

# Global Sustain Fund

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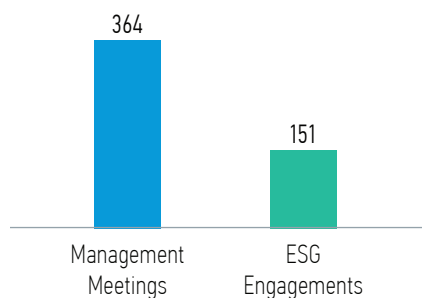
## Looking for a high quality ESG-integrated portfolio? Concerned about carbon?

Global Sustain is a high-conviction, ESG-integrated global equity portfolio that seeks to be strong on engagement, light on carbon and built on quality. A portfolio of 25-50 of the highest quality compounders in the world, Global Sustain typically invests in intrinsically carbon-light companies and has a significantly lower carbon footprint than the broader market. It has a number of restrictions, including fossil fuels, alcohol, tobacco and weapons.<sup>1</sup> The investment process integrates ESG considerations in our bottom up fundamental analysis, which also includes active, portfolio manager led engagement with company management.

### 1 Strong on engagement<sup>2</sup>

We engage directly – and often – with the management of companies we own. Our access to management means we are well positioned to encourage companies towards better practices.

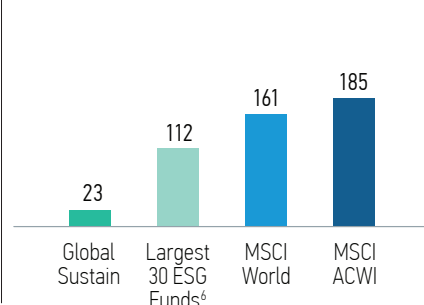
**2022 Summary – Across Team Strategies**



### 2 Light on Carbon<sup>3,4</sup>

Global Sustain is a low carbon intensity portfolio given its focus on capital light businesses and exclusion of carbon-intensive sectors. The portfolio has a carbon footprint 81% lower (Scope 1 and 2 emissions) than MSCI ACWI per \$1m sales, and 95% lower per \$1m invested.

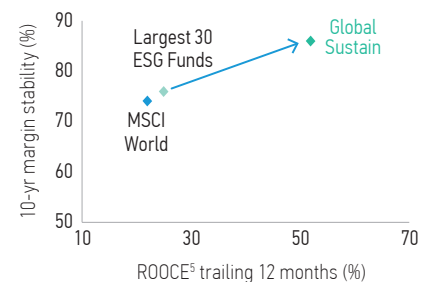
**Tons CO<sub>2</sub>e / \$m Sales**



### 3 Built on quality<sup>3,5</sup>

The team seeks sustainably high return businesses that can compound over long periods. This has historically resulted in a portfolio with higher returns on operating capital and greater margin stability than its ESG peers.

**Global Sustain versus ESG Peers<sup>3,6</sup>**



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

<sup>1</sup> For further details, please see the [Global Sustain Restriction Screening Policy](#).

<sup>2</sup> The International Equity Team defines an engagement as an interaction with senior management or non-executive board member. Engagements may also be those with companies' investor relations and/or sustainability teams. Data shown is from 1 January 2022 - 31 December 2022. Data updated annually.

<sup>3</sup> Trucost data as of 31 December 2022 for the Morgan Stanley Global Sustain representative account. Updated quarterly.

<sup>4</sup> Trucost defines a portfolio's carbon intensity as the carbon emissions (Scope 1 and 2) of a portfolio per \$1 million invested or per \$1 million of portfolio companies' sales. The portfolio-level statistics show the weighted average carbon intensity (WACI). Global Sustain seeks to achieve a greenhouse gas (GHG) emissions intensity that is significantly lower than that of the reference universe (which is defined, only for the purposes of comparing GHG emissions intensity, as companies of the MSCI AC World Index).

<sup>5</sup> Quality ratios are historical; valuation ratios shown are for the next 12 months. ROOCE (Return on Operating Capital Employed) = EBITA (Earnings Before Interest, Taxes and Amortization) / PPE (Property, Plant, Equipment) + Trade working capital (excludes goodwill) last twelve months (LTM), Ex-Financials. EBIT Margin Stability is (1-(std deviation)/mean) 10 year average. Price/Free Cash Flow use FactSet Consensus 12 month forward earnings and free cash flow per share data. Data as of 31 December 2022, updated quarterly.

<sup>6</sup> Funds included in peer group analysis: 30 largest global equity investment funds from FactSet and Morningstar databases with ESG, Environmental or Ethical focus, as defined by Morningstar, and where ESG considerations are reflected in the name of the fund.



## Sustainability Rating™

The Morningstar Sustainability Rating as of 30 November 2022 is not based on fund performance and is not equivalent to the Morningstar Rating. The Morningstar® Low Carbon Designation™ helps investors identify low-carbon funds.



The Climetrics Rating is as of December 2022.

**Article 8 Fund†**  
(EU SFDR)

## Experienced management

*Global Sustain* is managed by the International Equity Team, led by William Lock. Today, their platform has over \$50 billion in assets under management.<sup>7</sup> *Global Sustain* seeks out high quality compounders that can sustain their high returns on operating capital employed.

## High conviction approach

Top 10 holdings as of 31 December 2022 represent over 45% of assets\*

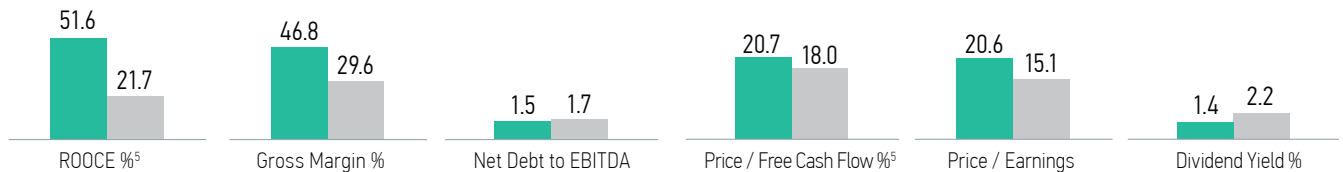
SECURITY NAME	SECTOR	(%)
Microsoft	Information Technology	7.1
Visa	Information Technology	6.1
SAP	Information Technology	5.0
Accenture	Information Technology	4.9
Danaher	Health Care	4.5
Thermo Fisher Scientific	Health Care	4.4
Reckitt Benckiser	Consumer Staples	3.8
Becton Dickinson	Health Care	3.6
Intercontinental Exchange	Financials	3.5
Abbott Laboratories	Health Care	3.5
<b>Total</b>		<b>46.4</b>

Past performance is not a reliable indicator of future results.

## Quality, reasonably priced

Substantially better quality . . .

. . . at a reasonable valuation



■ MS INVF Global Sustain Fund    ■ MSCI World Net Index

As of 31 December 2022.

<sup>7</sup> AUM quoted in USD. As of 31 December 2022.

Source: Morgan Stanley Investment Management, FactSet/Worldscope/MSCI. The yields shown in that chart are the combined yields of the companies in which we invest. Dividend yield is calculated using an average of the FactSet Consensus forecasted dividend yield for the next 12 months for the underlying companies in the MS INVF Global Sustain Fund as of 31 December 2022. All data is as of 31 December 2022.

\* These securities and percentage allocations are only for illustrative purposes and do not constitute, and should not be construed as, investment advice or recommendations with respect to the securities or investments mentioned.

† This Fund is classified as an Article 8 product under the Sustainable Finance Disclosure Regulation. Article 8 products are those which promote environmental or social characteristics and which integrate sustainability into the investment process in a binding manner.

## Risk Considerations

- The fund relies on other parties to fulfill certain services, investments or transactions. If these parties become insolvent, it may expose the fund to financial loss.
- Sustainability factors can pose risks to investments, for example: impact asset values, increased operational costs.
- There may be an insufficient number of buyers or sellers which may affect the funds ability to buy or sell securities.
- Investment in China A-Shares via Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect programs may also entail additional risks, such as risks linked to the ownership of shares.
- Past performance is not a reliable indicator of future results. Returns may increase or decrease as a result of currency fluctuations. The value of investments and the income from them can go down as well as up and investors may lose all or a substantial portion of his or her investment.
- The value of the investments and the income from them will vary and there can be no assurance that the Fund will achieve its investment objectives.
- Investments may be in a variety of currencies and therefore changes in rates of exchange between currencies may cause the value of investments to decrease or increase. Furthermore, the value of investments may be adversely affected by fluctuations in exchange rates between the investor's reference currency and the base currency of the investments.

Applications for shares in the Fund should not be made without first consulting the current Prospectus and the Key Information Document ("KID") or Key Investor Information Document ("KIID"), which are available in English and in the official language of your local jurisdiction at [morganstanleyinvestmentfunds.com](http://morganstanleyinvestmentfunds.com) or free of charge from the Registered Office of Morgan Stanley Investment Funds, European Bank and Business Centre, 6B route de Trèves, L-2633 Senningerberg, R.C.S. Luxembourg B 29 192.

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The **MSCI All Country World Index (ACWI)** is a free float-adjusted market capitalization weighted index designed to measure the equity market performance of developed and emerging markets. The term "free float" represents the portion of shares outstanding that are deemed to be available for purchase in the public equity markets by investors. The performance of the Index is listed in U.S. dollars and assumes reinvestment of net dividends. The index is unmanaged and does not include any expenses, fees or sales charges. It is not possible to invest directly in an index.

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