

# **Form ADV Wrap Fee Program Brochure Morgan Stanley Smith Barney LLC**

**Outsourced Chief Investment Office (OCIO) Program**

**December 16, 2024**

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**This wrap fee program brochure provides information about the qualifications and business practices of Morgan Stanley Smith Barney LLC (“MSWM”). If you have any questions about the contents of this brochure, please contact us at (914) 225-1000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.**

**Additional information about MSWM also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Registration with the SEC does not imply a certain level of skill or training.**

## Item 2: Material Changes

This section identifies and discusses material changes to the ADV brochure since the version of this brochure dated March 29, 2023. For more details on any particular matter, please see the item in this ADV brochure referred to in the summary below.

***Performance-based Fees.*** In limited circumstances, MSWM has entered into performance fee arrangements with qualified MSFO clients. Such fee arrangements are subject to individual negotiation with each such client.

### **Bank Deposit Program**

Updates were made to the Cash Sweeps section to disclose that BDP assets in advisory accounts receive a separate interest rate if the assets meet the BDP program balance threshold. Item 4.C, Cash Sweeps.

### **Disciplinary Information**

On December 9, 2024, the SEC entered into a settlement with MSWM regarding an administrative action. In this matter, MSWM, without admitting or denying the findings and without adjudication of any issue of law or fact, consented to the entry of the order that finds that MSWM willfully violated certain sections of the Investment Advisers Act of 1940 (“Advisers Act”), specifically Sections 206(2) and 206(4) and Rule 206(4)-7 promulgated thereunder. The SEC also finds that MSWM failed to supervise the FAs within the meaning of Section 203(e)(6) of the Advisers Act and/or Section 15(b)(4)(E) of the Securities Exchange Act of 1934 (“Exchange Act”) (Item 9).

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## Item 4: Services, Fees and Compensation

Morgan Stanley Smith Barney LLC (“Morgan Stanley Wealth Management”, “MSWM”, “we” or “us”), is a registered investment adviser and a registered broker-dealer. MSWM is one of the largest financial services firms in the U.S. with branch offices in all 50 states and the District of Columbia.

MSWM offers clients (“you” and “yours”) many different advisory programs. Many of MSWM’s advisory services are provided by its Consulting Group business unit. You may obtain brochures for other MSWM advisory programs at [www.morganstanley.com/ADV](http://www.morganstanley.com/ADV) or by asking your Financial Advisor or (for Morgan Stanley Private Wealth Management clients) your private wealth advisor. (Throughout the rest of this brochure, “Financial Advisor” means either your Financial Advisor or your Private Wealth Advisor, as applicable.)

In addition, we reasonably expect to provide services as a “fiduciary” (as that term is defined in Section 3(21)(A) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) and/or Section 4975 of the Internal Revenue Code of 1986, as amended (the “Code”)), with respect to “Retirement Accounts” (as that term is described herein). For purposes of this brochure (including the Exhibits), the term “Retirement Account” will be used to cover (i) “employee benefit plans” (as defined under Section 3(3) of ERISA, which include pension, defined contribution profit-sharing and welfare plans sponsored by private employers, as well as similar arrangements sponsored by governmental or other public employers, which arrangements are generally not subject to ERISA; (ii) individual retirement accounts, or “IRAs” (as described in Section 4975 of the Code); and (iii) “Coverdell Educational Savings Accounts (“CESAs”).

### A. General Description of Programs

#### Outsourced Chief Investment Office (OCIO)

Outsourced Chief Investment Office or “OCIO” (formerly Custom Solutions or “CS”) is generally for institutional, family office and high net worth clients. In OCIO, a client appoints MSWM as the discretionary or non-discretionary investment adviser, relative to the selection of affiliated or unaffiliated mutual funds, exchange traded funds, collective investment trusts, hedge funds/alternative investment funds or investment management firms (“subadvisors” or “managers”) to manage the client’s account (collectively “Investment Products”). In addition to the investment management, MSWM will also provide custodial, trade execution and related services for a single asset based fee. Where a client appoints MSWM as the discretionary investment manager, MSWM retains discretion as to the selection of and allocation among affiliated or unaffiliated managers and Investment Products. OCIO is designed to manage the overall investment process, including investment policy decisions, asset and investment style allocation decisions, manager selection and review, and comprehensive monitoring of the client’s portfolio.

Where a client appoints MSWM as the discretionary investment manager, MSWM will assume responsibility for the implementation of all investment strategies through the selection-approval and on-going monitoring of the Investment Products. Where a client appoints MSWM as the discretionary investment manager, MSWM assumes full discretion over asset allocation decisions as well as decisions to terminate any Investment Product. Where MSWM acts as a non-discretionary investment adviser, MSWM recommends Investment Products and clients retain the authority on allocation decisions as well as decisions to terminate any Investment Product. In certain cases, an internal portfolio management team within MSWM will be responsible for exercising this discretion utilizing model portfolios, which may hold one type of Investment Product, including ETFs, mutual funds, or SMAs, or may invest in a combination of such Investment Products. MSWM also provides the client with on-going financial management services such as investment performance reporting, administration, trade execution and custody. Based on a client’s long-term strategic policy allocation parameters and other investment constraints, MSWM will look for opportunities in asset classes or investment styles with above average expected rates of return while managing overall portfolio risk in accordance with the client’s investment policies. As a “manager of managers”, MSWM will assume full responsibility for the operations the client’s investment program.

In order to assess the appropriateness of the assets in the client’s current portfolio, MSWM will conduct a review of the investment policy, asset allocation and fund assets following these key steps:

- **Investment Policy Statement** – MSWM will assist the client in the preparation of an investment policy statement (“IPS”) in order to evaluate and articulate the client’s risk tolerance and investment objectives. In doing so, MSWM will assist the client in identifying its needs for liquidity, income, growth of income, growth of principal and preservation of capital. The IPS will assist the client in selecting and developing an appropriate investment strategy and will assist MSWM in executing such strategies.
- **Current Portfolio Analysis** – MSWM will complete a thorough evaluation of a client’s current investment program, including investment structure, individual components of each fund, fee structures, manager selection process, possible conflicts of interest, peer universe comparisons and on-going evaluation procedures. The analysis will culminate in a business evaluation of all contracts, custodial documents and performance monitors.
- **Asset Allocation Analysis** - MSWM will complete an analysis of the asset allocation and the basis for asset allocation decisions. The analysis will assist the client in understanding the modeling process and will lead to an estimate as to the client’s needs for updates and the frequency with which such uptakes

will be provided. This is a key component in MSWM's risk management evaluation process.

**Cash Management.** In OCIO, a client may elect discretionary cash management services to clients, whereby MSWM invests and reinvests the proceeds of the account in accordance with the client's investment criteria, concentration limits and other requirements as stated in the client's Investment Policy Statement ("IPS") or a quantifiable rules matrix (the "Matrix") as a supplement to the client's IPS. Generally, the whole cash management portfolio is invested in short duration fixed income and cash equivalent investments. The IPS or Matrix is sent to the client and provided the client agrees that it is consistent with their investment goals, MSWM will manage that cash portfolio according to the IPS or Matrix. If assets held in the account fall outside of the IPS or Matrix, MSWM will generally liquidate such assets in an orderly manner within a commercially reasonable amount of time. If the client revises the IPS or Matrix documents, MSWM will then update the IPS or Matrix and obtain the client's approval of the new IPS or Matrix.

**Tax Management.** In OCIO, a client may elect tax management ("Tax Management") services for the account. In order to elect Tax Management services, you will need to tell your Financial Advisor that you desire Tax Management services, and what Maximum Tax or Realized Capital Gain Instructions you desire for your account. The Tax Management Terms and Conditions attached to this Brochure as Exhibit A will govern Tax Management services in your account.

**Alternative Investments Performance Reporting Service.** In OCIO, MSWM offers alternative investments performance reporting capabilities. MSWM offers clients the ability to receive periodic reports that provide historical performance reporting of their alternative investments that were not purchased through MSWM. In addition, MSWM will consider these alternative investments for purposes of its performance monitoring and asset allocation analysis.

The alternative investments historical performance information provided by this service is based upon information provided, directly or indirectly, to MSWM by the issuer of the alternative investment, or by its sponsor, investment manager or administrator ("Performance Reporting AI"). MSWM's ability to provide historical or other performance reporting on alternative investments is dependent upon its ability to obtain such information from each Performance Reporting AI. The performance reporting enables the client to receive from MSWM periodic reports containing the client's historical performance information as reported by the applicable Performance Reporting AI.

The reporting service and asset allocation analysis are not intended to constitute investment advice or a recommendation by MSWM of any alternative investment and MSWM is not evaluating the appropriateness of the initial investment or the continued investment in the alternative investments reported on as a part of this service. In addition, the service does not constitute, create or impose a fee-based brokerage relationship,

a fiduciary relationship or an investment advisory relationship under the Investment Advisers Act of 1940, as amended, with regard to the provision of the investments covered under this service. If the Client is an employee benefit plan or is otherwise subject to ERISA, MSWM is NOT acting as a fiduciary (as defined in ERISA) with the respect to the provision of these reporting services as described herein). MSWM is not responsible for and will not provide tax reporting with respect to any alternative investment reported on under this service.

### **Morgan Stanley Family Office (MSFO)**

In certain instances, MSWM will provide investment advisory services using the OCIO platform through the Morgan Stanley Family Office business ("MSFO"). MSFO provides investment advisory and administrative services to ultra-high net worth family offices.

### **Account Opening**

To enroll in any program described in this brochure, you must enter into the program client agreement ("Client Agreement").

### **Investment Restrictions**

The Client may impose reasonable restrictions on account investments. For example, you may restrict MSWM or the managers from buying specific equity securities, a category of equity securities (e.g., tobacco companies) or Fund shares. If you restrict a category of securities, we or the manager will determine which specific securities fall within the restricted category. In doing so, we or the manager may rely on research provided by independent service providers. Any restrictions you impose on individual securities will not be applied to Fund holdings since Funds operate in accordance with the investment objectives and strategies described in their prospectuses.

### **Trade Confirmations, Account Statements and Performance Reviews**

MSWM may serve as the custodian and provide you with written confirmation of securities transactions, and account statements at least quarterly. You may waive the receipt of trade confirmations in favor of alternative methods of communication where available. You may also receive mutual fund prospectuses, where appropriate.

We provide performance monitoring to clients on a case-by-case basis in a format and with a frequency as requested by the client.

### **Risks**

All trading in an account is at your risk. The value of the assets held in an account is subject to a variety of factors, such as the liquidity and volatility of the securities markets. Investment performance of any kind is not guaranteed, and MSWM's past performance with respect to other accounts does not predict future performance with respect to any particular account. In addition, certain investment strategies that MSWM may use in the programs have specific risks, including those associated with investments in common stock, fixed income securities, American Depositary Receipts, Funds and the investments below. You should consult with your Financial Advisor

regarding the specific risks associated with the investments in your account.

***Risk Relating to ETFs.*** There may be a lack of liquidity in certain ETFs, which can lead to a large difference between the bid-ask prices (increasing the cost to you when you buy or sell the ETF). A lack of liquidity also may cause an ETF to trade at a large premium or discount to its net asset value. Additionally, an ETF may suspend issuing new shares and this may result in an adverse difference between the ETF's publicly available share price and the actual value of its underlying investment holdings. At times when underlying holdings are traded less frequently, or not at all, an ETF's returns also may diverge from the benchmark it is designed to track.

***Risks Relating to Money Market Funds.*** You could lose money in money market funds. Although money market funds classified as government funds (i.e., money market funds that invest 99.5% of total assets in cash and/or securities backed by the U.S. government) and retail funds (i.e., money market funds open to natural person investors only) seek to preserve value at \$1.00 per share, they cannot guarantee they will do so. The price of other money market funds will fluctuate and when you sell shares they may be worth more or less than originally paid. Money market funds may, and in certain circumstances will, impose a fee upon the redemption of fund shares. Please review your money market fund's prospectus to learn more about the use of redemption or liquidity fees. In addition, if a money market fund that seeks to maintain a stable \$1.00 per share experiences negative yields, it also has the option of converting its stable share price to a floating share price, or to cancel a portion of its shares (which is sometimes referred to as a "reverse distribution mechanism" or "RDM"). Investors in money market funds that cancel shares will lose money and may experience tax consequences. Moreover, in some circumstances, money market funds may cease operations when the value of a fund drops below \$1.00 per share. In that event, the fund's holdings will likely be liquidated and distributed to the fund's shareholders. This liquidation process can be prolonged and last for months. During this time, these funds would not be available to you to support purchases, withdrawals and, if applicable, check writing or ATM debits from your account.

***Risks Relating to Master Limited Partnerships.*** Master Limited Partnerships ("MLPs") are limited partnerships or limited liability companies whose interests (limited partnerships or limited liability companies units) are generally traded on securities exchanges like shares of common stock. Investments in MLPs entail different risks, including tax risks, than is the case for other types of investments.

Currently, most MLPs operate in the energy, natural resources or real estate sectors. Investments in such MLP interests are subject to the risks generally applicable to companies in these sectors (including commodity pricing risk, supply and demand risk, depletion risk and exploration risk). Depending on the ownership vehicle, MLP interests are subject to varying tax treatment. Please see "Tax and Legal Considerations" below and any Fund prospectus by asking your Financial Advisor.

***Risks Relating to Funds that Primarily Invest in Master Limited Partnerships.*** In addition to the risks outlined above

relating to Master Limited Partnerships, Funds that primarily invest in MLPs generally accrue deferred tax liability. The fund's deferred tax liability (if any) is reflected each day in the fund's net asset value. As a result, the fund's total annual operating expenses may be significantly higher than those of funds that do not primarily invest in MLPs. Please see the Fund prospectus for additional information.

***Risks Relating to Funds that Pursue Complex or Alternative Investment Strategies or Returns.*** These Funds may employ various investment strategies and techniques for both hedging and more speculative purposes such as short selling, leverage, derivatives and options, which can increase volatility and the risk of investment loss. Alternative investment strategies are not appropriate for all investors.

While mutual funds and ETFs may at times utilize non-traditional investment options and strategies, they have different investment characteristics from unregistered privately offered alternative investments. Because of regulatory limitations, mutual funds and ETFs may not invest in as broad a spectrum of investments as privately offered alternative investments. As a result, investment returns and portfolio characteristics of alternative mutual funds may vary from traditional hedge funds pursuing similar investment objectives. They are also more likely to have relatively higher correlation with traditional market returns than privately offered alternative investments. Moreover, traditional hedge funds have limited liquidity with long "lock-up periods allowing them to pursue investment strategies without having to factor in the need to meet client redemptions. On the other hand, mutual funds typically must meet daily client redemptions. This differing liquidity profile can have a material impact on the investment returns generated by a mutual fund pursuing an alternative investing strategy compared with a traditional hedge fund pursuing the same strategy.

Non-traditional investment options and strategies are often employed by a portfolio manager to further a Fund's investment objective and to help offset market risks. However, these features may be complex, making it more difficult to understand the Fund's essential characteristics and risks, and how it will perform in different market environments and over various periods of time. They may also expose the Fund to increased volatility and unanticipated risks particularly when used in complex combinations and/or accompanied by the use of borrowing or "leverage".

***Risks Relating to Alternative Investments.*** Alternative investments have different features and risks than other types of investment products. As further described in the offering documents of any particular alternative investment, alternative investments can be highly illiquid, are speculative and are not appropriate for all investors. For example, alternative investments may place substantial limits on liquidity and the redemption rights of investors, including only permitting withdrawals on a limited periodic basis and with a significant period of notice and may impose early withdrawal fees. Alternative investments are intended for experienced and sophisticated investors who are willing to bear the high economic risks of the investment. Investors should carefully review and consider potential risks before investing. Certain of these risks may include: loss of all or a substantial portion of the investment due to leveraging, short selling, or other

speculative practices; lack of liquidity, in that there may be no secondary market for the fund and none expected to develop; volatility of returns; restrictions on transferring interests in the fund; potential lack of diversification and resulting higher risk due to concentration of trading authority when a single advisor is utilized; absence of information regarding valuations and pricing; complex tax structures and delays in tax reporting; less regulation and higher fees than mutual funds; and advisor risk. Alternative investment products may also have higher fees (including multiple layers of fees) compared to other types of investments.

Individual funds will have specific risks related to their investment programs that vary from fund to fund. For more details on these and other features and risks, please carefully read the documentation (including risk disclosures) relating to any selected Investment Option, as well as your Client Agreement.

***Risks Relating to Co-investments.*** A co-investment is an investment in a specific transaction made by limited partners of a private equity fund alongside, but not through the main fund. In addition to the above risks related to alternative investments, co-investments are subject to enhanced concentration risk.

***Risks Relating to Differing Classes of Securities.*** Different classes of securities have different rights as creditor if the issuer files for bankruptcy or reorganization. For example, bondholders' rights generally are more favorable than shareholders' rights in a bankruptcy or reorganization.

## **Tax and Legal Considerations**

Neither MSWM nor any of our affiliates provide tax or legal advice and, therefore, are not responsible for developing, implementing or evaluating any tax or legal strategies that may be employed by the client. The client should develop any such strategies or address any tax-related issues with a qualified tax adviser or any legal issues with a qualified attorney.

Investment in MLPs entails different risks, including tax risks, than is the case for other types of investments. Investors in MLPs hold "units" of the MLP (as opposed to a share of corporate stock) and are technically partners in the MLP. Holders of MLP units are also exposed to the risk that they will be required to repay amounts to the MLP that are wrongfully distributed to them. Almost all MLPs have chosen to qualify for partnership tax treatment. Partnerships do not pay U.S. federal income tax at the partnership level. Rather, each partner of a partnership, in computing its U.S. federal income tax liability, must include its allocable share of the partnership's income, gains, losses, deductions, expenses and credits. A change in current tax law, or a change in the business of a given MLP, could result in an MLP being treated as a corporation for U.S. federal income tax purposes, which would result in such MLP being required to pay U.S. federal income tax on its taxable income. The classification of an MLP as a corporation for U.S. federal income tax purposes would have the effect of reducing the amount of cash available for distribution by the MLP and could cause any such distributions received by the an investor to be taxed as dividend income. If you have any

questions about the tax aspects of investing into an MLP, please discuss with your tax advisor.

Investors in MLP portfolios will receive a Schedule K-1 for each MLP in the portfolio, so they will likely receive numerous Schedule K-1s. Investors will need to file each Schedule K-1 with their federal tax return. Also, investors in MLP portfolios may be required to file state income tax returns in states where the MLPs in the portfolio operate. Since some Schedule K-1s may not be provided until after the due date for the federal or state tax return, investors in MLP portfolios may need to obtain an extension for filing their federal or state tax returns. Please discuss with your tax advisor how an investment in MLPs will affect your tax return.

Tax laws impacting MLPs may change, and this could impact any tax benefits that may be available through investment in an MLP portfolio.

## **Fees**

The maximum asset-based fee for accounts in the OCIO Program is 1.750%.

Fees for the OCIO program are negotiable based on factors including the type and size of the account and the range of services provided by MSWM. In special circumstances, and with the client's agreement, the fee charged to a client for an account may be more than the maximum annual fee stated in this section.

The fee is payable as described in the Client Agreement. Generally, the initial fee is due in full on the date you open your account at MSWM and is based on the market value of the account on that date. The initial fee payment covers the period from the opening date through (at your election) the last day of the current quarter or the next full calendar quarter and is prorated accordingly. Thereafter, the fee is paid quarterly in advance based on the account's market value on the last day of the previous calendar quarter and is due promptly. The Client Agreement authorizes MSWM to deduct fees when due from the assets contained in the account.

In addition to the MSWM fee described above, OCIO Clients also bear manager expenses (which generally range up to 0.75%) or the expense ratios of mutual funds and other pooled investment vehicles directly.

***Performance-based Fees.*** In limited circumstances, MSWM has entered into performance fee arrangements with qualified MSFO clients. Such fee arrangements are subject to individual negotiation with each such client. Because Financial Advisors manage accounts with different fee schedules, the Financial Advisor has an incentive to favor clients or accounts with a performance-based fee over other clients or accounts and to take risks that are beyond a client's risk tolerance and investment objectives. To address these conflicts of interest, we have adopted policies and procedures reasonably designed to ensure that allocation decisions are not influenced by fee arrangements and investment opportunities will be allocated in a manner that we believe to be consistent with our obligations as an investment adviser and reasonably designed to ensure that

we solely recommend investments that are consistent with each client's risk tolerance and investment objectives.

***Accounts Related for Billing Purposes.*** When two or more investment advisory accounts were related together for billing purposes, you can benefit even more from existing breakpoints. If you have two accounts, the "related" fees on Account #1 are calculated by applying your total assets (i.e. assets in Account #1 + assets in Account #2) to the Account #1 breakpoints. Because this amount is greater than the amount of assets solely in Account #1, you may have a greater proportion of assets subject to lower fee rates, which in turn lowers the average fee rate for Account #1. This average fee rate is then multiplied by the actual amount of assets in Account #1 to determine the dollar fee for Account #1. Likewise, the total assets are applied to the Account #2 breakpoints to determine the average fee rate for Account #2, which is then multiplied by the actual amount of assets in Account #2 to determine the dollar fee for Account #2. For more information about which of your accounts are grouped in a particular billing relationship, please contact your Financial Advisor.

Only certain accounts may be related for billing purposes, based on the law and MSWM's policies and procedures. Even where accounts are eligible to be related under these policies and procedures, they will only be related if this is specifically agreed between you and the Financial Advisor.

***ERISA Fee Disclosure for Retirement Accounts.*** In accordance with Department of Labor regulations under Section 408(b)(2) of ERISA, MSWM is required to provide certain information regarding our services and compensation to assist fiduciaries and plan sponsors of those retirement plans that are subject to the requirements of ERISA in assessing the reasonableness of their plan's contracts or arrangements with us, including the reasonableness of our compensation. This information (the services we provide as well as the fees) is provided to you at the outset of your relationship with us and is set forth in your advisory contract with us (including the Fee table, other exhibits and, as applicable, this document), and then at least annually to the extent that there are changes to any investment-related disclosures for services provided as a fiduciary under ERISA.

## **B. Comparing Costs**

The primary service that you are purchasing in the programs described in this brochure is the Firm's discretionary management of your portfolio pursuant to certain program guidelines. Cost comparisons are difficult because that particular service is not offered in other advisory programs. Depending on the level of trading and types of securities purchased or sold in your account, if purchased separately, you may be able to obtain transaction execution at a higher or lower cost at MSWM or elsewhere than the fee in these programs. However, such transactions could not be executed on a discretionary basis in a brokerage account. In addition, MSWM offers other programs where discretionary portfolio management is provided by affiliated or unaffiliated third party investment managers and the fees in those programs may be higher or lower than the fees in these programs. Those programs involve the discretionary portfolio management

decisions of third party investment managers and not your Financial Advisor.

You should consider these and other differences when deciding whether to invest in an investment advisory or a brokerage account and, if applicable, which advisory programs best suit your individual needs.

## **C. Additional Fees**

If you open an account in one of the programs described in this brochure, you will pay us an asset-based fee for investment advisory services, custody of securities and trade execution through MSWM. The program fees do not cover:

- the costs of investment management fees and other expenses charged by Funds (see below for more details);
- "mark-ups," "mark-downs," and dealer spreads (A) that MSWM or its affiliates may receive when acting as principal in certain transactions where permitted by law or (B) that other broker-dealers may receive when acting as principal in certain transactions effected through MSWM and/or its affiliates acting as agent, which is typically the case for dealer market transactions (e.g., fixed income, over-the-counter equity, and foreign exchange ("FX") conversions in connection with purchases or sales of FX-denominated securities and with payments of principal and interest dividends on such securities);
- fees or other charges that you may incur in instances where a transaction is effected through a third party and not through us or our affiliates (such fees or other charges will be included in the price of the security and not reflected as a separate charge on your trade confirmations or account statements);
- MSWM account establishment or maintenance fees for its Individual Retirement Accounts ("IRA") and Versatile Investment Plans ("VIP"), which are described in the respective IRA and VIP account and fee documentation (which may change from time to time);
- account closing/transfer costs;
- processing fees or
- certain other costs or charges that may be imposed by third parties (including, among other things, odd-lot differentials, transfer taxes, foreign custody fees, exchange fees, supplemental transaction fees, regulatory fees and other fees or taxes that may be imposed pursuant to law).



## Funds in Advisory Programs

Investing in strategies that invest in mutual funds, closed-end funds and ETFs (such mutual funds, closed-end funds and ETFs are collectively referred to in this Funds in Advisory Programs Section as “Funds”) is more expensive than other investment options offered in your advisory account. In addition to our fee, you pay the fees and expenses of the Funds in which your account is invested. Fund fees and expenses are charged directly to the pool of assets the Fund invests in and are reflected in each Fund’s share price. These fees and expenses are an additional cost to you that is embedded in the price of the Fund, and therefore, are not included in the fee amount in your account statements. Each mutual fund and ETF expense ratio (the total amount of fees and expenses charged by the Fund) is stated in its prospectus. The expense ratio generally reflects the costs incurred by shareholders during the Fund’s most recent fiscal reporting period. Current and future expenses may differ from those stated in the prospectus.

You do not pay any sales charges for purchases of Funds in programs described in this brochure. However, some Funds may charge, and not waive, a redemption fee on certain transaction activity in accordance with the policies described in the applicable prospectus.

**Expense Payments and Fees for Data Analytics.** MSWM receives expense payments and fees for data analytics, recordkeeping and related services. MSWM provides Fund families with opportunities to sponsor meetings and conferences and grants them access to our branch offices and Financial Advisors for educational, marketing and other promotional efforts. Fund representatives may work closely with our branch offices and Financial Advisors to develop business strategies and support promotional events for clients and prospective clients, and educational activities. Some Fund families or their affiliates will reimburse MSWM for certain expenses incurred in connection with these promotional efforts, client seminars, and/or training programs. Fund families independently decide if and what they will spend on these activities, with some Fund families agreeing to make a substantial annual dollar amount expense reimbursement commitments. Fund families also invite our Financial Advisors to attend Fund family-sponsored events. Expense payments may include meeting or conference facility rental fees and hotel, meal and travel charges. For more information regarding the payments MSWM receives from Fund families, please refer to the brochures titled “Mutual Fund Features, Share Classes and Compensation” and “ETF Revenue Sharing, Expense Payments and Data Analytics” (together, the “Mutual Fund and ETF Brochures”), which can be found at <https://www.morganstanley.com/disclosures>. The Mutual Fund and ETF Brochures are also available from your Financial Advisor on request.

Fund family representatives are allowed to occasionally give nominal gifts to Financial Advisors, and to occasionally entertain Financial Advisors (subject to an aggregate entertainment limit of \$1,000 per employee per fund family per year). MSWM’s non-cash compensation policies set conditions

for each of these types of payments, and do not permit any gifts or entertainment conditioned on achieving any sales target.

MSWM also provides Fund families with the opportunity to purchase data analytics regarding Fund sales. The amount of the fee depends on the level of data. We also offer sponsors of passively-managed ETFs a separate transactional data feed. Additional fees apply for those Fund families that elect to purchase supplemental data analytics regarding financial product sales at MSWM. For more information regarding these payments, as well as others, please refer to the Mutual Fund and ETF Brochures described above.

**Conflicts of Interest regarding the Above-Described Expense Payments and Fees for Data Analytics.** The above described fees present a conflict of interest for Morgan Stanley and our Financial Advisors to promote and recommend those Funds that make these payments in advisory program accounts rather than other eligible investments that do not make similar payments. Further, in aggregate, we receive significantly more support from participating revenue sharing sponsors and mutual funds that pay administrative services fees with the largest client holdings at our firm, as well as those sponsors that provide significant sales expense payments and/or purchase data analytics. This in turn could lead our Financial Advisors and Branch Managers to focus on those Fund families. In addition, since our revenue sharing support fee program utilizes rates that are higher for Funds with higher management fees, we have a conflict of interest to promote and recommend Funds that have higher management fees.

In order to mitigate these conflicts, Financial Advisors and their Branch Managers do not receive additional compensation as a result of the fees and data analytics payments received by Morgan Stanley.

For more information, please refer to the Mutual Fund and ETF Brochures described above. However, please note that client accounts in the advisory program described in this brochure are not subject to the revenue sharing payments or the administrative service fees described in these documents.

**Affiliated Funds.** Certain Funds are sponsored or managed by, or receive other services from, MSWM and its affiliates, which include, but are not limited to, Morgan Stanley Investment Management, Eaton Vance, Boston Management and Research, Calvert Research and Management, Atlanta Capital Management Company and Parametric Portfolio Associates. Where you invest in mutual funds where the investment adviser is a MSWM affiliate, in addition to the program fee paid by clients, MSWM and its affiliates may also receive investment management fees and related administrative fees. Since the affiliated sponsor or manager receives additional investment management fees and other fees, MSWM has a conflict to recommend MSWM affiliated mutual funds. In order to mitigate this conflict, Financial Advisors do not receive additional compensation for recommending proprietary and/or affiliated funds. Additionally, affiliated Funds and sponsors are subject to the same economic arrangements with MSWM as those that MSWM has with third-party Funds. MSWM’s affiliates have entered into administrative services and revenue sharing agreements with MSWM as described above.

To the extent that such funds are offered to and purchased by Retirement Accounts, the advisory fee on any such account will be reduced, or offset, by the amount of the fund management fee, shareholder servicing fee and distribution fee we, or our affiliates, may receive in connection with such Retirement Account's investment in such affiliated managed fund.

**Mutual Fund Share Classes.** Mutual funds typically offer different ways to buy fund shares. Some mutual funds offer only one share class while most funds offer multiple share classes. Each share class represents an investment in the same mutual fund portfolio, but assesses different fees and expenses. Many mutual funds have developed specialized share classes designed for various advisory programs ("Advisory Share Classes"). In general, Advisory Share Classes are not subject to either sales loads or ongoing marketing, distribution and/or service fees (often referred to as "12b-1 fees"), although some may assess fees for record keeping and related administrative services, as disclosed in the applicable prospectus. MSWM typically utilizes Advisory Share Classes that compensate MSWM for providing such administrative services to its advisory clients. However, our fees for these services are rebated to clients. If you wish to purchase other types of Advisory Share Classes, such as those that do not compensate intermediaries for record keeping and administrative services, which generally carry lower overall costs and would thereby increase our investment return, you will need to do so directly with the mutual fund or through an account at another financial intermediary.

Please note, we may offer non-Advisory Share Classes of mutual funds (i.e., those that are subject to 12b-1 fees) if, for example, a fund does not offer an Advisory Share Class that is equivalent to those offered here. In such instance, MSWM will rebate directly to clients holding such fund any such 12b-1 fees that we receive. Once we make an Advisory Share Class available for a particular mutual fund, clients can only purchase the Advisory Share Class of that fund.

If you hold non-Advisory Share Classes of mutual funds in your advisory account or seek to transfer non-Advisory Share Classes of mutual funds into your advisory account, MSWM (without notice to you) will convert those shares to Advisory Share Classes to the extent they are available. This will typically result in your shares being converted into a share class that has a lower expense ratio, although exceptions are possible.

On termination of your advisory account for any reason, or the transfer of mutual fund shares out of your advisory account, we may convert any Advisory Share Classes of funds into a share class that is available in non-advisory accounts or we may redeem these fund shares altogether. Non-Advisory Share Classes generally have higher operating expenses than the corresponding Advisory Share Class, which will increase the cost of investing and negatively impact investment performance.

### **Cash Sweeps**

Generally, some portion of your account will be held in cash. If MSWM acts as custodian for your account, it will effect "sweep" transactions of free credit balances in your account into interest-bearing deposit accounts ("Deposit Accounts")

established under the Bank Deposit Program ("BDP"). For most clients, BDP will be the only available cash sweep. The interest rates for BDP in your account will be tiered based upon the value of the BDP balances across your brokerage and advisory accounts. The BDP assets in your advisory accounts receive separate interest rates from deposits in your brokerage accounts and are set forth in: <https://www.morganstanley.com/wealth-general/ratemonitor>. Generally, the rate on BDP will be lower than the rate on other cash alternatives. In limited circumstances, such as clients ineligible for BDP, MSWM may sweep some or all of your cash into money market mutual funds (each, a Money Market Fund"). These Money Market Funds are managed by Morgan Stanley Investment Management Inc. or another MSWM affiliate.

It is important to note that free credit balances and allocations to cash including assets invested in sweep investments are included in your account's fee calculation hereunder.

If your account is a Retirement Account, you should read Exhibit B to this Brochure, entitled "Affiliated Money Market Funds Fee Disclosure Statement and Float Disclosure Statement".

MSWM, acting as your custodian, will effect sweep transactions only to the extent permitted by law and if you meet the eligibility criteria. Under certain circumstances (as described in the Bank Deposit Program Disclosure) eligible deposits in BDP may be sent to non-affiliated Program Banks (; this additional feature may provide enhanced FDIC coverage to you as well as funding value benefits to the Morgan Stanley Sweep Banks. For eligibility criteria applicable to this additional feature and BDP generally, please refer to the Bank Deposit Program Disclosure Statement which is available at: [http://www.morganstanley.com/wealth-investmentstrategies/pdf/BDP\\_disclosure.pdf](http://www.morganstanley.com/wealth-investmentstrategies/pdf/BDP_disclosure.pdf).

**Conflicts of Interest Regarding Sweep Investments.** If BDP is your sweep, you should be aware that the Sweep Banks, which are affiliates of MSWM, will pay MSWM an annual account-based flat fee for the services performed by MSWM with respect to BDP. MSWM and the Sweep Banks will review such fee annually and, if applicable, mutually agree upon any changes to the fee to reflect any changes in costs incurred by MSWM. Your Financial Advisor will not receive a portion of these fees or credits. In addition, MSWM will not receive cash compensation or credits in connection with the BDP for assets in the Deposit Accounts for Retirement Accounts. Also, the affiliated Sweep Banks have the opportunity to earn income on the BDP assets through lending activity, and that income is usually significantly greater than the fees MSWM earns on affiliated Money Market Funds. Thus, in its capacity as custodian, MSWM has a conflict of interest in connection with BDP being the default sweep, rather than an eligible Money Market Fund.

In addition, MSWM, the Sweep Banks and their affiliates receive other financial benefits in connection with the BDP. Through the BDP, each Sweep Bank will receive a stable, cost-effective source of funding. Each Sweep Bank intends to use deposits in the Deposit Accounts at the Sweep Bank to fund current and new businesses, including lending activities and investments. The profitability on such loans and investments is

generally measured by the difference, or “spread,” between the interest rate paid on the Deposit Accounts at the Sweep Banks and other costs of maintaining the Deposit Accounts, and the interest rate and other income earned by the Sweep Banks on those loans and investments made with the funds in the Deposit Accounts. The cost of funds for the Morgan Stanley Sweep Banks of deposits through the sweep program in ordinary market conditions is lower than their cost of funds through some other sources, and the Morgan Stanley Sweep Banks also receive regulatory capital and liquidity benefits from using the sweep program as a source of funds as compared to some other funding sources. The income that a Sweep Bank will have the opportunity to earn through its lending and investing activities in the ordinary market conditions is greater than the fees earned by us and our affiliates from managing and distributing the money market funds which may be available to you as a sweep investment.

Morgan Stanley has added Program Banks to the BDP in order to maximize the funding value of the deposits in BDP for the Morgan Stanley Sweep Banks. On any given day, you may have deposits that are sent to a Program Bank depending on the funding value considerations of the Morgan Stanley Sweep Banks and the capacity of the depository networks that allocate deposits to the Program Banks. In addition to the benefits to the Morgan Stanley Sweep Banks, you may also benefit from having deposits sent to the Program Banks by receiving FDIC insurance on deposit amounts that would otherwise be uninsured. In return for receiving deposits through BDP, the Program Banks provide other deposits to the Morgan Stanley Sweep Banks. This reciprocal deposit relationship provides a low-cost source of funding, and capital and liquidity benefits to both the Program Banks and the Morgan Stanley Sweep Banks. The Program Banks pay a fee to a Program Administrator in connection with the reciprocal deposits, but the cost of that fee is not borne directly by Morgan Stanley clients.

The Morgan Stanley Sweep Banks have discretion in setting the interest rates paid on deposits received through BDP, and are under no legal or regulatory requirement to maximize those interest rates. The Morgan Stanley Sweep Banks and the Program Banks can and sometimes do pay higher interest rates on some deposits they receive directly than they pay on deposits received through BDP. This discretion in setting interest rates creates a conflict of interest for the Morgan Stanley Sweep Banks. The lower the amount of interest paid to customers, the greater is the “spread” earned by the Morgan Stanley Sweep Banks on deposits through the Program, as explained above. By contrast, money market funds (including Morgan Stanley affiliated money market funds) have a fiduciary duty to seek to maximize their yield to investors, consistent with their disclosed investment and risk-management policies and regulatory constraints.

If your cash sweeps to a Money Market Fund, as available, then the account, as well as other shareholders of the Money Market Fund, will bear a proportionate share of the other expenses of the Money Market Fund in which the account’s assets are invested.

If your cash sweeps to a Money Market Fund, you understand that MSIM (or another MSWM affiliate) will receive

compensation, including management fees and other fees, for managing the Money Market Fund. We receive compensation from such Money Market Funds at rates that are set by the funds’ prospectuses and currently range, depending on the program in which you invest, from 0.10% per year (\$10 per \$10,000 of assets) to 0.25% per year (\$25 per \$10,000 of assets) of the total Money Market Fund assets held by our clients. Please review your Money Market Fund’s prospectus to learn more about the compensation we receive from such funds.

We have a conflict of interest as we have an incentive to only offer affiliated Money Market Funds in the Cash Sweep program, as MSIM (or another affiliate) will receive compensation for managing the Money Market Fund. We also have a conflict of interest as we offer those affiliated funds and share classes that pay us more compensation than other funds and share classes. You should understand these costs because they decrease the return on your investment. In addition, we intend to receive revenue sharing payments from MSIM in the event a Money Market Fund waives its fees in a manner that reduces the compensation that we would otherwise receive.

We either rebate to clients or do not receive compensation on sweep Money Market Fund positions held in our fee-based advisory accounts. Unless your account is a Retirement Account, the fee will not be reduced by the amount of the Money Market Fund management fee or any shareholder servicing and/or distribution or other fees we or our affiliates may receive in connection with the assets invested in the Money Market Fund. For additional information about the Money Market Fund and applicable fees, you should refer to each Money Market Fund’s prospectus.

#### **D. Compensation to MSWM**

If you invest in the program described in this brochure, a portion of the fees payable to us in connection with your account is allocated on an ongoing basis to MSWM Financial Advisors. The amount allocated to your MSWM Financial Advisor in connection with accounts opened in programs described in this brochure may be more than if you participated in other MSWM investment advisory programs, or if you paid separately for investment advice, brokerage and other services. MSWM may therefore have a financial incentive to recommend one of the programs in this brochure instead of other MSWM programs or services.

If you invest in the program described in this brochure, MSWM may charge a fee less than the maximum fee stated above. The amount of the fee you pay is a factor we use in calculating the compensation we pay your MSWM Financial Advisor. Therefore, MSWM Financial Advisors have a financial incentive not to reduce fees

**Payments from Mutual Funds and Managers.** Please see the discussion in Item 4 C.

### **Item 5: Account Requirements and Types of Clients**

MSWM offers its services under this brochure to corporations, Taft Hartley funds, endowments, and foundations, public and private retirement funds including 401(k) plans, family offices and high net worth individuals.

## **Item 6: Portfolio Manager Selection and Evaluation**

### **A. Selection and Review of Portfolio Managers and Funds for the Program**

Please refer to the discussion in Section 4 A. for a complete description.

#### **Calculating Portfolio Managers' Performance**

In the program described in this brochure, we calculate performance using a proprietary system.

MSWM's Performance Reporting Group reviews performance information for client accounts, which includes daily reconciliation of positions reported in the firm's proprietary performance calculation system against the firm's books and records, and reviewing client accounts & positions where the calculated returns deviate from established thresholds.

### **B. Conflicts of Interest**

MSWM has various conflicts of interest, described below.

**Advisory vs. Brokerage Accounts.** MSWM and your Financial Advisor may earn more compensation if you invest in a program described in this Brochure than if you open a brokerage account to buy individual securities (although, in a brokerage account, you would not receive all the benefits of the programs described in the Brochure). In such instance, your Financial Advisors and MSWM have a financial incentive to recommend one of these programs described in this Brochure. We address this conflict of interest by disclosing it to you and by requiring Financial Advisors' supervisors to review your account at account-opening to ensure that it is appropriate for you in light of matters such as your investment objectives and financial circumstances.

**Payments from Managers.** Managers may also sponsor their own educational conferences and pay expenses of Financial Advisors attending these events. MSWM's policies require that the training or educational portion of these conferences comprises substantially the entire event. Managers may sponsor educational meetings or seminars in which clients as well as Financial Advisors are invited to participate.

Managers are allowed to occasionally give nominal gifts to Financial Advisors, and to occasionally entertain Financial Advisors, subject to a limit of \$1,000 per employee per year. MSWM's non-cash compensation policies set conditions for each of these types of payments, and do not permit any gifts or entertainment conditioned on achieving a sales target.

We address conflicts of interest by ensuring that any payments described in this "Payments to Managers" section do not relate

to any particular transactions or investment made by MSWM clients with managers. Fund managers or subadvisors participating in programs described in this Brochure are not required to make any of these types of payments. The payments described in this section comply with FINRA rules relating to such activities. Please see the discussion under "Funds in Advisory Programs" in Item 4.C for more information.

**Payments from Managers of Alternative Investments.** Managers of alternative investments offered in the program described in this Brochure may agree to pay us additional fees. We have a conflict of interest in offering alternative investments because we or our affiliates earn more money in your account from your investments in alternative investments than from other investment options. However, in cases where we receive a portion of the management fee paid by you to a manager of an alternative investment and we charge a program fee under the program in this Brochure, we credit such fee to your account (excluding the program participation and administrative service fees described below, as applicable). Also, we do not share this money with your Financial Advisor (i.e. the compensation we pay to your Financial Advisor is not affected by the payments we receive from the alternative investments). Therefore, your Financial Advisor does not have a resulting incentive to buy alternative investments in your account, or to buy certain alternative investments rather than other alternative investments in any of the program in this Brochure.

**HedgePremier Program Participation Fees.** If you make an investment in a HedgePremier Feeder as a consulting client, you will be subject to a program participation fee ("Program Participation Fee"), a portion of which will be paid to MSWM or its affiliate as an ongoing administrative servicing fee (the "HedgePremier Administrative Servicing Fee"). Such HedgePremier Administrative Servicing Fee is intended to compensate MSWM for certain investor servicing support provided in respect of investors in the HedgePremier Feeder. Depending on the aggregate net asset value of the HedgePremier Feeders, MSWM will receive a HedgePremier Administrative Servicing Fee of up to 0.10% per annum from investors with an aggregate amount invested in HedgePremier Feeders (minus redemptions or withdrawals) (the "Aggregate Invested") of less than \$5,000,000. MSWM will not receive a HedgePremier Administrative Servicing Fee from any investor in a HedgePremier Feeder with an Aggregate Invested of \$5,000,000 or greater, although such investment will still be subject to the applicable Program Participation Fee. The Program Participation Fee and, as such, the HedgePremier Administrative Servicing Fee, are not charged to certain retirement accounts. While you remain in the programs in this Brochure, your Financial Advisor will not receive any portion of the HedgePremier Administrative Servicing Fee.

**Platform Fees and Sponsor Fees – Illiquid Feeders.** If you make an investment in a private equity, private credit or private real estate feeder fund (the "Illiquid Feeders") established by an affiliate of Institutional Capital Network, Inc. ("iCapital"), MSWM will be paid an Administrative Services Fee of up to 0.08% per annum of the applicable fee base (as described in the offering memorandum for each Illiquid Feeder). The



Administrative Services Fee is intended to compensate MSWM for certain investor servicing support provided in respect of investors in each of these Illiquid Feeders. The amount of the Administrative Services Fee may be reduced under certain circumstances – if reduced, such reduction will be paid to iCapital Strategies LLC, the third party general partner or administrator, as applicable, of the relevant Illiquid Feeder.

Finally, an affiliate of MSWM has made an investment in iCapital. As a result, MSWM has an indirect interest in the increased profitability of iCapital through the promotion of its feeder fund business.

***Oversubscription Policy.*** From time to time, MSWM may have limited access to opportunities to place clients in, or recommend client to, alternative investments, particularly in the case of certain private equity and real estate opportunities. Under these circumstances, when MSWM aggregate client subscriptions for an alternative investment exceed the capacity given to MSWM by the alternative investment manager, the alternative investment will be oversubscribed. Where an alternative investment is oversubscribed, MSWM will reduce MSWM employee orders in the first instance as a general matter which may result in MSWM reducing an employee's commitment to the oversubscribed alternative investment to zero. If the alternative investment remains oversubscribed after a reduction in employee orders, MSWM will reduce client orders on a pro rata basis to address the oversubscription of the alternative investment until MSWM capacity is met. MSWM is not required to allot or prioritize a client for any additional capacity that may become available following the client's subscription for your reduced amount in such alternative investment. MSWM may change its policy to ensure that the process, as it relates to its advisory clients, remains fair, equitable and consistent with its fiduciary duty to such clients.

***Affiliate Acting as Portfolio Manager.*** Where permitted by law, and except for plan accounts, an affiliate of MSWM may have been selected to act as the manager for one or more your investments. Where this occurs, we or our affiliates earn more money than from other investment options. These relationships create a conflict of interest for us or our affiliates, as there is a financial incentive to recommend the investments. We address this conflict of interest by disclosing it to you and by requiring your consent.

***MSWM as Placement Agent.*** MSWM also acts as placement agent for certain alternative investments whereby such investments are available through MSWM on a non-advisory basis. When an alternative investment is purchased on a placement basis, different terms and conditions, including different fee arrangements, may apply. For example, when a client invests on a placement basis, they do not pay an ongoing advisory fee, however, they pay an upfront placement fee and the program manager receives a higher program participation fee which is shared with MSWM and its Financial Advisors. A Client investing on an advisory basis may pay higher fees, in the aggregate, than if such investment had been made on a placement basis.

***Different Advice.*** MSWM and its affiliates may give different advice, take different action, receive more or less

compensation, or hold or deal in different securities for any other party, client or account (including their own accounts or those of their affiliates) from the advice given, actions taken, compensation received or securities held or dealt for your account.

***Trading or Issuing Securities in, or Linked to Securities in, Client Accounts.*** MSWM and its affiliates may provide bids and offers, and may act as principal market maker, in respect of the same securities held in client accounts. MSWM, the investment managers in its programs, and their affiliates and employees may hold a position (long or short) in the same securities held in client accounts. MS & Co. and/or its affiliates are regular issuers of traded financial instruments linked to securities that may be purchased in client accounts. From time to time, the trading of MSWM, a manager or their affiliates – both for their proprietary accounts and for client accounts – may be detrimental to securities held by a client and thus create a conflict of interest between those trades and the investment advisory services that MSWM provides to you. We address this conflict by disclosing it to you.

***Trade Allocations.*** MSWM may aggregate the securities to be sold or purchased for more than one client to obtain favorable execution to the extent permitted by law. Trades may then be allocated in a manner that is equitable and consistent with MSWM's fiduciary duty to its clients (including pro rata allocation, random allocation or rotation allocation). Allocation methods vary depending on various factors (including the type of investment, the number of shares purchased or sold, the size of the accounts, and the amount of available cash or the size of an existing position in an account). The price to each client is the average price for the aggregate order.

***Services Provided to Other Clients.*** MSWM, investment managers and their affiliates provide a variety of services (including research, brokerage, asset management, trading, lending and investment banking services) for each other and for various clients, including issuers of securities that MSWM may recommend for purchase or sale by clients or are otherwise held in client accounts, and investment management firms in the programs described in this brochure. MS & Co., investment managers and their affiliates receive compensation and fees in connection with these services. MSWM believes that the nature and range of clients to which such services are rendered is such that it would be inadvisable to exclude categorically all of these companies from an account. Accordingly, it is likely that securities in an account will include some of the securities of companies for which MSWM, investment managers and their affiliates or an affiliate performs investment banking or other services.

***Restrictions on Securities Transactions.*** There may be periods during which MSWM or investment managers are not permitted to initiate or recommend certain types of transactions in the securities of issuers for which MSWM or one of its affiliates is performing broker-dealer or investment banking services or has confidential or material non-public information. Furthermore, in certain investment advisory programs, MSWM may be compelled to forgo trading in, or providing advice

regarding, Morgan Stanley securities, and in certain related securities. These restrictions may adversely impact your account performance.

MSWM, the managers and their affiliates may also develop analyses and/or evaluations of securities sold in a program described in this brochure, as well as buy and sell interests in securities on behalf of its proprietary or client accounts. These analyses, evaluations and purchase and sale activities are proprietary and confidential, and MSWM will not disclose them to clients. MSWM may not be able to act, in respect of clients' account, on any such information, analyses or evaluations.

MSWM, investment managers and their affiliates are not obligated to effect any transaction that MSWM or a manager or any of their affiliates believe would violate federal or state law, or the regulations of any regulatory or self-regulatory body.

**Research Reports.** Morgan Stanley & Co. LLC ("MS & Co.") does business with companies covered by its research groups. Furthermore, MS & Co and its affiliates may hold a trading position (long or short) in, the securities of companies subject to such research. Therefore, MS & Co. has a conflict of interest that could affect the objectivity of its research reports.

**Certain Trading Systems.** MSWM may effect trades or securities lending transactions on behalf of client accounts through exchanges, electronic communication networks or other alternative trading systems ("Trading Systems"), including Trading Systems with respect to which MSWM or its affiliates may have a direct or indirect ownership interest or the right to appoint a board member or observer. If MSWM directly or indirectly effects client trades through Trading Systems in which MSWM or its affiliates have an ownership interest, MSWM or its affiliates may receive an indirect economic benefit based on their ownership interest. In addition, subject at all times to best execution for its customers' orders, it is contemplated that MSWM will route certain customer order flow to its affiliates.

Currently, MSWM or its affiliates own equity interests (or interests convertible into equity) in certain Trading Systems or their parent companies, including National Stock Exchange of India; Miami International Holdings Inc.; Copeland Markets LLC; Equilend; MEMX Holdings LLC; Euroclear Holding SA/NV; LCH Group Holdings Limited; CME; ICE US Holding Company, LP; LCH Clearnet Group LTD. (Clearing); OTCDeriv Limited; TIFFE – Tokyo Financial Futures Exchange; iSWAP Limited; EOS Precious Metals Limited; CreditDeiv Limited; FXGLOBALCLEAR; The Depository Trust and Clearing Corporation; CME/CBOT/NYMEX; Dubai Mercantile Exchange; Intercontinental Exchange; Bombay Stock Exchange; Japan Securities Depository Center Inc.; Japan Securities Clearing Corporation; Yensai.com Co., Ltd; and Octaura Holdings LLC.

Certain Trading Systems offer cash credits for orders that provide liquidity to their books and charge explicit fees for orders that extract liquidity from their books. From time to time, the amount of credits that MSWM and/or MS & Co. receive from one or more Trading System may exceed the amount that

is charged. Under these limited circumstances, such payments would constitute payment for order flow.

Certain Trading Systems through which MSWM and/or MS & Co. may directly or indirectly effect client trades execute transactions on a "blind" basis, so that a party to a transaction does not know the identity of the counterparty to the transaction. It is possible that an order for a client account that is executed through such a Trading System could be automatically matched with a counterparty that is (i) another investment advisory or brokerage client of MSWM or one of its affiliates or (ii) MSWM or one of its affiliates acting for its own proprietary accounts.

**Affiliated Sweep Investments.** MSWM has a conflict of interest in selecting or recommending BDP or Money Market Funds as the Sweep Investment. See Item 4.C above for more information.

**MSWM Affiliate in Underwriting Syndicate; MSWM Distribution of Securities; Other Relationships with Security Issuers.** If an affiliate of MSWM is a member of the underwriting syndicate from which a security is purchased, we or our affiliates may directly or indirectly benefit from such purchase. If MSWM participates in the distribution of new issue securities that are purchased for a client's account, MSWM will receive a fee, to be paid by the issuing corporation to the underwriters of the securities and ultimately to MSWM, which will be deemed additional compensation to us, if received by us.

MSWM and/or its affiliates have a variety of relationships with, and provide a variety of services to, issuers of securities recommended for client accounts, including investment banking, corporate advisory and services, underwriting, consulting, and brokerage relationships. As a result of these relationships with an issuer, MSWM or its affiliates may directly or indirectly benefit from a client's purchase or sale of a security of the issuer. For example, MSWM or its affiliates may provide hedging services for compensation to issuers of structured investments (such as structured notes) recommended for client accounts. In such a case, MSWM or its affiliates could benefit if a client account purchased such an instrument, or sold such an instrument to another purchaser in lieu of selling or redeeming the instrument back to the issuer, as such transactions could result in the issuer of the instrument continuing to pay MSWM or its affiliates fees or other compensation for the hedging services related to such instrument. Similarly, if the hedging service with respect to such an instrument is not profitable for MSWM or its affiliates, MSWM or its affiliates may benefit if MSWM's client accounts holding such instruments sold or redeemed them back to the issuer. Also, in the event of corporate actions with respect to securities held in client accounts, to the extent such corporate actions result in exchanges, tender offers or similar transactions, MSWM and/or its affiliates may participate in and/or advise on such transactions and receive compensation. The interest of MSWM's affiliates in these corporate actions may conflict with the interest of MSWM clients. In addition, where an affiliate of MSWM is representing or advising the issuer in a transaction, the interest of the issuer may conflict with client interests and create a potential conflict of interest for

MSWM. MSWM also provides various services to issuers, their affiliates and insiders, including but not limited to, stock plan services and financial education for which MSWM receives compensation.

## **C. Financial Advisors Acting as Portfolio Managers**

### **Description of Advisory Services**

See Item 4.A above for a description of the services offered in the programs described in this brochure.

### **Performance-Based Fees**

The program described in this brochure does not charge performance-based fees.

### **Methods of Analysis and Investment Strategies**

MSWM Financial Advisors in the program described in this brochure may use any investment strategy when providing investment advice to you. Financial Advisors may use asset allocation recommendations of the MSWM Global Investment Committee (the “MSWM GIC”), the OCIO Investment Committee (the “OCIO Committee”) or the MSFO Investment Committee (the “MSFO Committee”) as a resource but, if so, there is no guarantee that any strategy will in fact mirror or track these recommendations. The OCIO and MSFO Committees are composed of various MSWM investment professionals. The recommendations of the OCIO and MSFO Committees will be targeted to the OCIO program and may at times differ from the recommendations of the MSWM GIC. Investing in securities involves risk of loss that you should be prepared to bear.

### **Policies and Procedures Relating to Voting Client Securities**

If you have an OCIO account you may elect to:

- Retain authority and responsibility to vote proxies for your account or
- Delegate discretion to vote proxies to a third party (other than MSWM).

Unless you delegate discretion to a third party to vote proxies, we will forward to you, or your designee, any proxy materials that we receive for securities in your account. We cannot advise you on any particular proxy solicitation

We will not provide advice or take action with respect to legal proceedings (including bankruptcies) relating to the securities in your account, except to the extent required by law.

## **Item 7: Client Information Provided to Portfolio Managers**

MSWM has access to the information you provide at account opening.

## **Item 8: Client Contact with Portfolio Managers**

In the programs described in this brochure, you may contact your MSWM at any time during normal business hours.

## **Item 9: Additional Information**

### **Disciplinary Information**

This section contains information on certain legal and disciplinary events.

- On June 8, 2016, the SEC entered into a settlement order with MSWM (“June 2016 Order”) settling an administrative action. In this matter, the SEC found that MSWM willfully violated Rule 30(a) of Regulation S-P (17 C. F. R. § 248.30(a)) (the “Safeguards Rule”). In particular, the SEC found that, prior to December 2014, although MSWM had adopted written policies and procedures relating to the protection of customer records and information, those policies and procedures were not reasonably designed to safeguard its customers’ personally identifiable information as required by the Safeguards Rule and therefore failed to prevent a MSWM employee, who was subsequently terminated, from misappropriating customer account information. In determining to accept the offer resulting in the June 2016 Order, the SEC considered the remedial efforts promptly undertaken by MSWM and MSWM’s cooperation afforded to the SEC Staff. MSWM consented, without admitting or denying the findings, to a censure, to cease and desist from committing or causing future violations, and to pay a civil penalty of \$1,000,000.
- On January 13, 2017, the SEC entered into a settlement order with MSWM (“January 2017 Order”) settling an administrative action. The SEC found that from 2009 through 2015, MSWM inadvertently charged advisory fees in excess of what had been disclosed to, and agreed to by, its legacy CGMI (Citigroup Global Markets Inc., a predecessor to MSWM) clients, and, from 2002 to 2009 and from 2009 to 2016, MS&Co. and MSWM, respectively, inadvertently charged fees in excess of what was disclosed to and agreed to by their clients. The SEC also found that MSWM failed to comply with requirements regarding annual surprise custody examinations for the years 2011 and 2012, did not maintain certain client contracts, and failed to adopt and implement written compliance policies and procedures reasonably designed to prevent violations of the Investment Advisers Act of 1940 (the “Advisers Act”). The SEC found that, in relation to the foregoing, MSWM willfully violated certain sections of the Advisers Act. In determining to accept the offer resulting in the January 2017 Order, the SEC considered the remedial efforts promptly undertaken by MSWM. MSWM consented, without admitting or denying the findings, to a censure, to cease and desist from committing or causing future violations, to certain undertakings related to fee billing, books and records and client notices and to pay a civil penalty of \$13,000,000.

- On February 14, 2017, the SEC entered into a settlement order with MSWM settling an administrative action. The SEC found that from March 2010 through July 2015, MSWM solicited approximately 600 non-discretionary advisory accounts to purchase one or more of eight single inverse exchange traded funds (“SIETFs”), without fully complying with its internal written compliance policies and procedures related to these SIETFs, which among other things required that clients execute a disclosure notice, describing the SIETF’s features and risks, prior to purchasing them, for MSWM to maintain the notice, and for subsequent related reviews to be performed. The SEC found that, despite being aware of deficiencies with its compliance and documentation of the policy requirements, MSWM did not conduct a comprehensive analysis to identify and correct past failures where the disclosure notices may not have been obtained and to prevent future violations from occurring. The SEC found that, in relation to the foregoing, MSWM willfully violated section 206(4) of the Investment Advisers Act of 1940 and Rule 206(4)-7 thereunder. MSWM admitted to certain facts and consented to a censure, to cease and desist from committing or causing future violations, and to pay a civil penalty of \$8,000,000.
- On June 29, 2018, the SEC entered into a settlement order with MSWM settling an administrative action which relates to misappropriation of client funds in four related accounts by a single former MSWM financial advisor (“FA”). The SEC found that MSWM failed to adopt and implement policies and procedures or systems reasonably designed to prevent personnel from misappropriating assets in client accounts. The SEC specifically found that, over the course of eleven months, the FA initiated unauthorized transactions in the four related client accounts in order to misappropriate client funds. The SEC found that while MSWM policies provided for certain reviews prior to issuing disbursements, such reviews were not reasonably designed to prevent FAs from misappropriating client funds. Upon being informed of the issue by representatives of the FA’s affected clients, MSWM promptly conducted an internal investigation, terminated the FA, and reported the fraud to law enforcement agencies. MSWM also fully repaid the affected clients, made significant enhancements to its policies, procedures and systems (“Enhanced MSWM Policies”) and hired additional fraud operations personnel. The SEC found that MSWM willfully violated section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder. The SEC also found that MSWM failed to supervise the FA pursuant to its obligations under Section 203(e)(6) of the Advisers Act. MSWM consented, without admitting or denying the findings, to a censure; to cease and desist from committing or causing future violations; to certain undertakings, including certifications related to the implementation and adequacy of the Enhanced MSWM Policies and to pay a civil penalty of \$3,600,000.
- On May 12, 2020, the SEC entered into a settlement order with MSWM settling an administrative action which relates to certain information provided in marketing and client communications to retail advisory clients in MSWM’s wrap fee programs with third-party managers and MSWM’s policies and procedures related to trades not executed at MSWM. In the applicable wrap fee programs, the third-party manager has the discretion to place orders for trade execution on clients’ behalf at a broker-dealer other than Morgan Stanley. MSWM permits managers to “trade away” from MSWM in this manner in order to seek best execution for trades. The SEC found that, from at least October 2012 through June 2017, MSWM provided incomplete and inaccurate information indicating that MSWM executed most client trades and that, while additional transaction-based costs were possible, clients did not actually incur them in the ordinary course. The SEC found that this information was misleading for certain retail clients because some wrap managers directed most, and sometimes all, client trades to third-party broker-dealers for execution, which resulted in certain clients paying transaction-based charges that were not visible to them. The SEC also found that, on occasion, wrap managers directed trades to MSWM-affiliated broker-dealers in which clients incurred transaction-based charges in violation of MSWM’s affiliate trading policies without detection by MSWM. The SEC noted in the order that it considered certain remedial acts undertaken by MSWM in determining to accept the order, including MSWM enhancing its disclosures to clients, implementing training of financial advisors, enhancing relevant policies and procedures, and refunding clients’ transaction based charges paid to Morgan Stanley affiliates. The SEC found that MSWM willfully violated certain sections of the Investment Advisers Act of 1940, specifically Sections 206(2) and 206(4) and Rule 206(4)-7 thereunder. MSWM consented, without admitting or denying the findings and without adjudication of any issue of law or fact, to a censure; to cease and desist from committing or causing future violations; and to pay a civil penalty of \$5,000,000.
- On December 9, 2024, the SEC entered into a settlement order with MSWM settling an administrative action, which relates to misappropriation of client funds in brokerage and advisory accounts by four former MSWM financial advisors (the “FAs”). The SEC found that MSWM failed to adopt and implement policies and procedures reasonably designed to prevent personnel from misusing and misappropriating funds in client accounts and that MSWM’s inadequate policies and procedures and systems to implement them led to its failure reasonably to supervise the four FAs, who misappropriated funds from client and customer accounts while employed at MSWM. Specifically, the SEC found that MSWM failed to adopt and implement policies and procedures reasonably designed to prevent and detect unauthorized externally-initiated ACH payments and unauthorized cash wires. Upon being informed of the potential unauthorized activity in the customer accounts of two of the FAs, MSWM promptly investigated the matters, terminated the FAs, reported the fraud to law enforcement agencies, and fully repaid the affected clients. MSWM also conducted a retroactive review of payment instructions for externally-initiated ACH payment instructions, which led to the identification of misconduct by the other two FAs. MSWM accordingly terminated the other two FAs and reported the misconduct to SEC staff. On its own initiative, MSWM instituted new written procedures to address the conduct at issue and retained an independent



compliance consultant to perform a review and assessment. The SEC found that MSWM willfully violated section 206(4) of the Investment Advisers Act of 1940 (“Advisers Act”) and Rule 206(4)-7 thereunder. The SEC also found that MSWM failed to supervise the FAs within the meaning of Section 203(e)(6) of the Advisers Act and/or Section 15(b)(4)(E) of the Securities Exchange Act of 1934. MSWM consented, without admitting or denying the findings, to a censure; to cease and desist from committing or causing future violations; to certain undertakings, including the retention of an Independent Compliance Consultant to review MSWM’s policies, procedures and controls related to the conduct in the Order and to pay a civil penalty of \$15,000,000.

MSWM’s Form ADV Part 1 contains further information about its disciplinary history, and is available on request from your Financial Advisor

### **Other Financial Industry Activities and Affiliations**

Morgan Stanley (“Morgan Stanley Parent”) is a financial holding company under the Bank Holding Company Act of 1956. Morgan Stanley Parent is a corporation whose shares are publicly held and traded on the NYSE.

**Activities of Morgan Stanley Parent.** Morgan Stanley Parent is a global firm engaging, through its various subsidiaries, in a wide range of financial services including:

- securities underwriting, distribution, trading, merger, acquisition, restructuring, real estate, project finance and other corporate finance advisory activities
- merchant banking and other principal investment activities
- brokerage and research services
- asset management
- trading of foreign exchange, commodities and structured financial products and
- global custody, securities clearance services, and securities lending.

**Broker-Dealer Registration.** As well as being a registered investment advisor, MSWM is registered as a broker-dealer.

**Restrictions on Executing Trades.** As MSWM is affiliated with MS & Co., its affiliates, the following restrictions apply when executing client trades:

- MSWM and MS & Co. generally do not act as principal in executing trades for MSWM investment advisory clients.
- Regulatory restrictions may limit your ability to purchase, hold or sell equity and debt issued by Morgan Stanley Parent and its affiliates in some investment advisory programs.
- Certain regulatory requirements may limit MSWM’s ability to execute transactions through alternative execution services (e.g., electronic communication networks and crossing networks) owned by MSWM, MS & Co. or their affiliates.

These restrictions may adversely impact client account performance.

### **Related Investment Advisors and Other Service Providers.**

MSWM has related persons that are registered investment advisers in various investment advisory programs (including Morgan Stanley Investment Management Inc., Morgan Stanley Investment Management Limited and Consulting Group Advisory Services LLC as well as Eaton Vance Management and its affiliates). If you invest your assets and use an affiliated firm to manage your account, MSWM and its affiliates earn more money than if you use an unaffiliated firm. Generally, for ERISA or other retirement accounts, MSWM rebates or offsets fees so that MSWM complies with IRS and Department of Labor rules and regulations.

Morgan Stanley Investment Management Inc. and Eaton Vance Management and its affiliates, serve in various advisory, management, and administrative capacities to open-end and closed-end investment companies and other portfolios (some of which are listed on the NYSE). Morgan Stanley Services Company Inc., its wholly owned subsidiary, provides limited transfer agency services to certain open-end investment companies.

Morgan Stanley Distributors Inc. serves as distributor for these open-end investment companies, and has entered into selected dealer agreements with MSWM and affiliates. Morgan Stanley Distributors Inc. also may enter into selected dealer agreements with other dealers. Under these agreements, MSWM and affiliates, and other selected dealers, are compensated for sale of fund shares to clients on a brokerage basis, and for shareholder servicing (including pursuant to plans of distribution adopted by the investment companies pursuant to Rule 12b-1 under the Investment Company Act of 1940).

Related persons of MSWM act as a general partner, administrative agent or special limited partner of a limited partnership or managing member or special member of a limited liability company to which such related persons serve as adviser or sub-adviser and in which clients have been solicited in a brokerage or advisory capacity to invest. In some cases, the general partner of a limited partnership is entitled to receive an incentive allocation from a partnership.

See Item 4.C above for a description of cash sweep investments managed or held by related persons of MSWM.

See Item 6.B above for a description of various conflicts of interest.

**Market Transition Away from LIBOR.** The following applies to holders of products directly or indirectly linked to the London Interbank Offered Rate (“LIBOR”) or the Secured Overnight Financing Rate (“SOFR”) and investors that are considering purchasing such products. Depending on your current holdings and investment plans, this information may or may not be applicable to you.

LIBOR had been a widely used interest rate benchmark in bond, loan and derivative contracts, as well as consumer lending instruments such as mortgages. However, as a result of concerns with the integrity of LIBOR and how it is determined, LIBOR will cease to be published and will be replaced by alternative reference rates.

Specifically, overnight and one-, three-, six- and 12-month USD LIBOR will no longer be published after June 30, 2023. However, regulators have indicated that the time until then is to be used only for managing existing LIBOR-based products. All settings for GBP, EUR, JPY and CHF LIBOR, and one-week and two-month settings for USD LIBOR, are no longer being published, although synthetic versions of GBP and JPY LIBOR rates will be published for a period of time. The committee convened by the U.S. Federal Reserve Board and the Federal Reserve Bank of New York, the Alternative Reference Rates Committee (ARRC), has selected SOFR as the recommended alternative benchmark rate to USD LIBOR.

The market transition away from LIBOR to alternative rates is complex and could have a range of impacts on financial products and transactions directly or indirectly linked to LIBOR. For example, the fallback provisions in your LIBOR-based products, or the absence thereof, could have an adverse effect on the value of such products as well as your investment strategy. Documentation governing existing LIBOR-based products may contain “fallback provisions”, which provide for how the applicable interest rate will be calculated if LIBOR ceases or is otherwise unavailable. Fallback provisions can materially differ across products and even within a given asset class. Furthermore, such provisions may not contemplate alternative reference rates such as SOFR (in particular in older documentation) and/or may result in increased uncertainty and change the economics of the product when LIBOR ceases. Clients utilizing hedging strategies may also face basis risk due to inconsistent fallback provisions in their various investments. Recently, federal legislation was signed into law that will provide for a SOFR-based rate plus a spread to replace LIBOR for those contracts without effective fallback provisions.

With respect to an investment in SOFR-linked products and products that will fallback to SOFR, you should understand the terms of the particular product and the related risks. The composition and characteristics of SOFR are not the same as LIBOR and, as a result, SOFR may not perform in the same way as LIBOR would have. Further, the SOFR-linked products that have been issued to date apply different market conventions to calculate interest and therefore these products have different risks and considerations.

Affiliates of MSWM participate on central bank committees that have been selecting alternative rates and developing transition plans for trading these new rates. In addition, MSWM and its affiliates may have interests with respect to LIBOR- and SOFR-linked products that conflict with yours as an investor. As with any investment, make sure you understand the terms of any LIBOR- and SOFR-based products you hold and the terms of those that you are considering purchasing. Other products and services offered by or through MSWM or its affiliates, such as loans and mortgage products,

may have different terms and conditions and may be affected by the potential replacement of LIBOR differently than LIBOR-based securities.

This is a developing situation and the above information is subject to change. For more information on the potential replacement of LIBOR, the recommended alternative rate, SOFR, and certain considerations relating to LIBOR- and SOFR-linked products, please see [www.morganstanley.com/wm/LIBOR](http://www.morganstanley.com/wm/LIBOR). Please also contact a member of your Morgan Stanley team for information, including if you have questions about whether you hold LIBOR-based products.

## Code of Ethics

MSWM’s Investment Adviser Code of Ethics (“Code”) applies to its employees, supervisors, officers and directors engaged in offering or providing investment advisory products and/or services (collectively, the “Employees”). In essence, the Code prohibits Employees from engaging in securities transactions or activities that involve a material conflict of interest, possible diversion of a corporate opportunity, or the appearance of impropriety. Employees must always place the interests of MSWM’s clients above their own and must never use knowledge of client transactions acquired in the course of their work to their own advantage. Supervisors are required to use reasonable supervision to detect and prevent any violations of the Code by the individuals, branches and departments that they supervise.

The Code generally operates to protect against conflicts of interest either by subjecting Employee activities to specified limitations (including pre-approval requirements) or by prohibiting certain activities. Key provisions of the Code include:

- The requirement for certain Employees, because of their potential access to non-public information, to obtain their supervisors' prior written approval or provide pre-trade notification before executing certain securities transactions for their personal securities accounts;
- Additional restrictions on personal securities transaction activities applicable to certain Employees (including Financial Advisors and other MSWM employees who act as portfolio managers in MSWM investment advisory programs);
- Requirements for certain Employees to provide initial and annual reports of holdings in their Employee securities accounts, along with quarterly transaction information in those accounts; and
- Additional requirements for pre-clearance of other activities including, but not limited to, Outside Business Activities, Gifts and Entertainment, and U.S. Political Contributions and Political Solicitations Activity.

You may obtain a copy of the Code of Ethics from your Financial Advisor.

## Reviewing Accounts

At account opening, your MSWM Financial Advisor must ensure that, and the Financial Advisor’s Branch Manager

confirms that, the account and the investment style are appropriate investments for you.

Your Financial Advisor is then responsible for reviewing your account on an ongoing basis. We will ask you at least annually if your investment objectives have changed. If your objectives change, your Financial Advisor will recommend a modification to your portfolio to be appropriate for your needs.

See Item 4.A above for a discussion of account statements, Investment Monitors.

### **Client Referrals and Other Compensation**

See “Payments from Managers” in Item 6.B above.

MSWM may compensate affiliated and unrelated third parties for client referrals in accordance with Rule 206(4)-1 of the

Advisers Act. If the client invests in an investment advisory program, the compensation paid to any such entity will typically consist of an ongoing cash payment stated as a percentage of MSWM’s advisory fee or a one-time flat fee, but may include cash payments determined in other ways.

### **Financial Information**

MSWM is not required to include a balance sheet in this brochure because MSWM does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

MSWM does not have any financial conditions that are reasonably likely to impair its ability to meet its contractual commitments to clients. MSWM and its predecessors have not been the subject of a bankruptcy petition during the past ten years.

**Exhibit A**  
**Tax Management Terms and Conditions**

**(These Tax Management Terms and Conditions apply only to clients who have notified their Financial Advisor that they have elected Tax Management services)**

**A. INTRODUCTION**

Morgan Stanley Smith Barney LLC (“MSWM”) is the sponsor of the OCIO program. Tax Management Services, as described in these Terms and Conditions (“Tax Management Services”), are available for OCIO accounts. In order to receive Tax Management Services, the OCIO client (“Client”) must tell the Client’s Financial Advisor that the Client desires Tax Management Services, and what Maximum Tax and Realized Capital Gain Instructions (see B. Below) the Client desires for the Client’s OCIO account (the “Account”). In that event, these Tax Management Terms and Conditions will govern Tax Management in the Account. Tax Management Services enable Client to instruct MSWM to seek to limit net realized capital gains (which are taxable for many investors) from transactions in equity securities in the equity separate account sleeve(s) (as well as in transactions in certain exchange traded funds (“ETFs”) and mutual funds) in the Account”, as and to the extent described in this form. Overlay Manager incorporates the instructions provided on this form (the “Instructions”) into the Tax Management Services it provides until Client or MSWM terminates the Tax Management Services or changes these Instructions by notifying Client’s MSWM Financial Advisor or Private Wealth Advisor (collectively, “Financial Advisor”).

Please review all Sections of these terms and conditions carefully for important information about Tax Management Services, including the significant limitations and increased risk of loss associated with Tax Management Services. Tax Management Services do not constitute a complete tax-sensitive management program and neither MSWM, Overlay Manager nor any of their affiliates, provides tax advice or guarantees that Tax Management Services will produce a particular tax result. Client should consult a tax advisor in deciding whether to elect Tax Management Services, what Instructions to provide in Section B below, and whether, when and how to update such Instructions.

**B. MAXIMUM TAX AND REALIZED CAPITAL GAIN INSTRUCTIONS FOR THIS ACCOUNT**

**Client must provide a mandate, or indicate that no mandate is desired, by notifying the Client’s Financial Advisor, per the Instructions listed below in this Section B.** Utilize Instruction (1), (2) or (3) below by notifying the Financial Advisor of the desired dollar amount(s) for each Instruction. Use instruction (4) below if not Maximum Tax Bill or Net Gain is desired. Carefully review all Sections of this form for important related information, including the significant limitations and increased risk of loss associated with Instructions.

1. **Maximum TAX BILL Instruction** (Based on Assumed Tax Rates) -- Each calendar year, seek to limit Federal tax bill from net capital gains realized in the Account to the amount specified to the Financial Advisor. Delay transactions if necessary to do so. For this purpose, calculate tax using assumed tax rates of 40.8% for short-term gains and 23.8% for long-term gains. Because actual Client tax rates may vary from the assumed tax rates in this Instruction (for example, because of state and local taxes and/or alternative minimum tax), actual Client tax liability from realized gains may exceed any dollar amount specified in this Instruction. Please see Section 7 below, for information on possible consequences of Overlay Manager delaying transactions in order to comply with this Instruction.
2. **Maximum NET GAIN Instruction** -- Each calendar year, seek to limit the aggregate of net short-term and long-term gains realized in the Account realized in the Account to the amount specified to the Financial Advisor. Delay transactions if necessary to do so. Please see Section 7 below, for information on possible consequences of Overlay Manager delaying transactions in order to comply with this Instruction.
3. **Maximum NET SHORT-TERM AND LONG-TERM GAIN Instructions** -- Each calendar year, seek to limit net short-term gains and net long-term gains realized in the Account to the amount specified to the Financial Advisor. Delay transactions if necessary to do so. Please see Section 7 below, for information on possible consequences of Overlay Manager delaying transactions in order to comply with this Instruction.
4. **No Maximum Tax Bill, Maximum Net Gain or Maximum Net Short-Term or Long-Term Gain Instruction** – Do not seek to limit the maximum tax bill, net gain or net short-term or long-term gain to specified amounts.

**C. CERTAIN IMPORTANT SERVICE FEATURES AND OTHER DISCLOSURES** - The provisions of this Section C apply regardless of whether the Client provided a mandate or indicated that no mandate is desired, in accordance with Section B above.

1. **Limited Scope of Tax Management Services.** Tax Management Services do not: (a) affect management of any fixed income separate account sleeve included in Client’s Account; (b) consider dividends in Client’s Account or any assets, transactions or other activity outside the Account; or (c) include in tax loss selling any Master Limited Partnerships for which an IRS Schedule K-1 is sent to the Client.

2. **Changes to Tax Management Instructions.** A future change in Client's tax status and/or other tax-related developments, including gains or losses outside Client's Account, may prevent the Tax Management Services from producing the tax-related effects Client desires and may make it advisable for Client to change the Instructions provided on this Form. Client should contact Client's MSWM Financial Advisor to make any changes in the Instructions. Unless MSWM requires written notice of changes in these Instructions, Client may provide MSWM with oral notice of any such changes.
3. **Tax-Loss Selling.** For the purposes of these Instructions, "Wash Rule Eligible" securities shall be equity, ETF and mutual fund securities in the Client's Account (other than Master Limited Partnerships for which an IRS Schedule K-1 is sent to the Client) for which a capital loss could be realized as a result of a sale, under the IRS "wash sale rules". In identifying Wash Rule Eligible securities, Overlay Manager will consider only identical securities, and only transactions in securities that take place in the Client's Account. Overlay Manager will seek to identify Wash Rule Eligible Securities, though it cannot guarantee that a "wash sale" won't occur. Moreover, there is no guarantee that the IRS will not view the replacement security as substantially identical to the sold security, thereby resulting in a "wash sale". If any net gains have been realized as of fifteen (15) days prior to the last day of any or all of calendar quarter in any year(s) 1, 2, and/or 3, Overlay Manager will, within the following five (5) business days and subject to the following sentence, sell Wash Rule Eligible Securities (excluding mutual fund securities), to the extent needed (and available) to realize losses offsetting such realized net gains. If any unrealized losses are available as of fifteen (15) days prior to the last day of the last calendar quarter, Overlay Manager will, within the following five (5) business days and subject to the following sentence, sell Wash Rule Eligible Securities (including mutual fund securities), to the extent available to realize all eligible losses. If, at any time during a calendar year, unrealized losses totaling an amount equal to, or greater than, ten (10%) percent of the total account market value become available, Overlay Manager will sell all Wash Rule Eligible Securities (excluding mutual fund securities). To realize losses as provided in the previous sentence, Overlay Manager will only sell Wash Rule Eligible Security positions held at a dollar loss that is equal to or greater than \$1000 for Accounts of more than \$10 million and where the underlying unrealized tax lots hold an equal to or greater than 5% loss to such lots original cost basis (\$500 for Accounts of \$5 million to \$10 million, \$300 for Accounts of \$1 million to \$5 million, and \$100 for Accounts less than \$1 million). In effecting such sales, Overlay Manager will give first priority to selling any Wash Rule Eligible security positions that are not recommended as part of the selected Investment Portfolio ("Non-Model Securities") and second priority to selling Wash Rule Eligible security positions that are recommended as part of such Portfolio ("Model Securities"). In each case, the position with the largest dollar loss will be sold first (regardless of whether any gain or loss is long-term or short-term). Notwithstanding the foregoing, Overlay Manager will not sell any position for the purpose of realizing a loss as provided in this Section C.3, in a Client's Account with an inception date more recent than 23 calendar days prior to the last day of the current calendar quarter. This approach may result in (a) the Account's holdings of Model Securities varying significantly from the recommendations of the Sub-Manager(s) selected for the Account, and (b) the Account missing future gains on securities sold in accordance with the foregoing.
4. **Wash Sale Rules.** Tax Management Services will attempt to prevent certain wash sale violations. If a security is sold at a loss, the security will not be re-acquired for a separate account sleeve of the Account within thirty (30) days after the date of sale. If the sold security is, or after the sale becomes, a Model Security, such security will be purchased for the Account after such thirty (30) day period expires, if it is then still a Model Security. During the tax loss selling periods, Overlay Manager will seek to invest the sale proceeds in an ETF representing a broad portion of the applicable security market (may be predominantly or wholly U.S.). In the event that an ETF cannot be purchased without violating wash sale rules, the sale proceeds will remain in cash. Thirty-one (31) days after the sale, Overlay Manager will sell any such ETF without regard for any Instruction and, to the extent then consistent with the selected Investment Portfolio, invest the proceeds in the Model Security originally sold at a loss.
5. **Client Withdrawals, Fee Payments & ETFs.** If sale transactions needed to generate funds for Client withdrawals or Account fee payments would result in realized net gains exceeding an applicable Instruction, Overlay Manager will generate funds for such withdrawals and payments by giving first priority to selling any Wash Rule Eligible Non-Model Security positions that are not held at a gain; second priority to selling Wash Rule Eligible Model Security positions that are held at a loss (largest dollar losses are realized first); third priority to selling any Wash Rule Eligible Non-Model Security positions held at a gain (largest dollar gains are realized first); and fourth priority to selling Wash Rule Eligible Account Model Security positions as needed to eliminate any overweights in such positions (largest overweights are eliminated first). This approach may result in the Account's realization of net gains that exceed an applicable Instruction and also may result in the Account's holdings of Model Securities varying significantly from the recommendations of the Sub-Manager(s) selected for the Account. In addition, an Instruction will not be applied to sales of ETFs acquired and temporarily held at Client direction in connection with a Client-directed tax loss harvesting. Overlay Manager will not sell ETFs in this situation if the sales result in realized gains that exceed the Instruction provided by the Client as described in Section B, above.
6. **Increased Risk of Loss.** Tax Management Services involve an increased risk of loss because they may result in the Account not receiving the benefit (e.g., realized profit, avoided loss) of securities transactions and/or rebalancings that would otherwise take place in accordance with investment decisions of Overlay Manager or MSWM and investment recommendations of Sub-Managers selected for the Account. For example, if at any point during a calendar year, sales of securities in the Account's equity separate account sleeve(s) during such year have resulted in the specified maximum tax (calculated using the assumed tax rates) or net capital gains, no more net capital gains will be realized in the Account during the remainder of the year (unless offsetting losses are first realized). This may result in recommended security sale and/or purchase transactions and/or

rebalancings made for other client accounts not being effected for Client's Account. Any tax-related benefits that result from Tax Management Services may be negated or outweighed by investment losses and/or missed gains (realized and unrealized) that also may result.

7. Delayed Transactions. A transaction that is not effected for the Account when made for other client accounts because of an Instruction will be implemented for the Account when the transaction is no longer inconsistent with the Instruction, if the transaction is then consistent with the applicable Sub-Manager's model portfolio or the rebalancing decisions of MSWM or Overlay Manager. If multiple transactions not effected because of an Instruction simultaneously become consistent with the Instruction, priority is given to effecting the largest such transaction, followed by the next largest and so on.
8. Funding Account with Securities. Client may fund the Account in whole or in part with equity and/or fixed income securities acquired outside the Account ("Transferred Securities"). Funding the Account with Transferred Securities could result in the Account being invested in a concentrated number of securities. Client understands and acknowledges that when an Account is invested in a concentrated number of securities, a decline in the value of these securities would cause the value of the Account to decline to a greater degree than that of a less concentrated portfolio. Overlay Manager will sell each Wash Rule Eligible Transferred Security promptly after it is transferred into the Account and invest the proceeds in accordance with the Investment Portfolio selected for the Account, unless and to the extent that (a) the Transferred Security is then recommended as part of such Portfolio, or (b) subject to the 50% limitation described below, the sale of the Transferred Security would be contrary to an applicable Instruction. The aggregate value of Transferred Security positions that are Non-Model Securities may not exceed 50% of the Account's value at Account inception or any later time a Non-Model Security is transferred into the Account. If this limitation is exceeded, Overlay Manager will notify MSWM and MSWM will attempt to notify Client orally or in writing so Client can take action to bring the Account into compliance with the 50% limitation. If no such action is taken and the limitation is still exceeded sixty (60) calendar days later, Overlay Manager will sell as much of the Account's Non-Model Security positions as is necessary to bring the Account into compliance with the limitation, without regard for any gains that may be realized. Overlay Manager will sell the Account's largest Non-Model Security position first, then the next largest Non-Model Security position, and so on.
9. Certain Non-Model Security Disclosures. (a) Account fees payable by Client will be based in part on the value of any Non-Model Security held in an equity separate account sleeve of the Account; and (b) No discretionary or non-discretionary advice as to the investment merits of continuing to hold a Non-Model Security will be provided as part of the CIO program and thus there will be an increased risk of loss associated with holdings of Non-Model Securities—the larger any such holding, the greater such risk of loss. Holding Non-Model Securities in a Client Account may adversely impact investment performance.
10. Tax Lot Sales Prioritization. When selling a security that is held in two or more tax lots except as provided in Section C.3 above, Overlay Manager will seek to minimize the capital gains tax consequences of the sale (and in doing so may consider the holding periods (long-term or short-term) of the securities sold).

#### **D. CLIENT ACKNOWLEDGMENT AND AGREEMENT**

Client selects Tax Management Services, as described in this form, for the Account and acknowledges and agrees that: (i) Client has read, understands and accepts this entire form, including without limitation the Instruction(s) given in Section B above and all risk, service limitations and other disclosures included in Sections A, B, C and D of this form; (ii) this form supersedes and replaces any Tax Management Services form previously provided, or tax management instructions previously given, by Client for the Account designated below; (iii) Tax Management Services do not constitute tax advice or a complete tax management program; (iv) neither MSWM nor any of its employees and affiliates provide tax advice, tax planning advice or legal advice; (v) the Tax Management Services are based on, and depend substantially on, information and instructions provided by Client, which information and instructions are the Client's sole responsibility; (vi) in providing the Tax Management Services, MSWM will rely on the information provided by Client on this form, and to the extent such information is inaccurate or incomplete, the Tax Management Services provided may be adversely affected; (vii) there is no guarantee that the Tax Management Services will produce the desired tax results; (viii) the Tax Management Services may result in the Account not receiving, in whole or in part, the benefit (e.g., realized profit, avoided loss) of rebalancing and/or securities transactions that would have been effected if Client had not selected Tax Management Services for the Account; (ix) the Tax Management Services may cause the composition and performance of the Account to vary significantly from the composition and performance of other client accounts, including without limitation accounts for which Tax Management Services have not been selected; (x) any tax benefits resulting from Tax Management Services may be exceeded or outweighed by investment losses and/or missed gains (realized and unrealized) that also result from Tax Management Services; (xi) Client understands and accepts the Tax Management Services and their associated risks, including without limitation the increased risk of loss associated with any Instructions given by Client in Section B of this form; (xii) Client has concluded that the Tax Management Services are appropriate for Client's circumstances and (xiii) MSWM may amend these Tax Management Terms and Conditions, or terminate Tax Management Services with respect to Client's Account, by giving written notice to Client.

MSWM does not provide tax or legal advice. Any taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

**Exhibit B: Affiliated Money Market Funds Fee Disclosure Statement  
and Float Disclosure Statement**

**Sweep Vehicles in Retirement Accounts**

Retirement Accounts generally effect temporary sweep transactions of new free credit balances into Deposit Accounts established under the Bank Deposit Program.

The table below describes the fees and expenses charged to assets invested in shares of the money market funds in which the account invests (expressed as a percentage of each fund's average daily net assets for the stated fiscal year). Note that:

- The rate of Advisory Fee and Distribution and Service Fees (including 12b-1 fees) (whether in basis points or dollars) may not be increased without first obtaining shareholder approval.
- Expenses designated as "Other Expenses" include all expenses not otherwise disclosed in the table that were deducted from each fund's assets or charged to all shareholder accounts in the stated fiscal year (and may change from year to year).

These fees and expenses may be paid to MSWM and its affiliates for services performed. The aggregate amount of these fees is stated in the tables below. The amounts of expenses deducted from a fund's assets are shown in each fund's statement of operations in its annual report.

Morgan Stanley Investment Management (and/or its affiliates) may, from time to time, waive part or all of its advisory fee or assume or reimburse some of a fund's operating expenses. (This may be for a limited duration.) Such actions are noted in the fund's prospectus and/or statement of additional information. The table below shows the Total Annual Fund Operating Expenses (before management fee waivers and/or expense reimbursements) and the Total Annual Fund Operating Expenses After Fee Waivers and/or Expense Reimbursements.

MSWM expects to provide services as a fiduciary (as that term is defined under ERISA or the Code) with respect to Retirement Accounts. MSWM believes that investing in shares of the funds for sweep purposes may be appropriate for Retirement Plans because using professionally managed money market funds allows you to access cash on an immediate basis, while providing a rate of return on your cash positions pending investment. As is typical of such arrangements, we use only affiliated money funds for this purpose.

MSWM also believes that investing a Retirement Plan's assets in the Deposit Accounts may also be appropriate. Terms of the Bank Deposit Program are further described in the Bank Deposit Program Disclosure Statement, which has been provided to you with your account opening materials.

The fund expense information below reflects the most recent information available as of December 31, 2023, and is subject to change. Please refer to the funds' current prospectuses, statements of additional information and annual reports for more information.

<b>Fund</b>	<b>Advisory Fee</b>	<b>Distribution and Service Fees</b>	<b>Shareholder Service Fee</b>	<b>Other Expenses</b>	<b>Total Annual Fund Operating Expenses</b>	<b>Total Annual Fund Operating Expenses After Fee Waivers and/or Expense Reimbursements</b>
MSILF Government Securities- Participant Share Class	0.15%	0.25%	0.25%	0.07%	0.72%	0.45%
MS U.S. Government Money Market Trust	0.15%	N/A	0.10%	0.11%	0.36%	0.36%

## **Interest Earned on Float**

If MSWM is the custodian of your account, MSWM may retain as compensation, for providing services, the account's proportionate share of any interest earned on cash balances held by MSWM (or an affiliate) with respect to assets awaiting investment including:

- new deposits to the account (including interest and dividends) and
- uninvested assets held by the account caused by an instruction to the custodian to buy and sell securities (which may, after the period described below, be automatically swept into a sweep vehicle).

This interest is generally at the prevailing Federal Funds interest rate.

Generally, with respect to such assets awaiting investment:

- when the custodian receives the assets on a day on which the NYSE is open ("Business Day") and before the NYSE closes, the custodian earns interest through the end of the following Business Day and
- when the custodian receives the assets on a Business Day but after the NYSE closes, or on a day which is not a Business Day, the custodian earns interest through the end of the second following Business Day.