Website Product Disclosures further to art. 10(1) of the Sustainable Finance Disclosure Regulation for art. 8 sub-funds

Product name: FCH Morgan Stanley Euro Strategic Bond
(the "Financial Product")

No sustainable investment objective

This Financial Product promotes environmental or social characteristics, but does not have as its objective sustainable investment.
The Financial Product aims to invest a minimum proportion of 10% of its assets in sustainable investments. The Financial Product seeks to ensure that the sustainable investments of the Financial Product do not cause significant harm to relevant environmental or social sustainable investment objectives by:
• Testing whether the investment meets the thresholds set by the Investment Manager for each of the PAI indicators which are mandatory for the Investment Manager to consider under the EU SFDR rules and which are relevant to the investment; and
• Ensuring that the sustainable investments of the Financial Product are aligned with the OECD Guidelines for Multinational Enterprises and the UN Principles on Business and Human Rights.

Environmental or social characteristics of the financial product

The Financial Product promotes the environmental characteristic of climate change mitigation by excluding investments in certain types of fossil fuels. In addition, the Financial Product promotes the social characteristic of avoiding investments in activities which can cause harm to human health and wellbeing, in sovereign issuers that significantly violate social rights, and securitisations that violate responsible business or lending practices.

Further detail on the nature of these exclusions is set out below (in response to the section below titled, "Investment Strategy").

The Financial Product also aims to make a minimum of 10% sustainable investments in:
• Corporate issuers whose business practices, products or solutions, make a net positive contribution towards United Nations' Sustainable Development Goals ("SDGs");
• Sovereign issuers with ESG scores in the top-2 ranks according to the investment manager's proprietary scoring methodology, associated with positive environmental or social attributes; or
• Sustainable Bonds, from any type of issuer, which make a positive environmental or social contribution through their use of proceeds, as explained in response to the section below titled, "Methodologies".

Investment strategy

As part of its investment strategy, the Financial Product aims at reducing exposure to selected business activities which can cause danger to human health and wellbeing or the environment; to sovereign issuers that severely violate social rights; and to securitisations that violate responsible business or lending practices, through exclusionary screening.

The Financial Product will make sustainable investments in Sustainable Bonds making a positive environmental or social contribution through their use of proceeds, bonds from corporate issuers whose business practices, products or solutions, make a net positive contribution towards the SDGs, or bonds from sovereign issuers with an ESG rank of 4 or 5,in a 1-5 range where 5 is best, based on the investment manager's proprietary ESG scoring methodology.

Binding criteria	
The Financial Product will not invest in corporate issuers which:	<u>**Derive any revenue from any of the following activities:**</u> • Controversial weapons manufacturing or retail (including antipersonnel landmines, cluster munitions, biological or chemical weapons, and nuclear weapons); • Civilian firearms manufacturing or retail; • Tobacco manufacturing; or <u>**Derive more than 5% revenue from any of the following activities:**</u> • Thermal coal mining and extraction;* <u>**Derive more than 10% revenue from any of the following activities:**</u> • Military or conventional weapons, or weapons systems manufacturing or retail; • Gambling; <u>**Derive more than 20% revenue from any of the following activities:**</u> • Coal-fired power generation;* or <u>**Violate any of the following global norms:**</u> • UN Global Compact, UN Guiding Principles on Business and Human Rights, ILO fundamental Principles, or OECD Guidelines for Multinational Enterprises, without evidence of material remediation and improvement. *The Financial Product may, as an exception to the exclusions related to fossil fuels listed above, invest in labelled Sustainable Bonds which are intended to raise proceeds specifically for projects

	that promote positive environmental contributions mitigating the adverse sustainability impact of those fossil fuels, such as renewable energy or energy efficiency, based on information available in the bond issuance documentation.
The Financial Product **will not invest in sovereign issuers which:**	Are in the bottom-10% ranked countries for social violations, based on the investment manager's custom indicator. The social violations custom indicator is calculated by the investment manager taking into consideration a country's performance on issues including, but not limited to, the application of human rights and civil liberties, the quality of contract enforcement and security, freedom of expression, association and free media, as assessed by underlying data from third parties. In addition, any investments in sovereign issuers exhibiting positive momentum with respect to such violations, shall not be subject to the purchase restriction. For example, if a country is in the process of making significant remediation efforts, such as through electoral or policy reforms and engagement with civil society, with regard to any social violations, the investment manager may not exclude the investment from the Financial Product, provided this is kept under review by the investment manager.
The Financial Product will not invest in securitisations in which:	• The underlying loans show evidence of predatory lending, as determined by the applicable usury laws, and in the context of market rates and borrower's risk profile;* • The lender or servicer of the underlying assets has committed a severe breach of consumer protection standards: ◦ as established by the Consumer Financial Protection Bureau (CFPB) in the United States; or ◦ as established by any relevant regulatory and supervisory agency in the jurisdiction where the securitisation's originator and/or collateral are located; if the breach relates to the securitisation's underlying collateral, underwriting and servicing practices, unless there is evidence of the breach having been or being remediated;** or • The originator, lender or servicers has been involved in controversy cases related to business ethics and fraud that the investment manager views as significant based on data by relevant ESG data providers, and where the investment manager considers appropriate remedial action has not been taken. * A loan is considered a predatory loan if: • Interest rates do not comply with U.S. usury laws or the equivalent in other jurisdictions; or • Interest rates being offered exceed a limit for which the investment manager deems to be exceedingly higher than the industry standard. The investment manager may choose to proceed with an investment where interest rates where interest rates surpass this level if following enhanced due diligence (including through direct engagement with the lending team and/ or servicing department on the securitisation deal), the investment manager determines that access to the loan is still beneficial to the borrower when taking into consideration its risk profile and alternative borrowing options. The interest rate levels which are considered industry standard are subject to periodic review by the investment manager, based on the prevailing market conditions and prevailing rates across the industry at the time. ** This exclusion criterion does not apply to lenders or servicers of U.S. government sponsored mortgage-backed securities, as their compliance of such securitisations with local regulatory standards is already monitored by the U.S. government on an ongoing basis. Such investments will be considered to fall within "#1 Aligned with E/S characteristics", in response to the section titled, "Proportion of investments".
Sustainable investments	The Financial Product will maintain a minimum of 10% of sustainable investments, which meet the criteria as set out in response to the section below titled, "Methodologies".

In addition to the ESG considerations described in this summary on a binding basis, the Financial Product integrates ESG considerations in the investment decision-making process to support its environmental and social characteristics on a non-binding basis, based on the investment manager's in-house research and methodologies and on third-party data.

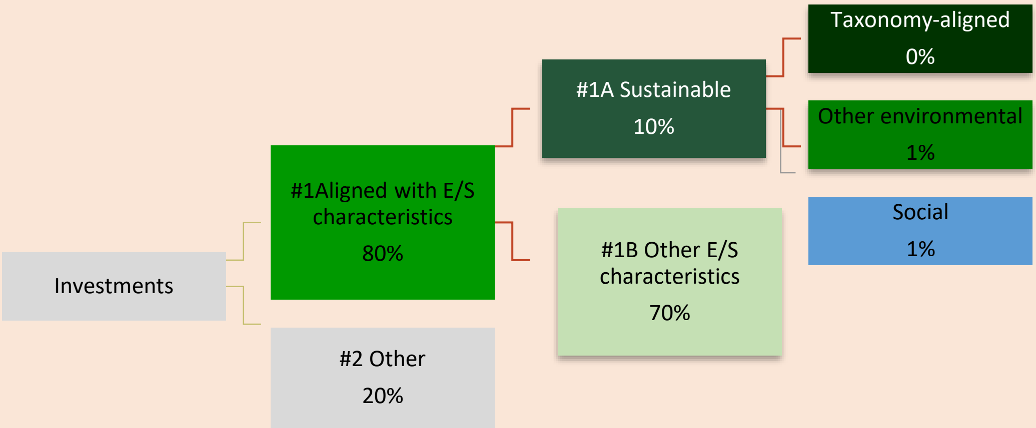
Governance practices of investee companies

As part of its bottom-up, fundamental research process, the Investment Manager systematically incorporates the assessment of an issuer'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, in order to ensure that every investee company follows good governance practices.

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 issuers on corporate governance and disclosure issues.

In the interests of transparency, given the Financial Product also invests in sovereign bonds, the investment manager notes that it also assesses investee sovereign issuers' government effectiveness, political stability, control of

Proportion of investments



#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.

#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The exclusions (as described above) will be applied to at least 80% of the portfolio, however the Financial Product also expects to allocate a minimum of 10% of its assets to sustainable investments. Among these sustainable investments, the Financial Product commits to make a minimum of 1% of sustainable investments with an environmental objective and 1% of sustainable investments with a social objective which can both vary independently at any time.

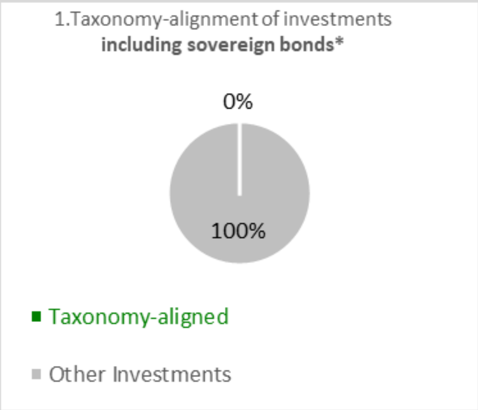
A maximum of 20% of the Financial Product's assets may be invested in hedging instruments for efficient portfolio management and in cash as ancillary liquidity, which do not align with any environmental or social characteristics.

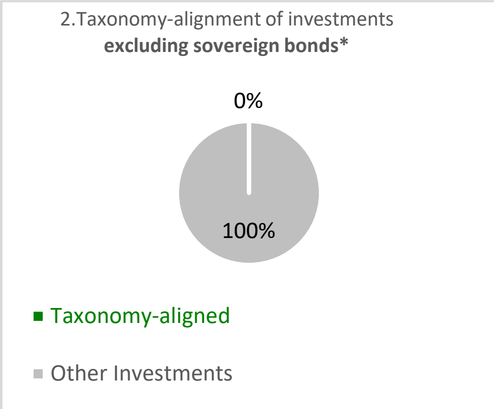
As explained above, any investments that are held by the Financial Product but become restricted because they breach the investment exclusions set out above, after they are acquired for the Financial Product, will be sold. Such sales will take place over a period of time to be determined by the investment manager, taking into account the best interests of the shareholders of the Financial Product. Such investments are included in the "#2 Other" category.
These percentages are measured according to the value of the investments.

Taxonomy disclosures

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

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*

Monitoring of environmental or social characteristics

The sustainability indicators of the Financial Product will be measured and evaluated on an ongoing basis, using a combination of tools / screens, portfolio surveillance tools and manual desk reviews and analyses.

The investment process is subject to regular review, as part of a control and monitoring framework **implemented by the Investment Manager. The Investment Manager's Compliance, Risk and Portfolio** Surveillance teams collaborate with the investment team to conduct regular portfolio/performance reviews and systemic checks to ensure compliance with portfolio investment objectives and environmental and social characteristics, taking into account changing market conditions, information and strategy developments.

Investments that are held by the Financial Product but become restricted because they breach the exclusion criteria set out above after they are acquired for the Financial Product will be sold. Such sales will take place over a time period to be determined by the Investment Manager, considering the best interests of the shareholders of the Financial Product.

If the Investment Manager considers that the portfolio or an investment no longer meets the Financial Product's other binding environmental or social criteria, the Investment Manager will take such remedial action as it determines to be appropriate. Any such remedial action will be taken over a time period to be determined by the Investment Manager, considering the relevant circumstances and best interests of the shareholders of the Financial Product.

Methodologies

The following sustainability indicators are used to measure the attainment of the Financial Product's environmental and social characteristics:

- The Financial Product's exposure, in percentage market value, to issuers that violate any of the exclusion criteria, as described in the section above titled, "Investment Strategy";
- The Financial Product 's percentage market value allocated to sustainable investments.

Sustainable investments

The Financial Product's sustainable investments will fall within one of the following categories:

- Green, Social or Sustainability Bonds ("**Sustainable Bonds**"), as labelled in the securities' documentation, where the issuer commits to allocate the proceeds to projects making a positive environmental or social contribution. This includes, but is not limited to, bonds that align with the International Capital Market Association (ICMA)'s Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines, and bonds which have been assessed through the Investment Manager's proprietary Sustainable Bond evaluation framework. Sustainable Bonds mobilise financing directly towards a multiplicity of environmental and social projects whose focus spans across a number of sustainability objectives. Examples include, but are not limited to, financing for renewable energy, energy efficiency, clean transportation, affordable housing, and financial inclusion projects. The specific objectives to which the Sustainable Bonds contribute depend on the eligible environmental and social project categories of each security.

- Bonds from corporate issuers whose business practices, products or solutions, make a net positive contribution towards the SDGs. The SDGs were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet and ensure that by 2030 all people enjoy peace and prosperity. The Investment Manager defines positive contribution to the SDGs as a net positive aggregate alignment score across all the SDGs (i.e., scores measuring positive contribution to individual SDGs have to, in total, be greater than the total of any negative contribution scores), based on third-party data. The Investment Manager will also only include issuers which have sufficient positive SDG alignment (in the Investment Manager's view) with at least one individual SDG, and which do not have any material mis-alignments (in the Investment Manager's view) on any of the SDGs.
- Bonds from sovereign issuers with an ESG rank of 4 or 5, in a 1-5 range where 5 is best, based on the Investment Manager's proprietary ESG scoring methodology. Ranks of 4 and 5 reflect a country's positive contribution towards environmental and social themes such as decarbonisation, forestry conservation, promotion of education, health and wellbeing, and good living standards. The Investment Manager will, however, not treat the investment as sustainable if the sovereign issuer ranked 4 or 5 has experienced recent negative momentum as assessed through in-house research, which is not captured by ESG data providers. For example, if a country is facing significant political and/or social instability.

PAI indicators

The "do no significant harm" methodology applied by the Investment Manager on sustainable investments seeks to exclude nvestments that cause harm to any of the PAI indicators which are mandatory for the Investment Manager to consider under the EU SFDR rules, and which are relevant to the investment.

The Investment Manager has determined specific metrics and quantitative thresholds for what constitutes significant harm to screen PAI indicators that are relevant to the investment, using third-party data as well as in-house research. The thresholds are set: (i) on an absolute value basis; (ii) on a relative basis in the context of the investment universe; or (iii) using pass/fail scores. Different metrics or thresholds may apply to issuers located in developed markets and in emerging markets, respectively. This is intended to reflect the different extent to which the Investment Manager deems that meeting minimum sustainability standards in these markets is currently achievable. In addition, different relative thresholds may apply to similar indicators: for example, the Investment Manager currently applies a lower threshold to determine significant adverse impact with respect to scope 3 emissions intensity compared to scope 1 and 2 emissions intensity. This is because: (i) companies have less control over their indirect emissions; and (ii) data estimates for scope 3 emissions, which currently prevail over reported data compared to scope 1 and 2 emissions, may result in a less accurate PAI assessment.

The Investment Manager may use reasonable proxy indicators sourced from third parties to address the current lack of data for certain PAI indicators. The investment manager's use of proxy indicators will be kept under review and will be replaced by PAI data from third-party data providers, when the investment manager determines that sufficiently reliable data has become available.

The Investment Manager generally conducts the PAI assessment at the issuer level. However, where appropriate the assessment may be done at security level in whole or in part. For instance, in the case of Sustainable Bonds, as defined above, the PAI indicators that are directly related to the sustainability factors targeted by the bond's use of proceeds will be assessed at the security level, through the Investment Manager's proprietary Sustainable Bond Evaluation Framework. As an example, the Financial Product may invest in a Green Bond issued by a utility company that has a negative assessment of under the PAI indicators related to GHG emissions and/or GHG intensity, as long as the Investment Manager evaluates that the issuer has a credible strategy to reduce its GHG emissions, and that the Green Bond specifically contributes towards such goal. Other PAI indicators that are unrelated to the Sustainable Bond's use of proceeds are still assessed at the issuer level.

The Financial Product's PAI assessment is supported, on a qualitative basis, by the Investment Manager's engagement with selected issuers on their corporate governance practices, as well as on other material sustainability issues related to the SDGs, in line with the Investment Manager's Fixed Income Engagement Strategy, available on www.morganstanley.com/im.

Alignment with OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights

The Financial Product excludes from the entirety of the portfolio issuers which have experienced very severe controversies that are deemed to violate the UN Global Compact, the UN Guiding Principles on Business and Human Rights, or the ILO Financial Product amental Principles, and issuers with very severe controversies related to violations of the OECD Guidelines for Multinational Enterprises. This screening is done using third-party data.

Data sources and processing

The Investment Manager leverages ESG data from various external vendors. This data is collected and stored in Morgan Stanley's centralized ESG data repository, to allow any Morgan Stanley business unit, including MSIM Investment teams, to access the information for research, portfolio analysis and construction, and client and regulatory reporting.

MSIM assesses data quality by liaising with the different data providers to obtain updates to the datasets as the regulation evolves. They also ensure that ESG data adheres to the Firm's data governance and quality standards through procedures to assess the appropriateness and delivery of data feeds. MSIM also conducts as appropriate, due diligence on the external data providers in order to assess whether their methodologies are appropriate for the intended use case.

Due to gaps in data coverage, a small proportion of the data which is used to assess alignment with E/S characteristics may be estimated data. The Investment Manager will keep data gaps under review and replace the estimated data with third-party data sources or data obtained by other means (e.g., directly from investee companies) when available.

Limitations to methodologies and data

The Investment Manager uses data to assess the PAI indicators from third-party providers. The Financial Product may use reasonable proxy data for PAI indicators where the Investment Manager considers that the data is not widely or reliably available. Any use of proxies will be kept under review and will be replaced by data from third-party data providers, when the Investment Manager determines that sufficiently reliable data has become available. This limitation does not affect how the environmental and social characteristics promoted by the Financial Product are met because any proxies used are reviewed and assessed by the Investment Manager to ensure that they are appropriate substitutes for the relevant PAI indicator.

Additionally, the below outlines some of the key themes and commonalities which contribute to limitations in the methodologies and/or data and/or poor data quality of the Financial Product:

- methodology differences between data providers;
- discrepancies in reported vs. estimated carbon emissions data such as Scope 3 emissions;
- data lags i.e., reporting timelines for data may not align with SFDR reporting timelines;
- coverage gaps across asset classes, geographies, and market capitalisations; and

Despite these limitations, which impact all consumers of ESG data and are not particular to MSIM, the Investment Manager takes reasonable steps to mitigate the risk of these limitations hindering the Financial Product's ability to meet its environmental and social characteristics – these include (as appropriate), assessing vendor data quality and methodologies, comparing ESG data points between vendors or against its own internal analyses and using appropriate estimations to manage data gaps.

Due diligence

The Investment Manager relies on internal research to derive its own independent assessment of an issuer's value and credit worthiness, using third-party agency and sell side research as an input.

The Investment Manager conducts in-depth bottom-up analysis:

- for corporate bonds, to identify bond issuers that meet its investment criteria in terms of competitive position, franchise value and management quality;
- for government bonds, to identify bond issuers that meet its investment criteria that underpin economic progress and resilience of sovereign nations, and which the Investment Manager considers most material to the performance of their debt; and
- for securitisations, to analyse each security's underlying loans or collateral covering factors such as location, occupancy rates, borrowers' credit availability and history of defaults.

As part of this process, the Investment Manager also conducts bottom-up due diligence on the Financial Product's investments to identify any sustainability risks that could impact the value of the assets, which is considered by the Investment Manager when making investment decisions on a non-binding basis. The due diligence process is based on in-house research and third-party data.

In addition, the Investment Manager's Risk team conducts top-down sustainability investment risk analysis on the Financial Product. This information is monitored on an ongoing basis and monthly reports are provided to the Investment Manager's senior management, and are taken into account as a non-binding element of the Financial Product's investment decision making processes.

Engagement policies

The Investment Manager may engage with selected bond issuers on their corporate and sovereign governance practices, as well as on other material sustainability issues related to the SDGs, including sustainability-related controversies or breaches of international norms and principles. Such engagement activities support, on a qualitative and non-**binding basis, the Financial Product's PAI and good governance assessment.**

A non-exhaustive list of examples of the I**nvestment Manager's engagement priorities are:**

- Climate Change – promote policies to hasten energy transition to clean and renewable sources of energy and to address the physical risks of climate change;
- Diversity – advance women and minorities at board and management levels, and promote diversity and inclusion at all levels of the workforce;
- Labour and Human Rights – strengthen performance in company operations and supply chains; and
- Disclosure – improve disclosure of material ESG matters.

The Investment Manager has developed a Fixed Income Engagement Strategy, available on www.morganstanley.com/im, to structure and conduct engagement meetings with bond issuers.

Designated reference benchmark

The Financial Product has not designated a reference benchmark for the purpose of attaining its environmental or social characteristics.