Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Product name:	**Legal entity identifier:**
Asia Opportunity Fund	549300A6F3VVR9QM8333

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective: __%**	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective: __%**	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

- The fund promotes the environmental characteristic of limiting environmental externalities by excluding investments in coal.
- The fund promotes the social characteristic of avoiding investments in certain activities which can cause harm to human health and wellbeing, including tobacco and certain weapons, comprising civilian firearms, cluster munitions and anti-personnel mines.

These exclusions are implemented in line with the fund's Restriction Screening Policy, which is set out below in response to the question "*What investment strategy does this financial product follow?*".

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the fund.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The sustainability indicator is the percentage of companies in the fund which breach the exclusionary screens. The sustainability indicator will therefore be that 0% of the fund's investments are in violation of the fund's Restriction Screening Policy.

Compliance with the exclusions is monitored on an ongoing basis through an automated process, comprising pre- and post-trade guideline monitoring and exception-based screening.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

Not applicable.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

Not applicable.

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Not applicable.

Principle Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Not applicable.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



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

☒ **Yes**

☐ **No**

The fund considers principal adverse impacts ("**PAI**") on sustainability factors only in part, as follows:

- The fund excludes issuers which receive a certain percentage of their revenue from coal mining and extraction. The fund therefore partly considers the PAI indicator (4) exposure to companies active in the fossil fuel sector.
- The fund excludes issuers which are involved in manufacturing the core weapon system of cluster munitions and anti-personnel mines. The fund therefore partly considers the PAI indicator (14) exposure to controversial weapons.

Where the investment manager considers the following PAI indicators to be materially relevant to, or impacted by, the activities of the issuer, it will also consider the following PAIs on sustainability factors. This will be done by the investment manager (a) integrating ESG analysis within the research process and/or (b) engaging with management of investee companies. The PAIs considered are the following:

- PAI indicator (1): Greenhouse gas emissions (GHG);
- PAI indicator (2): Carbon footprint;
- PAI indicator (3): GHG intensity;
- PAI indicator (5): Non-Renewable energy consumption and production; and
- PAI indicator (6): Energy consumption intensity per high impact climate sector.

As a result, the fund contributes to mitigating the fund's adverse impacts on these sustainability factors.

The fund will make information available on how it has incorporated the PAIs in its periodic reports to investors.



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The investment process integrates analysis of sustainability with respect to disruptive change, financial strength, environmental and social externalities and governance (also referred to as ESG).

Binding restriction screens are applied to the fund in accordance with the fund's Restriction Screening Policy.

The fund's Restriction Screening Policy is to restrict investments in corporate issuers whose core business activity, determined in accordance with the methodology set out below, involves:

- Tobacco;
- Thermal coal; or
- Weapons, comprising civilian firearms, cluster munitions and anti-personnel mines.

The methodology used to determine core business activity for the purpose of the above-described screening is as follows:

1) Revenue (as defined by external third-party data):

- more than 5% of its recent-year revenue (or estimated revenue) from Tobacco;
- more than 10% of its recent-year revenue (or estimated revenue) from Thermal Coal;
- more than 10% of its recent-year revenue (or estimated revenue) from the Manufacture of Civilian Firearms and ammunition; or

2) Involvement as identified by an external third-party data provider through corporate ownership, in manufacturing the core weapon system, or components/services of the core weapon system that are considered tailor-made and essential for the lethal use of the weapon, or cluster munitions and anti-personnel mines.

Investments that are held by the fund but become restricted after they are acquired for the fund, due to their involvement in one of the previously mentioned restricted business activities, will be sold. Such sales will take place over a time period to be determined by the investment manager of the fund, taking into account the best interests of the shareholders of the fund.

The investment manager may decide to implement additional ESG-related restrictions to the fund over time that it believes are consistent with its investment objectives, and such new restrictions will be disclosed in the fund's SFDR website disclosure:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_globalopportunity_en.pdf.

This section solely refers to the fund's strategy as it relates to SFDR. Please see the "Fund Descriptions" section of the Prospectus for information on the fund's broader investment strategy.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The restriction screens are the binding elements of the investment strategy used to select the investments to achieve the environmental / social characteristics promoted.

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

Not applicable.

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

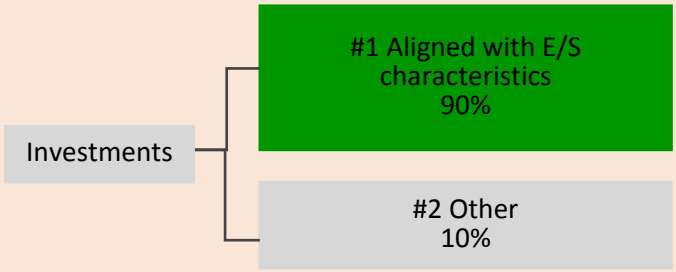
Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

As part of the fund's holistic approach to ESG, the investment manager of the fund assesses governance practices of investee companies, including but not limited to looking at the management structures, employee relations, remuneration of staff, and tax compliance of such companies. This is framed by a set of questions applied consistently across companies. Topics include, but are not limited to, management incentives aligned with the long-term interest of shareholders, capital allocation, independent and engaged boards, and transparency of accounting.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Category #1 investments (i.e. those aligned with E/S characteristics) comprise all investments that are screened against the fund's Restriction Screening Policy. Category #2 investments are those investments that are not screened against the fund's Restriction Screening Policy.

The entirety of the fund, apart from cash and derivatives held for efficient portfolio management purposes, are screened against the fund's Restriction Screening Policy. This comprises 90% of the fund. Accordingly, at least 90% of the fund are Category #1 investments and the remaining 10% of the fund (comprising cash and derivatives held for hedging purposes) are Category #2 investments.

These percentages are measured according to the value of the investments.

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

Not applicable.

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

The fund does not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

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

Transitional activities are activities for which low-carbon alternatives are not yet available and among others, have greenhouse gas emission levels corresponding to the best performance.

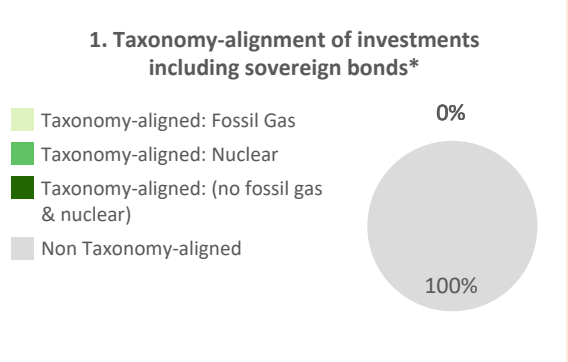
- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?***[1]

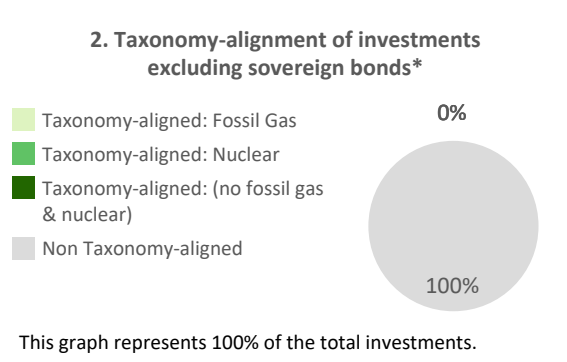
☐ **Yes:**

☐ In fossil gas ☐ In nuclear energy

☒ **No**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*





This graph represents 100% of the total investments.

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

- ***What is the minimum share of investments in transitional and enabling activities?***

As the fund does not commit to invest any sustainable investment within the meaning of the EU Taxonomy, the minimum share of investments in transitional and enabling activities within the meaning of the EU Taxonomy is therefore also set at 0%.

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

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

The fund promotes environmental and social characteristics but does not commit to making any sustainable investments. As a consequence, the fund does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

What is the minimum share of socially sustainable investments?

Not applicable.

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

Up to 10% of the fund, comprising cash and derivatives held for efficient portfolio management purposes, are Category "#2 Other" investments. These instruments are not subject to environmental and/or social screening or any minimum environmental or social safeguards.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable.

Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.morganstanley.com/im/publication/msinvf/regulatorypolicy/sfdrwebsite_msinvf_globalopportunity_aggregated_en.pdf