

SALT

Salt Sustainable Global Fixed Income Opportunities Fund

A fund which combines a comprehensive approach to sustainability with an active, flexible approach to investing by identifying the best ideas within the global fixed income universe.

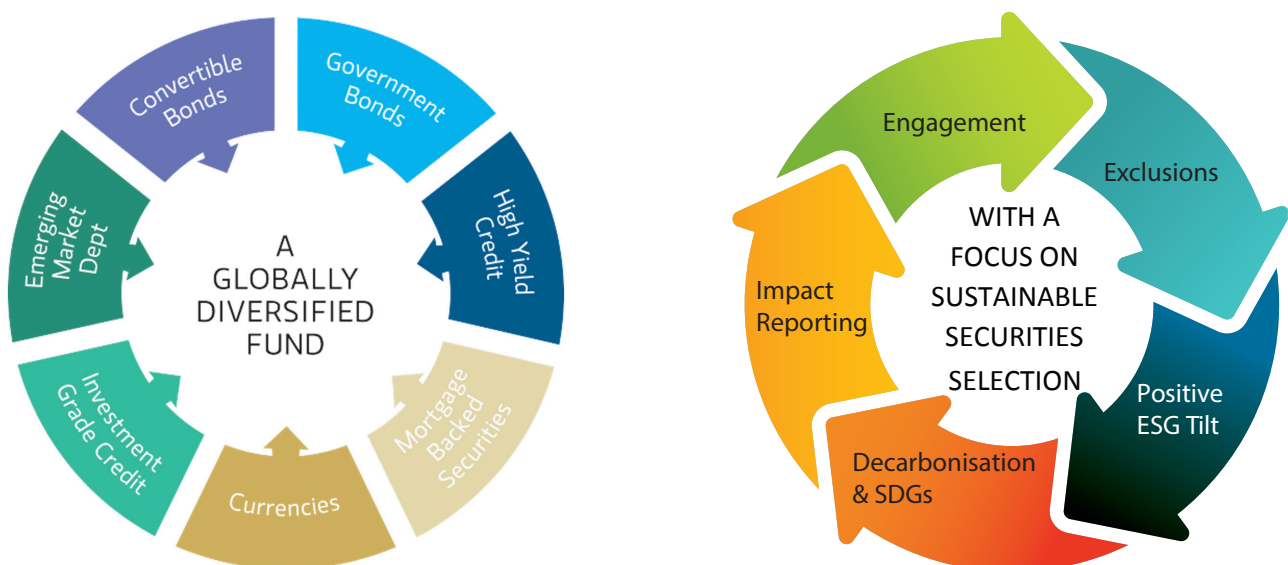
Combining Value with Values

The Fund employs a dynamic approach to define an eligible universe that has superior sustainability characteristics, on a sector-by-sector basis and across developed and emerging countries' sovereign issuers, and selects securities from that universe with a focus on positive sustainability contributions.

The objectives of this top-down selection process are to:

1. Reduce exposure to material ESG risk and negative sustainability impacts, through restriction screening of controversial sectors such as weapons, tobacco and some fossil fuels, as well as international norms violations;
2. Tilt the portfolio in favour of the 80% strongest sustainability performers across corporates, by sub-sector, and sovereigns; and
3. Contribute to positive outcomes based on key sustainability themes, with a particular focus on low carbon intensity.

We Consider the Entire Universe of Fixed Income, Through a Sustainability Lens



The information presented above represents how the investment team generally applies their investment processes under normal market conditions.

Delivering the Best of our Proprietary Bottom-Up ESG Analysis & Processes

The top-down processes described above are supported by the full range of the Morgan Stanley Investment Management Fixed Income team's bottom-up analysis and processes from our Sustainable Investing Toolkit:



Proprietary ESG Scoring Methodologies

Incorporating third-party and public data as well as our own analysis, to assess corporates and sovereigns. Focus on materiality of ESG factors to reflect our specific requirements as Fixed Income investors, with emphasis on positive momentum.



Targeted, Thematic & Integrated Engagement

Led by our research analysts with the guidance of the Sustainable Investing and Global Stewardship terms, aimed at improving issuers' contribution to sustainability outcomes while helping us understand ESG risks better.



Objective Evaluation of Sustainable Bonds

Through a proprietary model, to inform the decision whether to own a bond based on the robustness of its sustainability characteristics, in addition to risk/return considerations

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We believe the time to be passive has passed

In today's environment, the low levels of yields and the risk of higher interest rates make for a challenging backdrop for global fixed income investors. The impact of the pandemic and the consequent increase in idiosyncratic risks mean that investors need to select investments with care. We believe that a passive or benchmark driven approach to investing in fixed income may be sub-optimal in this environment as investors could bear too much duration risk or have exposure to sectors and companies that they do not like. Hence, an active and flexible investment strategy may be a better alternative, and stand to outperform a passive approach.

An Active Approach

An active, flexible strategy avoids the limitations of tracking a benchmark and has the ability to consider the widest potential opportunity set within the global fixed income universe. This approach provides investors with the capability to own the best sectors throughout the market cycle.

The Salt Sustainable Global Fixed Income Opportunities Fund adopts an active, flexible approach and pursues an attractive yield and total return over a three to five year horizon, focusing on absolute return and risk-adjusted return rather than a level of tracking error.

Rigorous Active Management

We believe that a truly active approach requires flexible asset allocation between each segment of the market. Our investment decisions discount geographic and sector limitations; we are not driven by a benchmark. This allows the Fund to focus on delivering consistent uncorrelated returns from various sources of Alpha – which also reduces directional risk. Our experienced Asset Allocation team uses macroeconomic analysis and fundamental research to identify the best areas of the fixed income markets. The advantage of a flexible approach is that the portfolio has no "home bias" and if we determine that a particular segment of the market offers little or no value, we do not have to own it.

The Salt Sustainable Global Fixed Income Opportunities Fund allocates across a wide variety of fixed income asset classes. Each sleeve of the portfolio is then populated with the best individual investment ideas; we only select investment opportunities that we believe offer the most compelling fundamental case and valuation prospects. Our flexible approach to portfolio positioning enables us to adjust market exposure as the macroeconomic backdrop changes, striving to generate returns from a broad range of investment opportunities. The Fund will invest at least 50% in investment grade bonds, and a minimum of 15% in sustainable bonds. The fund targets to be 100% hedged to New Zealand dollars.

Experienced Investment Team

Salt has appointed the Morgan Stanley Investment Management (MSIM) Global Fixed Income Team, an experienced team of fixed income investors to manage the assets of the fund. The Fund fully leverages MSIM's expertise of their well-resourced research teams dedicated to each segment of the fixed income universe, combined with the specialist knowledge of MSIM's Sustainable Investing team.

Differentiators

1. Comprehensive Sustainable Investing Approach

The portfolio combines a positively ESG-tilted investment universe based on proprietary models with a top-down thematic and impact-driven focus on decarbonisation and the SDGs for security selection.

2. Active Global Approach

Investment decisions discount geographic and sector limitations; we are not driven by a benchmark.

3. Flexible Asset Allocation

We believe that a truly active approach requires rotation between the segments of the market as the cycle evolves.

4. Expertise in Sub Asset Classes

The portfolio is populated with the best individual investment ideas in each segment of the market, selected by our rigorous analysis.

5. Depth & Capacity

Allows the team to analyse and execute trades, both implementation and liquidation, across the global fixed income universe.

About the appointed underlying investment manager:

Morgan Stanley Investment Management (MSIM) was established in June 1975. MSIM extended to London in 1985 to lead the firm's work in international and global investment, offering investment in the world's equity and fixed income markets, either separately or as a balanced portfolio, for all institutions. On 1 March 2021, Morgan Stanley completed its acquisition of Eaton Vance, bringing together two thriving organisations with distinctive and highly complementary strengths in investment management, distribution and client service.

Today, MSIM manages US\$1.28 trillion* in assets under management (as of 30 September 2022), dedicated to providing investment and risk-management solutions to a wide range of investors and institutions including corporations, pension plans, intermediaries, sovereign wealth funds, central banks, endowments and foundations, governments and consultant partners worldwide. With over four decades of asset management experience, our investment strategies span the risk/return spectrum across geographies, investment styles and asset classes, including equity, fixed income, alternatives and private markets. With 1,306 investment professionals worldwide, and 56 offices** in 25 countries, MSIM is able to provide in-depth local knowledge and expertise while channelling the strength of our global presence and resources.

* Assets under management (AUM) includes all discretionary and non-discretionary assets of MSIM and all advisory affiliates. MSIM Fund of Fund assets represent assets under management and assets under supervision. MSIM direct private investing assets represents the basis on which the firm earns management fees, not the market value of the assets owned.

** Eaton Vance Offices in the same city as MSIM offices are counted separately. Home offices are not counted in # of offices, cities or countries.

For Wholesale investors only

IMPORTANT INFORMATION

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