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Morgan Stanley Investment Management launches two Fixed Income Sustainable European Funds

LONDON - Morgan Stanley Investment Management (MSIM) today announced the launch of two sustainable fixed income funds*, the MS INVF Sustainable European Corporate Fund and the MS INVF Sustainable European Strategic Fund. These launches come as the Firm continues to expand its sustainable investment offering in line with Morgan Stanley's commitment to sustainability, MSIM's long-term strategy within sustainable investing and growing investor demand for investment products with a focus on sustainable objectives.

Managed by the Global Fixed Income team, the funds will take an active approach to sustainable investing, whilst seeking to generate returns in line with existing strategies. They will also have the objective of making a positive contribution across key sustainability themes including decarbonisation, the United Nations Sustainable Development Goals, and by maximising the allocation in Green and other labelled Sustainable Bonds.

Brian Weinstein, Head of Global Fixed Income for Morgan Stanley Investment Management commented: "These two new funds are an evolution of existing market-leading funds. We have listened to feedback from our clients and drawn on expertise from across our team to create bespoke, next-generation sustainable investment products."

The portfolio management team will follow a differentiated multi-dimensional approach that combines its Environmental, Social and Governance (ESG) integration techniques for individual issuers, with top-down sustainability objectives. The funds will exclude issuers in controversial sectors – such as weapons, tobacco and coal – and with poor sustainable business practices. It will also focus on issuers whose ESG scores come within the top-80% in each sector, based on MSIM's own proprietary ESG scoring methodology. Both funds are designed to be less carbon intensive than their respective indices, aiming to invest at least 10% of the portfolio in Green and other labelled Sustainable Bonds.

The Sustainable European Corporate Fund will focus exclusively on corporate credit, while the Sustainable European Strategic Fund will invest across the broad fixed income universe, including developed and emerging market treasury and sovereign bonds, bonds issued by supranationals and agencies, investment grade and high yield corporate credit as well as securitised products, allowing it to take advantage of the natural diversification offered by the fixed income universe.

“Morgan Stanley Investment Management is committed to creating products and solutions which integrate ESG in a holistic way without compromising returns. We actively seek to identify holdings with a sustainable long-term competitive advantage by focussing on factors including ESG integration, social and environmental impact and active engagement,” said Navindu Katugampola, Head of Sustainable Investing for Fixed Income and Liquidity, Morgan Stanley Investment Management. “We have developed proprietary ESG methodologies, bespoke to Fixed Income, to analyse issuers both at the corporate level and with respect to labelled sustainable bonds.”

Dipen Patel, Portfolio Manager of the Sustainable European Corporate Fund, continued, “The ultimate objective of both funds is to create interesting and diversified opportunities for our clients while at the same time carefully balancing ESG considerations with the aim of delivering attractive risk-adjusted returns.”

Leon Grenyer, Portfolio Manager of the Sustainable European Strategic Fund, added: “The MSIM Fixed Income Team and ESG specialists have a long track record of delivering strong investment returns through the market cycle. These new funds offer an exciting opportunity for investors seeking the advantages of fixed income investments, whilst benefiting from Morgan Stanley’s firmly held sustainable investing principles.”

Richard Lockwood, Head of Distribution for Northern Europe, Morgan Stanley Investment Management concluded, “Markets continue to feel the on-going effects of the global pandemic, and investors are increasingly focussed on where they can allocate their money with the aim of working towards a greener recovery. Through these new ESG-focussed fixed income products, Morgan Stanley Investment Management is providing the right channels for our clients to realise those goals.”

The value of investments and the income from them may go down as well as up and you may not get back the amount you originally invested.

This should not be construed as investment advice. Investors should seek independent financial advice before making any investment decision.

***These funds are currently registered for sale in Luxemburg - individual country registrations will take place over the coming weeks.**

About Morgan Stanley Investment Management

Morgan Stanley Investment Management, together with its investment advisory affiliates, has more than 714 investment professionals around the world and \$665 billion in assets under management or supervision as of June, 30, 2020. Morgan Stanley Investment Management strives to provide outstanding long-term investment performance, service and a comprehensive suite of investment management solutions to a diverse client base, which includes governments, institutions, corporations and individuals worldwide. For further information about Morgan Stanley Investment Management, please visit www.morganstanley.com/im

About Morgan Stanley

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