to meet their payment obligations in the future. Public bank loans are subject to liquidity risk and the credit risks of lower-rated securities. **High-yield securities (junk bonds)** are lower-rated securities that may have a higher degree of credit and liquidity risk. **Sovereign debt securities** are subject to default risk. **Mortgage- and asset-backed securities** are sensitive to early prepayment risk and a higher risk of default, and may be hard to value and difficult to sell (**liquidity risk**). They are also subject to credit, market and interest rate risks. **Municipal securities** are subject to early redemption risk and sensitive to tax, legislative and political changes. The **currency market** is highly volatile. Prices in these markets are influenced by, among other things, changing supply and demand for a particular currency; trade; fiscal, money and domestic or foreign exchange control programs and policies; and changes in domestic and foreign interest rates. Investments in **foreign markets** entail special risks such as currency, political, economic and market risks. The risks of investing in **emerging market** countries are greater than the risks generally associated with foreign investments. **Derivative instruments** may disproportionately increase losses and have a significant impact on performance. They also may be subject to counterparty, liquidity, valuation, and correlation and market risks. **Restricted and illiquid securities** may be more difficult to sell and value than publicly traded securities (liquidity risk). Due to the possibility that prepayments will alter the cash flows on **collateralized mortgage obligations (CMOs)**, it is not possible to determine in advance their final maturity date or average life. In addition, if the collateral securing the CMOs or any third-party guarantees are insufficient to make payments, the portfolio could sustain a loss.

There is no guarantee that any investment strategy will work under all market conditions, and each investor should evaluate their ability to invest for the long-term, especially during periods of downturn in the market.

**A separately managed account may not be appropriate for all investors. Separate accounts managed according to the Strategy include a number of securities and will not necessarily track the performance of any index. Please consider the investment objectives, risks and fees of the Strategy carefully before investing. A minimum asset level is required.**

**For important information about the investment managers, please refer to Form ADV Part 2.**

The views and opinions and/or analysis expressed are those of the author or the investment team as of the date of preparation of this material and are subject to change at any time without notice due to market or economic conditions and may not necessarily come to pass. Furthermore, the views will not be updated or otherwise revised to reflect information that subsequently becomes available or circumstances existing, or changes occurring, after the date of publication. The views expressed do not reflect the opinions of all investment personnel at Morgan Stanley Investment Management (MSIM) and its subsidiaries and affiliates (collectively "the Firm"), and may not be reflected in all the strategies and products that the Firm offers.

Forecasts and/or estimates provided herein are subject to change and may not actually come to pass. Information regarding expected market returns and market outlooks is based on the research, analysis and opinions of the authors or the investment team. These conclusions are speculative in nature, may not come to pass and are not intended to predict the future performance of any specific strategy or product the Firm offers. Future results may differ significantly depending on factors such as changes in securities or financial markets or general economic conditions.

This material has been prepared on the basis of publicly available information, internally developed data and other third-party sources believed to be reliable. However, no assurances are provided regarding the reliability of such information and the Firm has not sought to independently verify information taken from public and third-party sources.

This material is a general communication, which is not impartial and all information provided has been prepared solely for informational and educational purposes and does not constitute an offer or a recommendation to buy or sell any particular security or to adopt any specific investment strategy. The information herein has not been based on a consideration of any individual investor circumstances and is not investment advice, nor should it be construed in any way as tax, accounting, legal or regulatory advice. To that end, investors should seek independent legal and financial advice, including advice as to tax consequences, before making any investment decision.

Charts and graphs provided herein are for illustrative purposes only. **Past performance is no guarantee of future results.**

The indexes are unmanaged and do not include any expenses, fees or sales charges. It is not possible to invest directly in an index. Any index referred to herein is the intellectual property (including registered trademarks) of the applicable licensor. Any product based on an index is in no way sponsored, endorsed, sold or promoted by the applicable licensor and it shall not have any liability with respect thereto.

This material is not a product of Morgan Stanley's Research Department and should not be regarded as a research material or a recommendation.

The Firm has not authorised financial intermediaries to use and to distribute this material, unless such use and distribution is made in accordance with applicable law and regulation. Additionally, financial intermediaries are



required to satisfy themselves that the information in this material is appropriate for any person to whom they provide this material in view of that person's circumstances and purpose. The Firm shall not be liable for, and accepts no liability for, the use or misuse of this material by any such financial intermediary.

This material may be translated into other languages. Where such a translation is made this English version remains definitive. If there are any discrepancies between the English version and any version of this material in another language, the English version shall prevail.

The whole or any part of this material may not be directly or indirectly reproduced, copied, modified, used to create a derivative work, performed, displayed, published, posted, licensed, framed, distributed or transmitted or any of its contents disclosed to third parties without the Firm's express written consent. This material may not be linked to unless such hyperlink is for personal and non-commercial use. All information contained herein is proprietary and is protected under copyright and other applicable law.

## DISTRIBUTION

**This material is only intended for and will only be distributed to persons resident in jurisdictions where such distribution or availability would not be contrary to local laws or regulations.**

**MSIM, the asset management division of Morgan Stanley (NYSE: MS), and its affiliates have arrangements in place to market each other's products and services. Each MSIM affiliate is regulated as appropriate in the jurisdiction it operates. MSIM's affiliates are: Eaton Vance Management (International) Limited, Eaton Vance Advisers International Ltd, Calvert Research and Management, Eaton Vance Management, Parametric Portfolio Associates LLC, and Atlanta Capital Management LLC.**

This material has been issued by any one or more of the following entities:

### EMEA

This material is for Professional Clients/Accredited Investors only.

In the EU, MSIM and Eaton Vance materials are issued by MSIM Fund Management (Ireland) Limited ("FMIL"). FMIL is regulated by the Central Bank of Ireland and is incorporated in Ireland as a private company limited by shares with company registration number 616661 and has its registered address at 24-26 City Quay, Dublin 2, DO2 NY19, Ireland.

Outside the EU, MSIM materials are issued by Morgan Stanley Investment Management Limited (MSIM Ltd) is authorised and regulated by the Financial Conduct Authority. Registered in England. Registered No. 1981121. Registered Office: 25 Cabot Square, Canary Wharf, London E14 4QA.

In Switzerland, MSIM materials are issued by Morgan Stanley & Co. International plc, London (Zurich Branch) Authorised and regulated by the Eidgenössische Finanzmarktaufsicht ("FINMA"). Registered Office: Beethovenstrasse 33, 8002 Zurich, Switzerland.

Outside the US and EU, Eaton Vance materials are issued by Eaton Vance Management (International) Limited ("EVM") 125 Old Broad Street, London, EC2N 1AR, UK, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority.

**Italy:** MSIM FMIL (Milan Branch), (Sede Secondaria di Milano) Palazzo Serbelloni Corso Venezia, 16 20121 Milano, Italy. **The Netherlands:** MSIM FMIL (Amsterdam Branch), Rembrandt Tower, 11th Floor Amstelplein 11096HA, Netherlands. **France:** MSIM FMIL (Paris Branch), 61 rue de Monceau 75008 Paris, France. **Spain:** MSIM FMIL (Madrid Branch), Calle Serrano 55, 28006, Madrid, Spain. **Germany:** MSIM FMIL (Frankfurt Branch), Niederlassung Deutschland, Grosse Gallusstrasse 18, 60312 Frankfurt am Main, Germany (Gattung: Zweigniederlassung (FDI) gem. § 53b KWG). **Denmark:** MSIM FMIL (Copenhagen Branch), Gorrissen Federspiel, Axel Towers, Axeltorv2, 1609 Copenhagen V, Denmark.

## MIDDLE EAST

**Dubai:** MSIM Ltd (Representative Office, Unit Precinct 3-7th Floor-Unit 701 and 702, Level 7, Gate Precinct Building 3, Dubai International Financial Centre, Dubai, 506501, United Arab Emirates. Telephone: +97 (0)14 709 7158).

This document is distributed in the Dubai International Financial Centre by Morgan Stanley Investment Management Limited (Representative Office), an entity regulated by the Dubai Financial Services Authority ("DFSA"). It is intended for use by professional clients and market counterparties only. This document is not intended for distribution to retail clients, and retail clients should not act upon the information contained in this document.

This document relates to a financial product which is not subject to any form of regulation or approval by the DFSA. The DFSA has no responsibility for reviewing or verifying any documents in connection with this financial product. Accordingly, the DFSA has not approved this document or any other associated documents nor taken any steps to verify the information set out in this document, and has no responsibility for it. The financial product to which this document relates may be illiquid and/or subject to restrictions on its resale or transfer. Prospective purchasers should conduct their own due diligence on the financial product. If you do not understand the contents of this document, you should consult an authorised financial adviser.

### Latin America (Brazil, Chile Colombia, Mexico, Peru, and Uruguay)

This material is for use with an institutional investor or a qualified investor only. All information contained herein is confidential and is for the exclusive use and review of the intended addressee, and may not be passed on to any third party. This material is provided for informational purposes only and does not constitute a public offering, solicitation or recommendation to buy or sell for any product, service, security and/or strategy. A decision to invest should only be made after reading the strategy documentation and conducting in-depth and independent due diligence.

## U.S.

**NOT FDIC INSURED | OFFER NO BANK GUARANTEE | MAY LOSE VALUE | NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY | NOT A DEPOSIT**

**Hong Kong:** This material is disseminated by Morgan Stanley Asia Limited for use in Hong Kong and shall only be made available to "professional investors" as defined under the Securities and Futures Ordinance of Hong Kong (Cap 571). The contents of this material have not been reviewed nor approved by any regulatory authority including the Securities and Futures Commission in Hong Kong. Accordingly, save where an exemption is available under the relevant law, this material shall not be issued, circulated, distributed, directed at, or made available to, the public in Hong Kong. **Singapore:** This material is disseminated by Morgan Stanley Investment Management Company and should not be considered to be the subject of an invitation for subscription or purchase, whether directly or indirectly, to the public or any member of the public in Singapore other than (i) to an institutional investor under section 304 of the Securities and Futures Act, Chapter 289 of Singapore ("SFA"); (ii) to a "relevant person" (which includes an accredited investor) pursuant to section 305 of the SFA, and such distribution is in accordance with the conditions specified in section 305 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. This publication has not been reviewed by the Monetary Authority of Singapore. **Australia:** This material is provided by Morgan Stanley Investment Management (Australia) Pty Ltd ABN 22122040037, AFSL No. 314182 and its affiliates and does not constitute an offer of interests. Morgan Stanley Investment Management (Australia) Pty Limited arranges for MSIM affiliates to provide financial services to Australian wholesale clients. Interests will only be offered in circumstances under which no disclosure is required under the Corporations Act 2001 (Cth) (the "Corporations Act"). Any offer of interests will not purport to be an offer of interests in circumstances under which disclosure is required under the Corporations Act and will only be made to persons who qualify as a "wholesale client" (as defined in the Corporations Act). This material will not be lodged with the Australian Securities and Investments Commission.

Explore our site at [www.morganstanley.com/im](http://www.morganstanley.com/im)