

Appendix 9: Sustainable Finance Disclosure (unaudited)

As at 31 December 2023

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

Product name: Developing Opportunity Fund

Legal entity identifier: 549300LLOEXEQPRYTK93

Reference period: 01 January 2023 to 31 December 2023

Unless stated otherwise, the values below have been calculated based on the average of the fund's investments at each quarter end during the reference period. This calculation methodology also applied to the fund's top holdings and sector exposure.

Environmental and/or social characteristics

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

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

Did this financial product have a sustainable investment objective?

- | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
|--|--|
| <input type="checkbox"/> It made sustainable investments with an environmental objective : ___% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy | <input type="checkbox"/> It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective |
| <input type="checkbox"/> It made sustainable investments with a social objective : ___% | <input checked="" type="checkbox"/> It promoted E/S characteristics, but did not make any sustainable investments |

Appendix 9: Sustainable Finance Disclosure (unaudited)

As at 31 December 2023 (continued)



To what extent were the environmental and/or social characteristics promoted by this financial product met?

During the reference period, the Fund promoted the following environmental and social characteristics:

- the Fund promoted the environmental characteristic of limiting environmental externalities by excluding investments in coal; and
- the Fund promoted 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.

Further detail on the nature of these exclusions is set out below (in response to the question “How did the sustainability indicators perform?”).

There were no exceptions to the Fund’s attainment of its environmental and social characteristics.

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

How did the sustainability indicators perform?

Sustainability Indicator	Indicator Threshold	2023 Indicator Value
Exclusions – Corporates:		
% Fund invested in companies whose GICS sub-industry is:		
Tobacco	0.00%	0.00%
Coal & Consumable Fuels	0.00%	0.00%
% Fund invested in companies which derive revenue from:		
Tobacco (>5% recent year revenue as determined using data from MSCI ESG BISR)	0.00%	0.00%
Thermal coal (>10% recent year revenue as determined using data from MSCI ESG BISR)	0.00%	0.00%
Manufacture of Civilian Firearms and ammunition (>10% recent year revenue as determined using data from MSCI ESG BISR)	0.00%	0.00%
% Fund invested in companies involved, 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 cluster munitions & anti-personnel mines	0.00%	0.00%

The entirety of the Fund, apart from cash and derivatives held for efficient portfolio management purposes, were screened against the Fund’s Restriction Screening Policy. During the reference period, 0% of the Fund’s investments were in violation of the Fund’s Restriction Screening Policy.

Appendix 9: Sustainable Finance Disclosure (unaudited)

As at 31 December 2023 (continued)

. . . and compared to previous periods?

Sustainability Indicator	Indicator Threshold	2022 Indicator Value
Exclusions – Corporates:		
% Fund invested in companies whose GICS sub-industry is:		
Tobacco	0.00%	0.00%
Coal & Consumable Fuels	0.00%	0.00%
% Fund invested in companies which derive revenue from:		
Tobacco (>5% recent year revenue as determined using data from MSCI ESG BISR)	0.00%	0.00%
Thermal coal (>10% recent year revenue as determined using data from MSCI ESG BISR)	0.00%	0.00%
Manufacture of Civilian Firearms and ammunition (>10% recent year revenue as determined using data from MSCI ESG BISR)	0.00%	0.00%
% Fund invested in companies involved, 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 cluster munitions & anti-personnel mines	0.00%	0.00%

The entirety of the Fund, apart from cash and derivatives held for efficient portfolio management purposes, were screened against the Fund's Restriction Screening Policy. During the reference period, 0% of the Fund's investments were in violation of the Fund's Restriction Screening Policy.

The EU Taxonomy sets out a "do no 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.

Appendix 9: Sustainable Finance Disclosure (unaudited)

As at 31 December 2023 (continued)



How did this financial product consider principal adverse impacts on sustainability factors?

The Fund considered principal adverse impacts (“PAI”) on sustainability factors only in part, as follows:

The Fund excluded issuers which receive a certain percentage of their revenue from coal mining and extraction. The Fund therefore partly considered the PAI indicator (4) exposure to companies active in the fossil fuel sector.

The Fund excluded issuers which are involved in manufacturing the core weapon system of cluster munitions and anti-personnel mines. The Fund therefore partly consider the PAI indicator (14) exposure to controversial weapons.

Where the Investment Adviser considered the following PAI indicators to be materially relevant to, or impacted by, the activities of the issuer, it also considered the following PAIs on sustainability factors. This was done by the Investment Advisor (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 contributed to mitigating the Fund’s adverse impacts on these sustainability factors.

Appendix 9: Sustainable Finance Disclosure (unaudited)

As at 31 December 2023 (continued)



The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: from 01 January 2023 to 31 December 2023.

What were the top investments of this financial product?

Security	Sector	% Assets	Country
MERCADOLIBRE INC	Consumer Discretionary	8.42%	United States
HDFC BANK LTD	Financials	7.42%	India
COUPANG INC	Consumer Discretionary	5.66%	South Korea
ICICI BANK LTD	Financials	5.56%	India
MEITUAN	Consumer Discretionary	4.49%	China
TRIP.COM GROUP LTD	Consumer Discretionary	4.27%	China
TAIWAN SEMICONDUCTOR MANUFACTURING CO LT	Information Technology	3.91%	Taiwan
KWEICHOW MOUTAI CO LTD	Consumer Staples	3.68%	China
NU HOLDINGS LTD/CAYMAN ISLANDS	Financials	3.60%	Brazil
KE HOLDINGS INC	Real Estate	3.60%	China

% Assets are calculated based on the average of the fund's investments at each quarter end during the reference period.



What was the proportion of sustainability-related investments?

97.08% of the Fund's investments attained the promoted environmental or social characteristics during the reference period through the application of environmental and social exclusions. The remainder of the investments during the reference period were investments in cash and/or derivatives held for efficient portfolio management purposes, and were not subject to environmental and/or social screening or any minimum environmental or social safeguards.

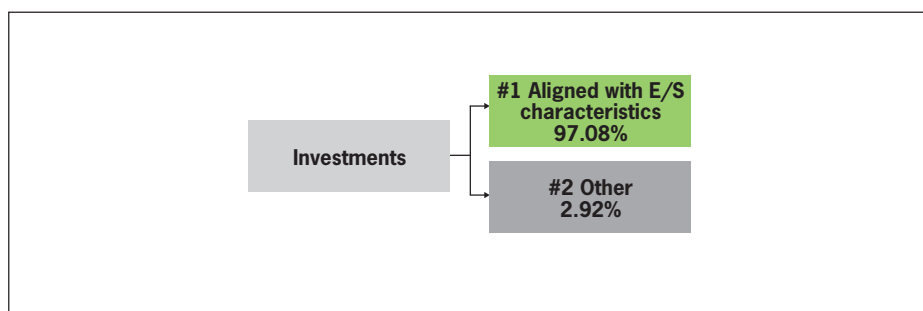
The Fund did not make any sustainable investments within the meaning of the Sustainable Finance Disclosure Regulation ("SFDR").

Appendix 9: Sustainable Finance Disclosure (unaudited)

As at 31 December 2023 (continued)

What was the asset allocation?

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.

In which economic sectors were the investments made?

Sector	% Assets
Consumer Discretionary	32.16%
Financials	27.23%
Communication Services	9.50%
Information Technology	8.54%
Consumer Staples	7.93%
Real Estate	4.73%
Industrials	4.69%
Materials	1.72%
Health Care	0.57%
Exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade, of fossil fuels	1.14%

The table above only includes investments made by the Fund and excludes other assets held by the Fund such as cash and derivative instruments held for efficient portfolio management purposes.

The Fund's exposure to fossil fuel related activities, as presented in the table above, captures issuers deriving any revenue from such activities as part of their business. The indicator therefore has a broader scope when compared to the coal mining exclusion applied as a binding characteristic to the Fund.

Appendix 9: Sustainable Finance Disclosure (unaudited)

As at 31 December 2023 (continued)

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

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



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

The Fund did not commit to making a minimum portion of sustainable investments with an environmental objective aligned with the EU Taxonomy. None of the Fund’s investments have been assessed by the Investment Adviser as aligned with the EU Taxonomy during the reference period.

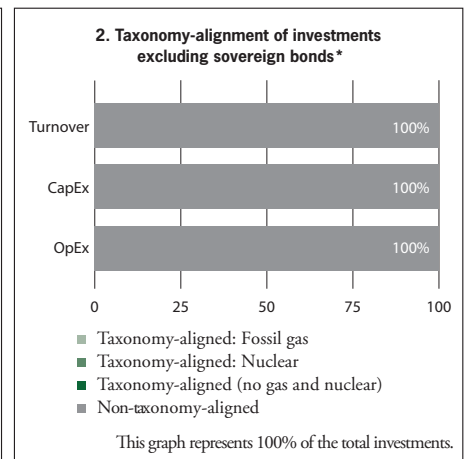
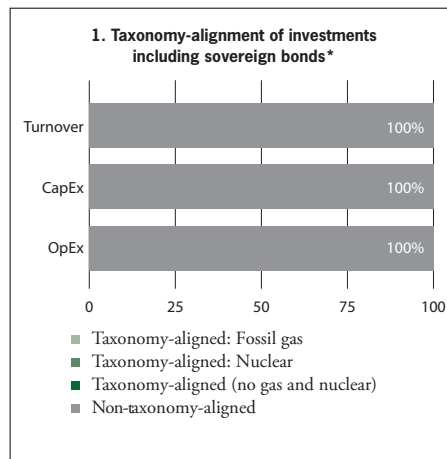
Did the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?

- Yes
 - In fossil gas
 - In nuclear energy
- No

The graphs below show in green the percentage of investments that were 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.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflects the “greenness” of investee companies today.
- **capital expenditure (CapEx)** shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure (OpEx)** reflects the green operational activities of investee companies.



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

¹ Fossil gas and/or nuclear activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do no significant harm to 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 Commissions Delegated Regulation (EU) 2022/1214.

Appendix 9: Sustainable Finance Disclosure (unaudited)

As at 31 December 2023 (continued)

What was the share of investments made in transitional and enabling activities?

The Fund did not make any investments which the Investment Adviser assessed to be in transitional or enabling activities, according to the EU Taxonomy.

How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?

Not applicable.



What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?

2.92% of the Fund’s investments were not aligned with the environmental or social characteristics of the Fund and have been included in the “other” category. They comprised cash and/or derivatives held for efficient portfolio management purposes and they were not subject to environmental and/or social screening or any minimum environmental or social safeguards.



What actions have been taken to meet environmental and/or social characteristics during the reference period?

During the reference period, the Investment Adviser monitored the investment universe according to the Fund’s environmental and social characteristics to avoid any new investments in companies that were involved in excluded activities, or existing companies that may have initiated excluded activities. Additionally, the Investment Adviser engaged companies’ management on topics specific to each business with a focus on material ESG risks and opportunities that may impact the value of a company’s securities. As part of a company quality assessment, the Investment Adviser has also analysed potential impacts to humanity’s health, environment, liberty and productivity and corporate governance practices to ensure agency, culture and trust within investee companies.

Data Limitations

In general, Morgan Stanley Investment Management uses a range of data sources and internal analysis as inputs into its ESG processes. This may include use of data sourced from third party data providers, including for making the disclosures in this report. Such data may be subject to methodological limitations and may be subject to data lags, data coverage gaps or other issues impacting the quality of the data. ESG-related information, including where obtained from third-party data providers, is often based on qualitative or subjective assessment, and any one data source may not in itself present a complete picture relating to the ESG metric that it represents. Minimal discrepancies may also arise in reported data on the Fund’s portfolio weightings where the Fund has made use of different underlying sources of holdings data to produce the disclosures included in the report. Morgan Stanley Investment Management takes reasonable steps to mitigate the risk of these limitations. However, it does not make any representation or warranty as to the completeness or accuracy of such data. Any such data may also be subject to change by the third party provider without notice. As such, Morgan Stanley Investment Management may choose to take such action (or inaction) based on any change in data provided by a third party data provider as it deems appropriate in the circumstances.

This report has been prepared based on the Fund’s portfolio holdings as of the date specified at the top of this document only (unless the context indicates otherwise). Unless otherwise indicated, the percentages included in this report have been measured according to portfolio weight, which is based on the market value of the investments in the Fund.