

Part 2A of Form ADV: Firm Brochure

MS Capital Partners Adviser Inc.
as Adviser to
North Haven Tactical Value Fund LP
1585 Broadway, 39th Floor
New York, NY 10036
212-761-7160

September 8, 2017

This Brochure provides information about the qualifications and business practices of MS Capital Partners Adviser Inc. (the “Adviser”), as Adviser to the Fund (as defined in Item 4 below). If you have any questions about the contents of this Brochure, please contact Morgan Stanley Investment Management Investor Services at (212) 761-7160 or email mspeinvestor@morganstanley.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

The Adviser is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information that you may find useful in deciding to hire or retain an adviser (or invest in a fund or product advised by the adviser).

Additional information about the Adviser also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

We provide this brochure to our clients as well as limited partners of North Haven Tactical Value Fund LP and its related funds (collectively, the “Limited Partners”).

We will provide clients and Limited Partners with a new Brochure as necessary based on material changes or new information, or at any time, without charge, upon request.

Our Brochure may be requested by contacting Morgan Stanley Investment Management Investor Services at (212) 761-7160 or email mspeinvestor@morganstanley.com

Item 3 – Table of Contents

Item 1 – Cover Page	i
Item 2 – Material Changes.....	ii
Item 3 – Table of Contents	iii
Item 4 – Advisory Business	1
Item 5 – Fees and Compensation.....	2
Item 6 – Performance-Based Fees and Side-By-Side Management.....	5
Item 7 – Types of Clients.....	6
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	7
<i>Due Diligence, Structuring and Deal Execution</i>	<i>8</i>
Item 9 – Disciplinary Information	11
Item 10 – Other Financial Industry Activities and Affiliations	12
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	18
Item 12 – Brokerage Practices	21
Item 13 – Review of Accounts	22
Item 14 – Client Referrals and Other Compensation.....	23
Item 15 – Custody.....	24
Item 16 – Investment Discretion.....	25
Item 17 – Voting Client Securities	26
Item 18 – Financial Information	27

Item 4 – Advisory Business

The Adviser was formed in 2008 and registered with the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”) in 2008.

The Adviser is a wholly-owned indirect subsidiary of Morgan Stanley.

As of December 31, 2016, the Adviser had approximately \$4,237,128,227 of regulatory assets under management, all of which are managed on a discretionary basis.

The Adviser provides investment advisory services to North Haven Tactical Value Fund LP (together with other related parallel, co-investment and feeder vehicles, “NH Tactical Value” or the “Fund”)¹. The Fund’s investment objective is to achieve reasonable risk-adjusted returns by pursuing an opportunistic and flexible investment program to make investments (“Portfolio Investments”) across a wide range of industry sectors and asset classes globally. The Fund seeks to create a diversified portfolio of uncorrelated investments by capitalizing on dislocations in the funding markets for various industry sectors and asset. The Adviser manages the assets of its advisory clients in accordance with the terms of the governing documents applicable to such client.

¹ The current legal name of the Fund is Morgan Stanley Tactical Value Fund LP. The name of the Fund will be changed to North Haven Tactical Value LP upon the first closing admitting third-party limited partners, which is currently expected to take place on or about September 15, 2017.

Item 5 – Fees and Compensation

Certain fees and other compensation described herein are subject to negotiation with investors.

Management Fees

The Adviser will generally receive from the Fund an annual management fee (the “Management Fee”), calculated with respect to each Limited Partner other than an affiliated investor, equal to (a) through the end of the investment period, the Management Fee Percentage (as hereinafter defined) multiplied by such Limited Partner’s Capital Commitment and (b) thereafter, the Management Fee Percentage multiplied by the invested capital outstanding with respect to such Limited Partner, including such Limited Partner’s pro rata share of cash borrowings and guarantees by the Fund secured by unpaid capital commitments for the applicable Portfolio Investments. For purposes hereof, “Management Fee Percentage” means: (i) with respect to each Limited Partner that has a capital commitment of less than \$10 million, 1.25%; and (ii) with respect to each Limited Partner that has a capital commitment of at least \$10 million, 1.00%. Upon termination of the management agreement between the Adviser and Fund, the Adviser is generally required to repay to the Fund, the unearned portion (computed on the basis of the number of days elapsed), if any, of the Management Fee previously paid to the Adviser (see also “Co-Investments” below for additional information on the fees and expenses relating to co-investments). The Management Fee is payable quarterly in advance.

The Adviser and its professionals and its affiliates may charge portfolio companies transaction fees, sponsor fees, monitoring fees, advisory fees, directors’ fees, break-up fees and other fees. An amount equal to each Limited Partner’s share of 100% of all transaction fees, sponsor fees, monitoring fees, advisory fees, directors’ fees and break-up fees (collectively, “Transaction Fees”) paid by portfolio companies that are received by the Adviser or any of its employees, net of any unreimbursed expenses incurred by the Adviser or its affiliates in connection with the transactions out of which such fees arose and not reimbursed by the Fund, will be applied to reduce the Management Fee otherwise payable by such Limited Partner. All Transaction Fees will first be allocated among the Limited Partners and any co-investors on the basis of capital committed by each to the relevant Portfolio Investment. Management Fee reductions will be carried forward if necessary.

Fees may be deducted from the Fund’s assets as, and to the extent, set forth in the limited partnership agreement of the Fund (the “Partnership Agreement”).

Carried Interest

MS Tactical Value Fund GP LP, the general partner of the Fund (the “General Partner”), is generally entitled to carried interest with respect to each Limited Partner equal to 15% of such Limited Partner’s profits from each North Haven Tactical Value investment, subject to satisfaction of an 7% internal rate of return, compounded annually, for such investment and previously realized investments and related management fees and other expenses. Such carried interest is earned on an investment-by-investment basis and is not payable until proceeds are realized from an investment (see also “Co-Investments” below for additional information on the fees and expenses relating to co-investments).

Expenses

NH Tactical Value may also bear certain out-of-pocket expenses incurred by the Adviser and/or its affiliates in connection with the services provided to NH Tactical Value. The payment of such expenses by the Fund does not represent a source of profit for the Adviser, but rather is a reimbursement of actual costs initially paid by the Adviser (or its affiliates) and subsequently passed through to NH Tactical Value. The most common expenses include (i) expenses incurred in connection with identifying, evaluating, structuring and negotiating any potential NH Tactical Value investment and the acquisition, management, holding, sale, proposed sale or valuation of any NH Tactical Value investment (including meals, entertainment and travel expenses incurred by Morgan Stanley and its employees in connection with identifying, negotiating, executing or managing consummated Fund investments or unconsummated Fund investments); and (ii) ordinary administrative expenses, including fees of auditors, attorneys, appraisers and other professionals auditing, accounting, banking and consulting expenses (including expenses paid to the Adviser or to any of its affiliates for services rendered on an arms-length basis in connection with the Fund's affairs). Item 12 further describes the factors that the Adviser considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

Placement Agent Fees

Broker-dealers (which may include the Adviser's affiliates) may act as placement agents to assist in the placement of the Fund's interests. Any placement fee payable by an investor will be in addition to that investor's capital commitment. The amount of any placement fee will be described in the placement agent's point of sale letter. However, the placement agents or distributors may in their sole discretion waive the placement fees payable by an investor, including an investor that is an employee or affiliate of the General Partner and/or the Adviser.

Co-Investments

The terms of a co-investment applicable to one co-investor may be different than the terms applicable to another co-investor, including that certain co-investors may be required to pay a carried interest and/or management fees while other co-investors (including affiliates of Morgan Stanley) may not be required to pay such amounts. The Adviser or the General Partner may or may not charge management fees, one time funding fees and/or carried interest in respect of co-investments, subject to the terms of any applicable agreements with investors. The allocation of any co-investment opportunities may directly or indirectly benefit the Adviser or the General Partner as a result of, among other things, the receipt of any such fees or carried interest, capital commitments to the Fund and capital commitments to other affiliated investment accounts. Co-investors in one or more specific investments will generally not be required to share in broken-deal expenses that are paid by the Fund, either with respect to a co-investment opportunity that is not consummated or with respect to other potential investments that may be offered to the Fund. The performance of co-investments is not aggregated with that of the Fund, including for purposes of determining the General Partner's carried interest or the Adviser's management fees under the Partnership Agreement. See also "Allocation of Co-Investment Opportunities" in Item 11 below for additional information on the allocation of co-investment opportunities.

Disparate Fee Arrangements with Service Providers

Certain advisors and other service providers to the Fund (including accountants, administrators, lenders, bankers, brokers, agents, attorneys, consultants, and investment or commercial banking firms), and/or their affiliates, also provide goods or services to or have business, personal, political, financial or other relationships with Morgan Stanley, the General Partner, the Adviser or their affiliates. Such advisors and other service providers may be investors in the Fund, affiliates of the General Partner, sources of investment opportunities or co-investors or counterparties therewith. These other services and relationships may influence the General Partner and the Adviser in deciding whether to select or recommend such a service provider to perform services for the Fund (the cost of which generally will be borne by the Fund and, indirectly, the Limited Partners). In certain circumstances, advisors and other service providers, or their affiliates, may charge different rates or have different arrangements for services provided to Morgan Stanley, the General Partner, the Adviser or their affiliates as compared to services provided to the Fund, which may result in more favorable rates or arrangements than those payable by the Fund. Item 10 further describes material relationships with Morgan Stanley and other affiliated entities.

The private placement memorandum for the Fund includes further details on fees and compensation and related matters.

Item 6 – Performance-Based Fees and Side-By-Side Management

In some cases, the Adviser has entered into performance fee arrangements with qualified clients; such fees are subject to individualized negotiation with each such client. The Adviser will structure any performance or incentive fee arrangement subject to Section 205(a)(1) of the Advisers Act in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. Performance-based fee arrangements may create an incentive for the Adviser to recommend investments that may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. The Adviser has designed and implemented procedures to ensure that all clients are treated fairly and equitably.

Please see Item 5 for further information regarding performance-based fees charged by the Adviser.

Item 7 – Types of Clients

The Adviser provides portfolio management services to pooled investment vehicles. These pooled investment vehicles are not subject to regulation under the Investment Company Act of 1940, as amended (the “Investment Company Act”). Generally, the minimum investment amount varies among the investment vehicles that comprise the Fund. The General Partner reserves the right to waive any minimum investment requirement in its discretion.

Limited Partner interests in the Fund (the “Interests”) may be purchased only by certain eligible investors who are (i) “accredited investors” as defined in Regulation D of the Securities Act of 1933, as amended, and (ii) “qualified purchasers” for purposes of Section 3(c)(7) of the Investment Company Act or “knowledgeable employees” as such term is defined in Section 3(c)(5) of the Investment Company Act.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Investment Strategies

NH Tactical Value's investment objective is to achieve reasonable risk-adjusted returns by pursuing an opportunistic and flexible investment program to make Portfolio Investments across a wide range of industry sectors and asset classes globally. The Fund aims to achieve certain asset-level returns, with an emphasis on downside protection through collateral and/or ongoing cash flow, and upside returns through careful management of selected investments that offer, in the Investment Team's (as hereinafter defined) view, asymmetrically favorable payoffs. The Investment Team is also targeting that a meaningful portion of NH Tactical Value's returns will be attributable to current income, with the rest attributable to capital appreciation.

In pursuing an opportunistic strategy, NH Tactical Value's overarching objective will be to embrace market volatility and the uncertainties inherent in financial markets, and search out those opportunities that present reasonable risk adjusted returns. By being flexible on the types of asset classes, geographies and capital structures, the Investment Team expects that NH Tactical Value can capture value since it is not limited to any single investment theme or asset class definition. In addition, because of this opportunistic approach, the Investment Team expects NH Tactical Value to generally be more diversified than a typical private equity fund and therefore contain a lesser degree of correlation between individual investments. Complementing this flexibility will be a focus on investment opportunities that are available as a result of supply/demand imbalances in capital, and to use that imbalance along with Morgan Stanley's analytical and structuring expertise to negotiate terms that are more favorable to the Fund, either through downside protection, upside potential or both.

Methods of Analysis

Sourcing and Preliminary Evaluation

The team of investment professionals for the Fund (the "Investment Team") intends to construct a diversified portfolio of 15-20 investments across industries and asset classes and expects to generate 200-300 leads annually across a variety of industries, regions and asset classes; and expects to consummate three to five of these investments a year. As such, the Investment Team's initial screening process will be critical to efficiently allocate resources. The Investment Team expects to source the majority of its investment leads from inside Morgan Stanley's internal network, in particular the Institutional Securities Group (ISG), Morgan Stanley Wealth Management (MSWM) and Morgan Stanley Investment Management (IM). The Investment Team also expects the Investment Committee, which includes senior members of the various areas of Morgan Stanley, to actively participate in sourcing opportunities for the Fund.

An initial review of each investment opportunity will be carried out by one of the senior members of the Investment Team to determine whether it is consistent with the Fund's investment objectives in terms of size, geography, asset class, and governance and risk/reward characteristics. If the opportunity fits the Fund's objectives, one of the portfolio managers and another member of the Investment Team will conduct a preliminary review of the opportunity, leveraging on the deep investing and structuring expertise of the Investment Team, as well as the extensive expertise of internal and external contacts. For

example, this review may include calling on the deep industry expertise resident in Morgan Stanley's Investment Banking and/or Equity Research areas (subject to applicable regulations, policies and procedures). It may also include consulting with experts within Morgan Stanley's Global Capital Markets division to discuss possible ways to structure securities in a manner that achieves a solution for sellers while securing the appropriate risk/reward for the Fund. Finally, the process may include leveraging the expertise of other fund managers with various asset class/industry expertise within MSIM. The Investment Team believes that access to these unique resources will be a competitive advantage for the Fund as it enables the Investment Team to quickly and effectively assess each such opportunity and maximizes the time that the Investment Team spends on compelling opportunities.

If the deal team determines that the target investment merits further evaluation, it will be discussed at the Investment Team's weekly meeting. At this meeting, the senior members of the Investment Team will discuss the merits of the opportunity and whether Morgan Stanley's resources and relationships may be utilized to give the Fund a meaningful competitive advantage relative to other potential investors. In general, the Investment Team will not pursue an opportunity unless it believes the Fund has such an advantage.

Due Diligence, Structuring and Deal Execution

If the Investment Team determines that an opportunity meets the Fund's objectives, has the potential to generate an appropriate risk-adjusted return, and is one where the Fund has a meaningful competitive advantage, the deal team will commence formal due diligence. The due diligence process will be conducted with the target company's management to achieve a comprehensive understanding of the company's business model and fundamentals, as well as the opportunities and risks associated with the proposed investment. In addition, during the due diligence process, the Investment Team will also vet the Fund's competitive advantage to continue to test the likelihood of success in making such investment at an attractive valuation. Throughout the due diligence process, the deal team will keep the entire Investment Team apprised of all developments and key findings, and the questions/issues raised by the broader Team will be addressed by the deal team through their continuing efforts. The deal team will be assisted in its due diligence by a broad network of experts from both within and outside Morgan Stanley. Significant emphasis will be put on harnessing analytical resources from all over Morgan Stanley, given the firm's breadth and depth of capabilities across industries, asset classes and regions.

Alongside due diligence, the Investment Team expects to deploy significant resources in creating appropriate structures aimed at achieving risk-adjusted return while providing a solution for the target portfolio company and/or seller. The Investment Team expects to complement its deep structuring expertise with the broad range of capabilities of the Global Capital Markets division. Through effective structuring, the Investment Team will focus primarily on capital protection and on securing an exit within the investment horizon. Various mechanisms are expected to be used, such as put/calls, convertible bonds, self-liquidating bonds, liquidity rights, among others, to the extent such mechanisms can be utilized successfully. These mechanisms, alongside the attributes of the security being purchased and its issuer, will be considered to assess the ease of a future value maximizing exit, thereby feeding into the decision on whether to invest, and at what price.

Beyond due diligence and structuring, the deal team will be responsible for all aspects of the investment

process including negotiating definitive documentation, structuring and financing. At each critical stage of the process, the approval of the portfolio managers will be required for the deal team to proceed to the next stage of the investment process.

For each investment opportunity, the respective deal team will formally present to the Investment Committee. Issues and questions raised by the Investment Committee will be addressed by the deal team in subsequent due diligence. Formal Investment Committee approval is required prior to the execution of definitive agreements with respect to any transaction.

Risk of Loss - Certain Risks Related to Investment Strategy

Investing in securities involves risk of loss that clients should be prepared to bear. The Adviser cannot provide assurance that it will be able to generate any level of returns for investors. The investment strategy entails a high degree of risk and is suitable only for sophisticated investors who fully understand and are capable of bearing the risks of an investment in the Fund.

An illustrative list of risk factors is set forth below:

- potential loss of invested capital;
 - reliance on expertise of Morgan Stanley investment professionals;
 - highly competitive markets and prevailing regulatory or political climates;
 - illiquidity of investments;
 - little or no current return on investments prior to their disposition;
 - significant degree of financial and/or business risk;
 - lack of diversification;
 - risks associated opportunistic investment strategies in certain industries
 - volatility of the global fixed income and equity markets;
 - lack of protection by financial covenants in debt investments;
 - leverage at the level of the Fund and/or portfolio companies;
 - adverse political developments and regulation in foreign countries;
 - potential inability to protect the value of minority equity investments;
 - risks associated with making non-U.S. investment and minority investments
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- risks arising from providing managerial assistance
 - reliance on the management of operating companies;
 - exposure to portfolio company and related party claims;

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- potential liabilities related to portfolio company restructurings;
 - risks associated with the realization and disposition of investments;
 - limitations on transfers and withdrawals;
 - use of hedging techniques;
 - changes in general economic conditions and global economic and political events;
 - cybersecurity risks;
 - catastrophic and other force majeure events; and
 - burdensome regulation by one or more governmental entities in specific industries.

The foregoing list of risk factors does not purport to be a complete list or explanation of the risks involved in an investment in the Fund. The risks summarized above are described in greater detail in the private placement memorandum provided to Limited Partners. In addition, there are other risks (in addition to risks related to our investment strategy) associated with investing in the Fund, which are described in the Fund's private placement memorandum. You may also request an updated explanation of risk factors by contacting Morgan Stanley Investment Management Investor Services at the contact details set forth above.

Item 9 – Disciplinary Information

The Adviser has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Introduction

As a diversified global financial services firm, Morgan Stanley engages in a broad spectrum of activities including financial advisory services, investment management activities, lending, commercial banking, sponsoring and managing private investment funds, engaging in broker-dealer transactions and principal securities, commodities and foreign exchange transactions, research publication and other activities. Investors should be aware that potential and actual conflicts of interest between Morgan Stanley or any Affiliated Investment Account (as defined below), on the one hand, and the Fund, on the other hand, may exist and others may arise in connection with the operation of the Fund. Morgan Stanley's employees may also have interests separate from those of Morgan Stanley and the Fund. The discussion below enumerates certain actual, apparent and potential conflicts of interest. The Adviser can give no assurance that conflicts of interest will be resolved in favor of the Fund's investors, and, in fact, they may not be.

The following discussion enumerates certain potential conflicts of interest, which should be carefully evaluated before making an investment in the Fund.

Broker-Dealer Registration

Morgan Stanley & Co. LLC is a registered broker-dealer. Certain of the Adviser's management persons are registered representatives of Morgan Stanley & Co. LLC, where it is necessary or appropriate to perform their responsibilities.

Commodity Pool Operator, Commodity Trading Adviser, Futures Commission Merchant Registration

The Adviser, the Fund, their respective portfolio companies and their respective affiliates may use the commodity pool operator, commodity trading advisor and futures commission merchant registrations or exemptions of one or more of the following related persons: MS Capital Partners VI GP L.P., Morgan Stanley Infrastructure II GP LP, Morgan Stanley Infrastructure GP LP, Morgan Stanley Infrastructure Inc., MSCP V GP Inc., MS Capital Partners V GP L.P., Morgan Stanley Private Equity Asia, L.L.C., Morgan Stanley, Private Equity Asia III, L.L.C., Morgan Stanley Private Equity Asia IV, L.L.C., MSREF III, L.L.C., MSREF IV International-GP, L.L.C., MSREF V, L.L.C., MSREF V U.S.-GP, L.L.C., MSREF V, International-GP, L.L.C., MSREF Real Estate Advisor, Inc., MSREF VI International-GP, L.L.C., MSREF VII Hedging GP, Ltd, MSREF VII Global-GP, L.P., MSREF VIII Global-GP, L.P., North Haven Real Estate Fund VIII Global-F L.P., MSREI IX Global-GP, L.P., Morgan Stanley Real Estate Special Situations III-GP LLC, SSF III Hedging GP, Ltd, MS Capital Partners Adviser, Inc., Morgan Stanley Private Equity Asia Inc., MSREF III, Inc., MSREF IV, L.L.C., Morgan Stanley AIP GP LP, Morgan Stanley Alternative Investment Partners LP, and Morgan Stanley Investment Management Inc.

Other Material Relationships with Affiliated Entities

- Broker-Dealer, Municipal Securities Dealer, Government Securities Dealer or Broker

To the extent permitted by applicable law, the Adviser, the Fund or their respective portfolio

companies may use the securities, futures execution, underwriting or other services offered by Morgan Stanley & Co. LLC or other affiliates. Please see Item 12 for more information about the Adviser's practices concerning using a Morgan Stanley affiliate as a broker.

- Participating Affiliates

Investment advice is provided to the Fund and the General Partner not only through the Adviser but also through certain of the employees of one or more of the following related person:

- Morgan Stanley & Co. International plc
- Morgan Stanley Asia Limited

These related persons may or may not be registered with the SEC as investment advisers but are foreign affiliated advisers that may provide advice or research for the Adviser for use with the Fund (in such capacity, the "Participating Affiliates"). The Participating Affiliates also may provide non-advisory services to the Adviser and the Fund. The Adviser may delegate all or a portion of its advisory or other functions to any of its Participating Affiliates.

The Participating Affiliates will remain subject to the supervision of the Adviser in respect of their provision of services to the Adviser and the Fund.

- Other Advisory Affiliates

The Adviser is part of a group of SEC-registered investment advisers within the Morgan Stanley Investment Management business, including Morgan Stanley Investment Management Inc., Morgan Stanley Investment Management Limited, Morgan Stanley AIP GP LP, Morgan Stanley Asset Management Private Limited, Morgan Stanley Real Estate Advisor, Inc., Morgan Stanley Infrastructure Inc., Morgan Stanley Private Equity Asia, Inc., MSREF III, Inc., MSREF IV, L.L.C., MSREF V, L.L.C., MSREF Real Estate Advisor, Inc., and MSRESS III Manager, L.L.C.

The Adviser, in its discretion, may delegate all or a portion of its advisory or other functions to any affiliate that is registered with the SEC as an investment adviser and may receive a variety of services from such affiliates, including gathering information about potential investment opportunities, financial advice and assistance in connection with the making, monitoring and disposing of investments and securities underwriting and brokerage services in connection with the sale of investments. The Adviser shares certain officers and directors with related investment advisers that also manage affiliated private equity funds.

To the extent that the Adviser delegates its advisory or other functions to such investment advisers, a copy of the brochure of each such affiliate is available on the SEC's website and will be provided to the Limited Partners upon request.

- Affiliates Acting as Fundraising Broker-Dealers

Broker-dealers that are affiliates of Morgan Stanley may act as placement agents (the "Placement Agents") to assist in the placement of Interests to certain Limited Partners (such Limited Partners, the "Solicited Partners"). The potential for the Placement Agents to receive compensation in

connection with a Solicited Partner's investment in the Fund presents a potential conflict of interest in recommending that such Solicited Partner purchase Interests.

The prospect of receiving, or the receipt of, additional compensation by the Placement Agents may provide such Placement Agents and their salespersons with an incentive to favor sales of interests in funds whose affiliates make similar compensation available over sales of interests in funds (or other fund investments) with respect to which the Placement Agent does not receive additional compensation, or receives lower levels of additional compensation. Prospective investors should take such payment arrangements into account when considering and evaluating any recommendations related to the Interests. Morgan Stanley employees involved in the marketing and placement of the Interests are not acting as tax, financial, legal or accounting advisors to potential investors in connection with the offering of the Interests. Potential investors must independently evaluate the offering and make their own investment decisions.

The Adviser and the Fund may use registered representatives and/or employees of its affiliates to conduct solicitation activities in relation to new or incoming Limited Partners to the Fund or act as placement agents

- Affiliates Acting as Investment Bankers

In the ordinary course of its business, Morgan Stanley performs full-service investment banking and financial services and therefore engages in activities where Morgan Stanley's interests or the interests of its clients may conflict with the interests of the investors, notwithstanding Morgan Stanley's direct or indirect participation in the investments of the Fund.

From time to time, Morgan Stanley's investment banking professionals may introduce to the Fund a client that requires equity to complete an acquisition transaction. If the Fund pursues the resulting investment, Morgan Stanley could have a conflict in its representation of the client over the price and terms of the Fund's investment.

Morgan Stanley has long-term relationships with a significant number of institutions and corporations and their advisors as well as certain Limited Partners. In determining whether to pursue a particular transaction on behalf of the Fund, these relationships will be considered by Morgan Stanley and there may be certain potential transactions that will or will not be pursued on behalf of the Fund in view of such relationships

In addition, Morgan Stanley could provide investment banking services to competitors of companies in which the Fund invests, in which case it will take appropriate steps to safeguard the confidential information of each investment banking client. Morgan Stanley is under no obligation to share and, in fact, may be prohibited by applicable law, from sharing any confidential or material non-public information with the Fund or the Adviser. Such activities may present Morgan Stanley with a conflict of interest vis-à-vis the Fund's portfolio entities and may also result in a conflict with respect to the allocation of investment banking resources to portfolio entities. Alternatively, any material non-public information about a potential investment or portfolio company that Morgan Stanley comes into possession may preclude the Fund from pursuing an investment or exit opportunity with respect to such portfolio company or investment.

Morgan Stanley may also be engaged to act as financial advisor to financially troubled companies in which the Fund holds an investment. Morgan Stanley's compensation for such activities is generally based upon the successful completion of a restructuring which may include raising funds for the purchase, exchange or restructuring of existing securities or loans or for an equity infusion. In such case, certain conflicts of interest would be inherent in the situation including those involved in valuing the company.

- Other Limited Partnership Investment Vehicles or Funds

- General; Carried Interests

The Adviser and/or certain related persons have and may continue to organize other partnerships and serve as the manager, general partner, or the managing member or general partner of the general partner, to these partnerships. In organizing these partnerships, the Adviser or a related person may be deemed to have been or to be soliciting investors.

To the extent carried interest is permitted by the Partnership Agreement, the General Partner's carried interest may create an incentive for the General Partner to make more speculative investments for such Fund than it would otherwise make in the absence of such performance-based distributions. Furthermore, investments made with third parties in joint ventures or other entities may involve carried interests and/or other fees payable to such third party partners of co-investors, which could also create an incentive for such parties to take risks with respect to such investments. In addition, the method of calculating the carried interest may result in conflicts of interest between the General Partner, on the one hand, and the investors, on the other hand, with respect to the management and disposition of investments. For example, the General Partner will value any securities being distributed in-kind to investors in order to calculate the carried interest. If the valuations conducted by the General Partner are incorrect, the amount of payment of carried interest could be incorrect.

- Morgan Stanley Investments and Affiliated Investment Accounts

Morgan Stanley may advise clients and has sponsored, managed or advised other alternative investment funds and investment programs, accounts and businesses (collectively, together with any new or successor funds, programs, accounts or businesses, the "Affiliated Investment Accounts") that have or will have active investment programs that are substantially similar to those of the Fund. Morgan Stanley may also from time to time create new or successor Affiliated Investment Accounts that may compete with the Fund and may present similar conflicts of interest. Certain members of the Investment Team and the Investment Committee may make investment decisions on behalf of both Morgan Stanley and such Affiliated Investment Accounts, including Affiliated Investment Accounts with investment objectives that overlap with those of the Fund. In addition, certain Affiliated Investment Accounts may make investments similar to those that may be made by the Fund even if they are not solely focused on such investments.

Morgan Stanley related persons (including Morgan Stanley's trading and principal investing businesses) will have no obligation to offer to the Fund investment opportunities that are excluded from any otherwise existing contractual obligation. In such situations, a Morgan Stanley related

person may pursue and make the investment for its own account. When deciding how to allocate such opportunities, Morgan Stanley will exercise its discretion and may consider its own financial interests or the interests of other clients or affiliates of Morgan Stanley ahead of those of the Fund.

In some cases, Morgan Stanley or an Affiliated Investment Account may invite the Fund to co-invest with it or the General Partner may invite Morgan Stanley or an Affiliated Investment Account to co-invest with the Fund, in either the same or different tiers of a portfolio entity's capital structure or in an affiliate of such portfolio entity. To the extent the Fund holds investments in the same portfolio entity or in an affiliate thereof that are different (including with respect to their relative seniority) than those held by Morgan Stanley or an Affiliated Investment Account, the Adviser and Morgan Stanley may be presented with decisions when the interests of the two co-investors are in conflict.

- Other Morgan Stanley Investment Management Activities

Morgan Stanley and its affiliates invest, on behalf of themselves, in securities and other instruments that would be appropriate for, are held by, or may fall within the investment guidelines of a client. In connection with these activities, Morgan Stanley may also take actions for its own accounts that may differ from, conflict with, or be adverse to, advice given to or action taken for clients. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for, one or more clients and/or the Fund.

Morgan Stanley, through its affiliates, invests in many private investment funds for its own account where Morgan Stanley affiliates act as an investment adviser and/or general partner. In addition, Morgan Stanley may receive performance based compensation or benefit from a "carried interest" which is tied to the investment performance of such private investment funds. Morgan Stanley may engage in a variety of transactions, including entering into derivatives contracts, to limit its exposure to the risk of such investments. For example, Morgan Stanley may choose to hedge exposures (currency, interest rate, equities or commodities) arising from its investments in, or exposure to, through performance based fees or carried interest, such private investment funds. These hedging activities may be inconsistent with the investment or hedging activities undertaken by Morgan Stanley affiliates acting as general partner and/or adviser to such private investment funds.

As a result of, and taking into account, such hedging, the performance of investors in such private investment funds who do not engage in hedging on their own may differ materially from those investors (including Morgan Stanley) who do engage in such activities. In addition, such activities may diminish the alignment of interest between Morgan Stanley and a particular private investment fund's investors.

Management Persons

Officers and employees supporting the Adviser may also serve as directors of certain portfolio companies and, in that capacity, will be required to make decisions that they consider to be in the best interest of the

portfolio company, which in certain circumstances may not be in the best interests of the Fund. Companies with which one or more members of the investment team or other employees of Morgan Stanley are involved may also engage in transactions that would be suitable for the Fund, but in which the Fund might be unable to invest. Accordingly, in these situations, there may be conflicts of interests between such person's duties as an officer or employee of the Adviser and such person's duties as a director of the portfolio company.

Certain of the Adviser's management persons may also hold positions with one or more the affiliates listed above. In these positions, those management persons of the Adviser may have some responsibility with respect to the business of these affiliates and the compensation of these management persons may be based, in part, upon the profitability of other affiliates. Additionally, these management persons may come into possession of confidential non-public information and may be recused from certain investment-related discussions, including Investment Committee meetings, so that such members do not receive information that would limit their ability to perform functions of their employment with Morgan Stanley unrelated to the Fund. Consequently, in carrying out their roles with the Adviser or the Fund and these other entities, the management persons of the Adviser may be subject to the same or similar conflicts of interest that exist between the Adviser and these affiliates.

Conflict Identification and Mitigation

Morgan Stanley and the Adviser have established procedures intended to identify and mitigate conflicts of interest related to business activities on a worldwide basis. A conflict management officer for each business unit and/or region acts as a focal point to identify and address potential conflicts of interest in their business area. When appropriate, there is an escalation process to senior management within the business unit, and ultimately if necessary to Firm management or the Firm's conflict and franchise committees, for potentially significant conflicts that cannot be resolved in the ordinary course or that otherwise require senior management review. In addition, the Adviser addresses conflicts through disclosure to its investors and should any transactions that present a potential conflict of interest actually arise, the Adviser may in certain situations choose to seek the approval of the investors, limited partners, an independent client representative and/or advisory committee for the respective fund with respect to conflicts of interest or approvals required under the Advisers Act, including Section 206(3) and/or the relevant partnership agreement. The Adviser may also choose to seek the approval of Limited Partners of the Fund with respect to certain conflict situations or matters under the Advisers Act.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

The Adviser has adopted a Code of Ethics (the “Code”) pursuant to Rule 204A-1 under the Advisers Act, applicable to persons who are supervised by the Adviser or support the Adviser (including employees of Participating Affiliates) in providing investment advice to the Fund or the General Partner and who have access to non-public information regarding the purchase or sale of securities, or who make securities recommendations to the Fund or the General Partner, or who have access to such recommendations that are non-public (“Access Persons”). Each Access Person is required to acknowledge the Code at the inception of his/her employment and annually thereafter. The Code is designed to make certain that all acts, practices and courses of business engaged in by Access Persons are conducted in accordance with the highest possible standards and to prevent abuse, or even the appearance of abuse, by Access Persons with respect to their personal trading and other business activities.

The Code addresses the personal trading and investment activities of Access Persons, as more fully described below. In addition, the Code addresses standards of business conduct and fiduciary duties expected of Access Persons, including confidentiality obligations and restrictions on outside business activities and other conflicts of interest.

Violations of the Code are subject to sanction, including reprimand, demotion, suspension or termination of employment.

Copies of the Code are available upon request from the Adviser.

Personal Trading and Investments

The Code refers to a number of policies governing the securities trading and investing activities of employees for their own accounts. Such policies require all Access Persons to pre-clear trades for covered securities, as defined under the policies, in a personal account. A pre-clearance request will be denied if such securities are under consideration for investment, or have been acquired by, a client of the Adviser, or if the Adviser is in receipt of material non-public information of the company or if another conflict exists. Such policies also impose holding periods and reporting requirements for covered securities. In addition, investments in private placements or an employee’s participation in an outside business activity must be pre-approved by the employee’s designated manager and the Chief Compliance Officer.

Participation or Interest in Client Transactions

We recommend that current or prospective investors invest in the Fund. Prior to subscribing for Interests, investors receive information relating to potential conflicts of interest between the activities of the Fund and the business activities of the Adviser, and its affiliates, or clients that may have a financial interest in the securities in which the Fund invests.

On rare occasions, the Fund may sell a security or asset which another Fund, or an affiliate of the Adviser, wants to own. On these occasions, after extensive Firm and legal and compliance review and documentation, a sale of the security or asset from one fund to another may be permitted.

The Adviser may purchase and sell public and private investments and co-invest the assets of the clients alongside other Funds and accounts managed by the Adviser or its affiliates in compliance with the requirements and conditions of rules, regulations, orders, or interpretations of the SEC, or no-action letters of the SEC Staff, and in accordance with Fund and client account governing documents.

Allocation of Investment Opportunities

The Adviser has a governance process in place to ensure that each client is treated in a fair and equitable manner. The following factors will be considered, as appropriate, in connection with allocation decisions:

- Rights of first offer in favor of a client
- Investment guidelines, goals or restrictions of the client
- Capacity of the client
- Existing allocation to similar strategies and the diversification objectives of the client
- Tax, legal or regulatory considerations
- With respect to co-investment allocations, whether the co-investor can provide value add to the operations of the business or provide future opportunities to the business of the client
- Other relevant business considerations

Allocation of Co-Investment Opportunities

The General Partner of the Fund may offer co-investment opportunities with respect to none, some or all Fund investments. In the event that the General Partner offers co-investment opportunities, such opportunities will be offered pursuant to the terms of the Partnership Agreement. With respect to the Fund, certain of the investors may have priority rights (but not obligations) to participate in co-investment opportunities, subject to the terms and conditions of the Partnership Agreement, subscription agreement, side letter agreement or other agreement setting forth such priority rights. After the allocation of co-investment opportunities to such investors with priority rights to co-investment opportunities (if any), the General Partner may allocate the remainder (if any) of co-investment opportunities among interested parties in its sole discretion including for example, on the basis of the size of investor commitments to the Fund and other Affiliated Investment Accounts as well as a broad range of other considerations, including, commercial considerations for the applicable portfolio investment, a Limited Partner's stated desire to participate in co-investments, the General Partner's determination of the appropriateness of offering a co-investment opportunity, an investor's ability to execute such offer and the approval of transaction counterparties. There can be no assurance with respect to the amount of any co-investment opportunity that will be made available to a Limited Partner in connection with the Fund, and there is no a guarantee, prediction or projection of the availability to a Limited Partner of

future co-investment opportunities.

Investing in the Fund does not entitle any Limited Partner to allocations of co-investment opportunities. Co-investment opportunities may, and typically will, be offered to some and not other investors or to third parties (including affiliates of Morgan Stanley) who are not investors in the Fund. In addition, subject to the foregoing priority rights (if applicable), an investor may be offered fewer co-investment opportunities than investors with the same or smaller capital commitments in the Fund and other Affiliated Investment Accounts, and some investors may receive no such offers while other investors with capital commitments of the same or lower amount may receive substantial offers for such opportunities. Limited Partners are not required to participate in co-investments offered by the General Partner. The actual number of co-investment opportunities made available to Limited Partners may be significantly higher or lower than those made available in connection with other Affiliated Investment Accounts.

Please refer to Item 10 for a description of other financial industry activities and affiliations of Morgan Stanley, and a discussion of the material conflicts relating thereto.

Item 12 – Brokerage Practices

Due to the nature of the investments the Fund makes, broker-dealers are not generally used for transactions. However, when executing transactions on behalf of the Fund through a broker, dealer or underwriter, the Adviser's objective will be to obtain "best execution" (that is, the most favorable price and execution). The Adviser's effort to obtain best execution on any individual transaction depends substantially on its judgment, knowledge and experience in evaluating the counterparties', advisers' and service providers' ("Counterparties") reliability and capability based on previous and pending transactions effected by the broker-dealer for client accounts. Some of the factors considered by the Adviser in selecting a Counterparty include, among other things, execution quality and capabilities, including with regard to market making, commissions charged by, and gross compensation paid to, such Counterparty, and special knowledge of the Adviser's client's markets.

The Adviser will only consider engaging in a principal or cross transaction with Morgan Stanley or its affiliates on behalf of the Fund or client to the extent permitted by applicable law.

A broker-dealer (including a Morgan Stanley affiliate) may act as agent for one or more clients in selling publicly traded securities simultaneously. In such a situation, transactions may, but are not required to, be bundled and clients will receive proceeds from sales based on average prices received, which may be lower than the price which could have been received had each client sold its securities separately from such broker-dealer's other clients.

Item 13 – Review of Accounts

The Investment Committee reviews and approves all significant investment decisions. The members of the Investment Committee are identified in the Supplements to the Adviser's Brochure in Form ADV Part 2B. The investments made by the Fund are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, the Adviser's portfolio management staff closely monitors companies and assets in which the Fund invests and generally maintains an ongoing oversight position in such companies and assets (including, where relevant, representation on the board of directors of such companies). Reviews occur on a quarterly and (in some cases) monthly basis.

The Adviser provides quarterly unaudited reports and annual audited reports to the Limited Partners, which include, among other things, financial statements and descriptions of the investments of the Fund.

Item 14 – Client Referrals and Other Compensation

The Adviser may from time to time compensate placement agents (which may include certain of its affiliates) in return for referrals of Limited Partners. Any additional compensation paid specifically for such referrals will meet the requirements of Rule 206(4)-3 under the Advisers Act, if applicable.

Item 15 – Custody

The Adviser is deemed to have custody of Fund's cash and securities by virtue of its relationship with the General Partner of the Fund. Generally, the Limited Partners will receive the Fund's audited financial statements prepared in accordance with generally accepted accounting principles within 120 days of the end of the Fund's fiscal year.

Item 16 – Investment Discretion

As the manager of the Fund, the Adviser will have discretion to recommend to the General Partner, without consent of the Fund investors, the particular securities to be bought and sold, the broker or dealer (including a Morgan Stanley affiliate) to be used (if any) and the commission rates to be paid by the Fund in cases where a broker or dealer is used. The Adviser will provide investment advice to the Fund, subject to certain investment limitations regarding diversification and type of permitted investments as set forth in the Partnership Agreement.

When executing transactions on behalf of the Fund through a broker, dealer or underwriter, the Adviser's objective will be to obtain the most favorable commission and the best price available on each transaction in light of the quality of execution provided. Consequently, brokers, dealers and underwriters are selected primarily on the basis of their execution, capability and trading expertise.

The Adviser generally receives discretionary authority from the Fund at the outset of its advisory relationship to select the identity and amount of securities to be bought or sold. Such authority is provided in Adviser's advisory contract with the Fund and/or under the terms of the Partnership Agreement of the Fund. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the Fund. When selecting securities and determining amounts, the Adviser observes the investment policies, limitations and restrictions of the Fund.

Item 17 – Voting Client Securities

Where the Adviser has accepted authority to vote proxies on behalf of a client, the Adviser will vote proxies in accordance with its policies and procedures in place for voting of proxies (the “Proxy Voting Policy”), which are designed to ensure compliance with Rule 206(4)-6 of the Advisers Act. Copies of the Proxy Voting Policy are available upon request from the Adviser. Under the Proxy Voting Policy, the Adviser will vote proxies on behalf of the clients based on a determination of the best interest of the clients, consistent with the objective of maximizing long-term investment returns for the clients.

In many situations, a client is a party to a stockholder or similar agreement. These agreements are entered into in the best interests of the clients, and may require the Adviser to vote the other investors’ nominees to a board of directors or similar body, or require a vote in favor of a particular transaction. If this is the case, the Adviser will comply with the applicable clients’ contractual obligations.

Where no contract requires a client to vote for a specific outcome, the Proxy Voting Policy is designed to be responsive to the wide range of issues that may be subject to proxy vote, but is not exhaustive due to the variety of proxy voting issues that the Adviser may be required to consider.

The clients generally make a limited number of direct investments in portfolio companies that are or will become public. As a result, the Adviser will generally cast proxy votes on behalf of the clients with respect to a limited number of public portfolio companies.

The Adviser reserves the right to depart from the Proxy Voting Policy in order to avoid voting decisions that it believes may be contrary to the clients’ best interests. In addition, the Adviser may also abstain from voting if, based on factors such as expense or difficulty of exercise, it determines that the client’s interests are better served by an abstention.

The Adviser may be subject to conflicts of interest in the voting of proxies. A potential conflict of interest may occur where the Adviser or any of its affiliates or their respective employees has a direct or indirect economic stake in the outcome of a proxy vote that is different from a client’s stake. When such a potential conflict arises between the Adviser and any of its affiliates or their respective employees on the one hand and one or more of the clients on the other, the matter is evaluated to determine whether an actual conflict exists. Where an actual conflict exists, the Adviser will take necessary and appropriate steps to address the conflict.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosure about the Adviser's financial condition. The Adviser is not aware of any financial condition that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.