

# Form ADV Wrap Fee Program Brochure

## Morgan Stanley Smith Barney LLC

Select UMA® Program

**December 10, 2020**

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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 28, 2019. For more details on any particular matter, please see the item in this ADV Brochure referred to in the summary below.

### **New MAPS Strategies**

Beginning on or about April 24, 2019, a new Managed Advisory Portfolio Solutions or “MAPS” strategy, the Long Duration Municipal Portfolio was offered.

Beginning on or about June 20, 2019, a new MAPS strategy, the US Core Equity (ETFs) Portfolio, was offered.

Beginning on or about August, 2019, a new MAPS strategy, the US Sector Allocation (ETFs) Portfolio, was offered.

Beginning on or about September 19, 2019, a new MAPS strategy, the Short Duration Enhanced Fixed Income, was offered.

Beginning on or about December 10, 2020, a new MAPS strategy, US Mid Cap Equity, will be offered.

A description of each strategy is included in Exhibit C.

### **Changes to the way Fees are Calculated**

- Effective on or about December 1, 2019, the way your Fees are calculated changed as follows: Fees are generally charged monthly in advance instead of quarterly.
- There are no longer mid-period fee adjustments during any billing period for withdrawals or deposits.
- There is no longer a minimum annual MSWM Fee for Select UMA accounts.

For additional information regarding these changes, please see Item 4.A, Fees.

### **Disciplinary Information**

On May 12, 2020, 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, specifically Sections 206(2) and 206(4) and Rule 206(4)-7 thereunder. (Item 9)

### **Certain MAPS Strategies Transitioned to Morgan Stanley Investment Management Inc.**

As of December 1, 2020, the portfolio managers of certain MAPS strategies employed at MSWM transitioned to and became employees of Morgan Stanley Investment Management Inc. (“MSIM”). Your agreement remains with MSWM as Sponsor and Overlay Manager of the Select UMA program, and we have retained MSIM as a sub-manager and discretionary investment adviser to you. See Item 4A.

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## Item 4: Services, Fees and Compensation

Morgan Stanley Smith Barney LLC (“Morgan Stanley Wealth Management”, “MSWM”, “we”, “us” or “our”) 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 many different advisory programs. Many of MSWM’s advisory services are provided by its Consulting Group business unit. You may obtain ADV Brochures for other MSWM investment 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.)

Unless you have selected an external custodian, all clients’ assets are custodied at MSWM (except for “sweep” assets custodied at the sweep banks (“Sweep Banks”) pursuant to the Bank Deposit Program). *Please see Item 4.C (Services, Fees and Compensation -- Additional Fees – Cash Sweeps below, for more information.*

### **MSWM is a Fiduciary to You.**

In serving as investment advisor to its clients (“client”, “you” and “your”) in this program, MSWM is a fiduciary to you. We are registered under the Investment Advisers Act of 1940, which places a fiduciary obligation on us in terms of the way that we provide services to you.

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”. For purposes of this Brochure (including Exhibit B), 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; (ii) individual retirement accounts “IRAs” (as described in Section 4975 of the Code); and (iii) Coverdell Educational Savings Accounts.

As a fiduciary, we will assure that your best interests come first. We endeavor to provide you full disclosure of all material facts relating to our investment advisory relationship with you. Our advisory programs are designed to avoid conflicts of interest. In situations where the appearance of, or potential for, such a conflict is unavoidable, we will clearly disclose the details of this to you.

A key feature of this program is that we will provide you with objective investment advice. Investment choices for your account are the subject of an intensive due diligence process by our experienced professionals. Our recommendations of such products are only made after we have thoroughly reviewed your investment goals and risk tolerance and come to a conclusion

that the recommended investment products are appropriate for you. We will provide on-going investment advice to you and monitor your investments to ensure that they remain consistent with your objectives and risk tolerance.

We will not effect transactions between your accounts and our own accounts (so-called “principal trading”) without your informed consent.

We will always attempt to obtain the most favorable terms for any transaction that we make in your accounts. This practice is often referred to as “best execution” in the industry.

We will supervise our Financial Advisors and other professionals to ensure that they are providing the services within appropriate guidelines and we will monitor our employees to ensure that they meet prevailing ethical standards. We will disclose material matters impacting your Financial Advisors to you.

Where we act as custodian for your account, we will safeguard your assets from access by unauthorized persons and we will protect the privacy of your personal and financial information.

We will clearly disclose information about the fees you pay and we receive.

Details about issues such as those described above are found throughout this ADV Brochure.

## **A. General Description of the Select UMA® Program and Services**

### **General Description of the Select UMA Program**

The Select UMA (“Select UMA”) program is a “Unified Managed Account” program. The Select UMA program offers a combined portfolio (the “Portfolio”) implemented by an investment manager (“Overlay Manager”) comprised of some or all of the following investment products (the “Investment Products”), which may or may not be affiliated with MSWM: (i) mutual funds; (ii) exchange traded funds (“ETF’s”); (iii) securities in which the Overlay Manager shall invest in based on a model portfolio (the “Model Portfolio”) provided by one or more affiliated or unaffiliated investment managers (“Sub-Managers”); and/or (iv) securities in which an Executing Sub-Manager (as defined below) shall invest in based on its own investment decisions. The Investment Products outlined in (iii) and (iv) of the preceding sentence shall be referred to as “SMA Investment Products.”

You may choose either a “Single SMA Strategy” or a “Multi-Style” Select UMA account. A Single SMA Strategy Select UMA account utilizes only one investment product and that investment product shall be a SMA Investment Product; while a Multi-Style Select UMA account utilizes multiple investment products.

Except as provided in the following paragraph, each Sub-Manager, mutual fund and ETF indicated as an Investment Product is selected from those that are on MSWM’s Focus List or Approved List, as described in Item 6 below.

Investment Products for which MSWM, Consulting Group Advisory Services LLC (an MSWM affiliate), MSIM (as defined below) or any employee, division, subsidiary or successor of either (i) is the Sub-Manager, (ii) is the sponsor, or (iii) provides

investment management or other services, shall be referred to in this Brochure as “MSWM Investment Products.” MSWM Investment Products will also include investment products managed or sub-managed by MSIM (as defined below). Notwithstanding anything to the contrary provided in this Brochure, neither MSWM, an affiliate, nor any third party retained by MSWM or an affiliate will evaluate, or perform due diligence on, any MSWM Investment Products, except those investment products managed or sub-managed by MSIM (as defined below) for which MSWM does perform due diligence. MSWM Investment Products are generally not available to clients which are Retirement Accounts, except that Pathway mutual funds and MSWM Investment Products that have no Sub-Manager fee may be available to clients which are Retirement Accounts. *Please see Item 6 (Portfolio Manager Selection and Evaluation) below, for more information on Investment Product selection.*

Currently, there are MSWM Investment Products available in Select UMA, which are SMA Investment Products and are referred to in this Brochure as “GIS Investment Products”. In GIS Investment Products, MSWM, acting through its Global Investment Solutions (“GIS”) program, acts as the Sub-Manager. The MAPS Third Party Strategies (as defined below) are GIS Investment Products. *Please see “MSWM’s role as a Sub-Manager in the Select UMA Program” in this Item 4.A below, for more information on Sub-Manager Services provided by MSWM. Please see “Methods of Analysis and Investment Strategies” in Item 6C below and see Exhibit C, for more information on the GIS Investment Products.*

Morgan Stanley Investment Management Inc. (“MSIM”), an affiliate of MSWM, acts as the Sub-Manager for some SMA Investment Products in Select UMA. Other types of MSIM affiliated Investment Products are also available in Select UMA. Although MSIM is affiliated with MSWM, MSIM is not a division or subsidiary of MSWM and MSIM Investment Products are not “MSWM Investment Products”, as defined above (unless MSWM has notified the client that MSWM will not evaluate, or perform due diligence on, the MSIM investment product).

“Global Investment Solutions” is also the name of an initiative (which is not described in this Brochure), that seeks to harness the collective resources of Morgan Stanley to deliver innovative financial products to our clients.

Currently, MSWM, acting through its MSWM Private Portfolio Group division, is the Overlay Manager. *Please see “MSWM’s Role as Overlay Manager in the Select UMA Program” in this Item 4.A below, for more information on Overlay Manager services provided by MSWM.*

#### **Services Provided**

A Financial Advisor, or a MSWM affiliate, if applicable, assists you in the review and evaluation of investment objectives for each account through the use of a questionnaire and, if appropriate, updated confidential client information. Based on a review and evaluation of your investment objectives, MSWM or a MSWM affiliate, if applicable, and you (or MSWM in the event you have elected Financial Advisor Discretion or Firm Discretion (as defined below)) shall select a Portfolio for a Multi-Style Select UMA account.

Single SMA Strategy Select UMA accounts shall not use asset allocation investment models, but shall instead invest in only one Investment Product, and that Investment Product shall be a SMA Investment Product. For Single SMA Strategy Select UMA accounts, MSWM will assist the client in selecting an appropriate SMA Investment Product.

In order to construct the Portfolio for a Multi-Style Select UMA account, unless you have elected the “custom” version of the Model (please see below), MSWM and you will select an asset allocation investment model (a “Model”), from among investment models pre-defined by MSWM. Each of the available Models will represent a different asset allocation (and accordingly will include one or more asset classes “Asset Classes”) appropriate for a different investment objective/risk tolerance. Unless you have elected the “custom” version of the Model (please see below), MSWM will be responsible for setting the asset allocation of each Model, and adjusting the asset allocation from time to time as MSWM deems appropriate. This may include adding Asset Classes to any Model, at any time that MSWM determines that it is appropriate to do so (an “Asset Class Addition”). At times, there may be no allocation to some of the Asset Classes that were formerly in a Model. Unless you have elected the “custom” version of the Model, if MSWM adds an Asset Class to a Model MSWM will follow the procedures outlined below for an Asset Class Addition.

If you have not elected the “custom” version of the Model (please see below), you may choose to adopt either the “tactical” or “strategic” version of the Model. MSWM may leave the tactical or strategic Model asset allocation unchanged for as long as MSWM deems appropriate. However, it is anticipated that MSWM will change the asset allocation of the tactical version more frequently than that of the strategic version. Typically, MSWM will change the tactical Model asset allocation several times per year, while MSWM will change the strategic version only about once per year. Changes in the asset allocation or an Asset Class Addition will likely result in transactions in your account, and these transactions could have tax consequences for a taxable account.

If you elect the “custom” version of the Model, you (or MSWM in the event you have elected Financial Advisor Discretion (as defined below)) will define the Model by setting the asset allocation for the Model and adjusting the asset allocation from time to time as you (or MSWM in the event you have elected Financial Advisor Discretion (as defined below)) deems appropriate. If you elect the “custom” version of the Model, unless you have elected Financial Advisor Discretion, (a) you (not MSWM) will determine the initial asset allocation for the Model and will be responsible thereafter for any adjustments to the asset allocation of the Model; and (b) MSWM will not pre-define the Model or set or adjust the asset allocation for the Model. Your Financial Advisor may utilize recommendations of the MSWM Global Investment Committee (“GIC”) as a resource in assisting you in defining a custom Model. If the Financial Advisor does utilize MSWM GIC recommendations in connection with defining a custom Model, there is no guarantee that any Model defined will in fact mirror or track MSWM GIC recommendations.

Once MSWM and you (or MSWM in the event you have elected the “custom” version of the Model and Financial Advisor Discretion (as defined below)) have selected the Model, MSWM

and you (or MSWM in the event you have elected Financial Advisor Discretion or Firm Discretion (as defined below)) will construct the Portfolio for a Multi-Style Select UMA account by populating each Asset Class comprising the Model with one or more Investment Products. Investment Products may or may not be affiliated with MSWM. MSWM will offer one or more of each of the following Investment Products for each Asset Class: mutual funds, ETFs and/or separate accounts which Overlay Manager shall invest in based on a Model Portfolio provided by one or more Sub-Managers (or which the Executing Sub-Managers (as defined below) invest in based on their own investment decisions). Unless you have elected Financial Advisor Discretion or Firm Discretion, if MSWM determines that the Asset Class that a Sub-Manager or Investment Product is included in should be changed (an "Asset Class Change"), MSWM will follow the procedures outlined below for an Asset Class Change. MSWM and Overlay Manager will enter into agreements with each of the Sub-Managers to be responsible for providing Model Portfolios to Overlay Manager or (in the case of Executing Sub-Managers) for investing assets in client accounts based on their own investment decisions.

With your verbal, written or other consent, MSWM may assign you to a different Model or change Sub-Managers or Investment Products in a client's account.

By signing the Account Agreement (as defined below), you acknowledge that (unless you elected Financial Advisor Discretion or Firm Discretion), you have been presented with a choice of, and information regarding, Investment Products for each Asset Class in your Portfolio.

In the Account Agreement with MSWM, you authorize each Sub-Manager that provides a Model Portfolio (or implements its investment decisions directly) for an Investment Product selected for or by you, to act as investment adviser to you. You authorize each Sub-Manager, as investment adviser to you, to exercise discretion to select securities for your account by (i) delivering a Model Portfolio to Overlay Manager, which Overlay Manager will implement (subject to any reasonable client instructions accepted by Overlay Manager), or (ii) (in the case of an Executing Sub-Manager) implementing its investment decisions directly. MSWM may provide each Sub-Manager with such information regarding you as may be reasonably necessary for the Sub-Manager to fulfill its obligations to you and to MSWM and the Overlay Manager. *See Item 7 (Client Information Provided to Portfolio Managers) below, for more information.* The Sub-Manager may delegate any or all of its functions to an affiliated or unaffiliated firm that meets MSWM's research standards, provided that the Sub-Manager shall remain liable for the performance of all its obligations in its agreement with MSWM.

Notwithstanding the previous paragraph, there are some SMA investment products that are available in Select UMA where (a) a third party not affiliated with MSWM (the "Model Portfolio Provider") delivers a model portfolio (the "Third Party Model Portfolio") to MSWM; (b) MSWM, as investment adviser to you, serves as portfolio manager for the SMA investment product; and (c) the SMA investment product is based on the Third Party Model Portfolio. These SMA investment products are referred to in this ADV Brochure as "MAPS Third Party Strategies". Although MSWM generally intends to follow the Third Party Model Portfolios, as portfolio manager, it has the

discretion to deviate from the Third Party Model Portfolios. The Third Party Model Portfolios may include mutual funds and/or exchange traded products that are affiliated with the Model Portfolio Provider, which pay fees and other compensation to the Third Party Model Provider and its affiliates, as well as mutual funds and exchange traded product that are not affiliated with the Model Portfolio Provider.

Periodically, Overlay Manager will re-balance the account back to the Model in accordance with a re-balancing protocol (the "Re-Balancing Protocol") specified by MSWM and agreed to by Overlay Manager. These transactions could have tax consequences for a taxable account. The Re-Balancing Protocol requires that the Overlay Manager will re-balance the account if and when MSWM determines that it is appropriate to do so. In addition, the Re-Balancing Protocol requires, among other things, that if Client has selected the strategic version of the Model, Overlay Manager will re-balance the account whenever MSWM adjusts the asset allocation for the strategic Model, and also periodically if the asset allocation for the account deviates from the Model allocation by an amount set by MSWM. The Re-Balancing Protocol also requires that if Client has selected the tactical version of the Model, Overlay Manager will re-balance the account whenever MSWM adjusts the asset allocation for the tactical Model. Finally, the Re-Balancing Protocol requires that if Client has selected the custom version of the Model, Overlay Manager will re-balance the account periodically if the asset allocation for the account deviates from the Model allocation by an amount set by MSWM.

From time to time, your Sub-Managers may request that we provide them with information about you and your account (including your financial situation and investment objectives) and we may provide your Executing Sub-Managers (as defined below) with a data download of all transactions they effected on your behalf. Your selection of a Sub-Manager is deemed to be your consent to our provision of that information and data and copies of your account statements to that Sub-Manager. You may revoke that consent at any time by terminating the account.

In the Select UMA program, clients may elect "Financial Advisor Discretion", pursuant to which you grant MSWM discretion (a) to select and change Sub-Managers or Investment Products for you; (b) (if you have the custom version of the Model) to define and adjust the Model asset allocation; (c) (if you do not have the custom version of the Model) to select a strategic or tactical asset allocation investment Model (predefined by MSWM) for your Select UMA account and change from one strategic or tactical Model to another; and (d) to select between the strategic, tactical, custom and Single SMA Strategy versions of Select UMA and to change from one version to another. MSWM will exercise this discretion primarily through an MSWM employee (the "Discretionary FA"), who shall initially be your Financial Advisor. If, for any reason, and in the sole discretion of MSWM, the Discretionary FA is unable to render such services, temporarily or permanently, or terminates his or her employment with MSWM, MSWM shall continue to render such services and shall promptly assign another Financial Advisor to act as the Discretionary FA on a temporary or permanent basis.

In the Select UMA program, clients may elect "Firm Discretion", pursuant to which you grant MSWM discretion to (a) select Sub-Managers and/or Investment Products for you and

(b) change the Sub-Managers and/or Investment Products. If you elect Firm Discretion, you may not select a “custom” Model or Financial Advisor Discretion.

Clients may select one of our Firm Discretion model portfolios. Such model portfolios may only hold one type of Investment Product, such as mutual funds, ETFs, or SMAs, or invest in any combination of such Investment Product types in the same account. In certain instances, a mutual funds-only model may include ETFs in order to represent a certain asset class where a mutual fund is not available and vice versa. In such instance, the replacement ETF or mutual fund, as applicable, will be referenced in the description of the investment strategy.

For certain limited institutional Clients, we may provide access to offshore Model Portfolios to be used by such institutional Clients in the implementation of their own investment management programs.

By notifying your Financial Advisor, you may select the Pathway Model and in that case you must also select a Firm Discretion Pathway Strategic or Tactical asset allocation investment model that is pre-defined (and adjusted from time to time) by MSWM. If you make this selection, MSWM will restrict selection of investment products to Pathway Funds mutual funds (which are affiliated with MSWM), except that the Sweep investment will not be a Pathway Funds mutual fund. The asset allocation investment models pre-defined by MSWM for clients who make this selection may be different from the models pre-defined by MSWM for other Select UMA clients. The Platform Fee (as described below) will not apply to amounts invested in the Pathway Model within Firm Discretion Select UMA. MSWM may prohibit accounts that have selected a Pathway Model from changing to a Model that is not a Pathway Model, without adjusting the Fee.

MSWM makes available a Firm Discretion “Pathway Target Date Model.” By notifying your Financial Advisor, you may select the Pathway Target Date Model and you may also select from several Firm Discretion portfolios that MSWM will select (and change from time to time) based on various targeted retirement dates. If you make this selection, MSWM will restrict selection of investment products to Pathway Funds mutual funds (which are affiliated with MSWM), except that the sweep investment will not be a Pathway Funds mutual fund. If you have selected a Pathway Target Date Model, you will only be permitted to select strategic asset allocation (you will not be permitted to select tactical asset allocation or a custom asset allocation model). The asset allocation investment models pre-defined by MSWM for clients who make this selection will be different from the models pre-defined by MSWM for other Select UMA clients, and will change as the time to the selected Target Date decreases. This is because MSWM selects Pathway Target Date Models that are appropriate for various targeted retirement dates. MSWM may prohibit accounts that have selected a Pathway Target Date Model from changing to a Model that is not a Pathway Target Date Model, without adjusting the Fee.

MSWM also makes available a Firm Discretion “Morgan Stanley National Advisory 529 Plan” which consists of municipal fund securities that invest in the Pathway Funds. By notifying your Financial Advisor, you may select the Morgan Stanley National Advisory 529 Plan and you may also select

from several Firm Discretion portfolios that MSWM will select (and change from time to time) based on various risk levels. The MS Advisory 529 Plan is only available through this advisory program and may not be transferred to any other financial intermediary or maintained in a brokerage account. Therefore, upon termination of the advisory account status, MSWM reserves the right to liquidate the account, which may result in adverse tax consequences to you.

“Investing with Impact Investment Products” are Investment Products that seek to limit their underlying investments to investments in socially responsible firms or enterprises (“Impact Investments”). The Sub-Manager of any separately managed account or the manager of any mutual fund or ETF in the account (not the Client, Overlay Manager, MSWM or any affiliate) will determine in its sole judgment whether any underlying investments are Impact Investments. MSWM will determine in its reasonable judgment whether an Investment Product is an Investing with Impact Investment Product. The performance of Investing with Impact Investment Products will differ from that of non-Investing with Impact Investment Products.

Clients may select from a number of Firm Discretion Investing with Impact Portfolios. Clients who have selected one of these options (“Investing with Impact Clients”) will only be permitted to select the Strategic Asset Allocation Model (they will not be permitted to select the Tactical or Custom Asset Allocation Models). The asset allocation investment Models pre-defined by MSWM for Investing with Impact Clients will be different from the Models pre-defined by MSWM for non-Investing with Impact Clients. This is because there are no Investing with Impact Investment Products for some Asset Classes.

If Client is an Investing with Impact Client, (a) MSWM will restrict its selection of Investment Products to Investing with Impact Investment Products (in the event that an Investing with Impact Investment Product is removed from the Portfolio and no replacement Investment Product that qualifies as an Investing with Impact Investment Product is available, MSWM reserves the right to utilize a non-Investing with Impact Investment Product as a replacement); (b) MSWM may select any type of Investing with Impact Investment Product (mutual fund, ETF or Separately Managed Account); and (c) the sweep investment will not necessarily be an Impact Investment.

In addition, through our Value-Aligned Investment Solutions feature, you and your Financial Advisor can allocate account assets to Investment Products and strategies that meet your social investment needs while restricting Investment Products that don’t meet those criteria. Pursuant to an agreement with MSWM, Overlay Manager shall invest and re-invest the assets in each client account, except that, in certain strategies, Sub-Managers (hereinafter “Executing Sub-Managers”; “Sub-Managers”) includes Executing Sub-Managers as the context requires herein) may be granted responsibility by MSWM to implement some or all investment decisions directly. Most Executing Sub-Managers are fixed income Sub-Managers. Some Executing Sub-Managers may both deliver a Model Portfolio to Overlay Manager and implement some investment decisions directly. Overlay Manager will seek to manage your account in a manner consistent with the Model and Investment Products selected by you and MSWM and the Model Portfolio provided by any applicable Sub-Manager, as qualified by any client instructions accepted by the

Overlay Manager, including, without limitation, any instructions in connection with your selection of Tax Management services for the account, as described below. MSWM may change the Overlay Manager (which change may involve MSWM selecting an Overlay Manager that is or is not affiliated with MSWM) in its sole discretion at any time and for any reason. If there is a disruption in the services provided by Overlay Manager for any reason, MSWM or an affiliate may act as Overlay Manager during the period of the disruption. This may impact account performance. In addition, in the event of a disruption, MSWM may liquidate the applicable Portfolio (in whole or in part), and invest the proceeds in an affiliated or unaffiliated money market fund or other cash equivalents.

Each Sub-Manager, mutual fund and ETF included as an Investment Product shall be selected from the universe of Sub-Managers, mutual funds and ETFs (which may or may not be affiliated with MSWM) with which MSWM has entered into an agreement, and (except for MSWM Investment Products) that are on MSWM's Focus List or Approved List (or their equivalent from time to time), as described in Item 6 below. Some or all of the Asset Classes may be limited to certain types of Investment Products. *Please see Item 6 (Portfolio Manager Selection and Evaluation) below, for more information on Investment Product selection.*

In the event that MSWM makes a determination that an Investment Product previously recommended to a client is no longer approved for the Select UMA program or an Investment Product is terminated from the Select UMA program for any other reason, either (a) a replacement Sub-Manager or Investment Product shall be selected by MSWM and you (or by MSWM if you elect Financial Advisor Discretion or Firm Discretion) from recommendations provided by MSWM, or (b) your Select UMA account shall automatically terminate upon a date selected by MSWM and communicated to you with reasonable advance notice. Unless you have elected the Financial Advisor Discretion or Firm Discretion option as described above (and except as otherwise provided in the following paragraphs of this Section), before a Sub-Manager is engaged or an Investment Product is selected for a client's assets pursuant to this paragraph, MSWM will notify you and ask that you select a new Investment Product(s) for the relevant Asset Class(s). MSWM's notice may also identify an appropriate replacement Investment Product selected by MSWM.

If a GIS Investment Product is terminated from the Select UMA program for any reason and there is another GIS Investment Product available in the same Asset Class, MSWM may select that other GIS Investment Product (which will be a MSWM Investment Product) as the replacement Investment Product.

If you do not select a new Investment Product within the time frame prescribed in MSWM's notice and if the notice identifies a replacement Investment Product, you will be deemed to have instructed MSWM (i) to discharge any terminated Sub-Manager and liquidate your account's holdings of any terminated mutual fund or ETF and (ii) to engage on your behalf any replacement Sub-Manager, and purchase shares of any replacement mutual fund or ETF, identified by MSWM. When engaging a replacement Sub-Manager for a client's account, the implementation of the replacement Sub-Manager's Model Portfolio may result in liquidation of securities from the account.

Notwithstanding the previous paragraphs, unless you have elected Financial Advisor Discretion or Firm Discretion, you authorize MSWM, at MSWM's option, to handle an Asset Class Change (as defined above) in one of the following two ways:

i. MSWM may notify each client utilizing a Sub-Manager or Investment Product impacted by the Asset Class Change, in advance, of the Asset Class Change. Such notification may include an appropriate Sub-Manager or Investment Product (the "Change Default Product") that is in the Asset Class that you have selected. If you do not select a different Sub-Manager or Investment Product (or change to a different Model) prior to a date specified by MSWM in the notice of Asset Class Change, MSWM will change the Sub-Manager or Investment Product to the Change Default Product.

ii. Alternatively, MSWM may (without notifying you) leave you in the Investment Product that is subject to the Asset Class Change, and MSWM will change your asset allocation investment Model to reflect the Asset Class Change.

In the event of either (i) or (ii) above, MSWM will provide you with a confirmation of the new Investment Product or asset allocation investment Model, as applicable.

Notwithstanding the previous paragraphs, unless you have elected a "custom" Model, in the event of an Asset Class Addition, MSWM may add the new Asset Class to the Model, and may (without further consent from you) populate the new Asset Class with an appropriate Sub-Manager or Investment Product.

Notwithstanding the preceding paragraphs, if (a) the amount in an Investment Product or Model in a client's account falls below the minimum for that Investment Product or Model (due to re-balancing, market activity or any other reason) or (b) a Sub-Manager elects to terminate its investment advisory relationship with you, MSWM may (without further consent from you) transfer your assets to another appropriate Investment Product or Model, which Investment Product or Model has a minimum investment for which your account qualifies.

Notwithstanding the preceding paragraphs, If a client has selected an ETF as an Investment Product but due to the share price of the ETF and/or the allocation amount to that ETF pursuant to the asset allocation investment Model the Overlay Manager cannot purchase that ETF for the account, MSWM may (without further consent from the client) purchase an appropriate mutual fund for the account, in place of that ETF.

If a client requests any change to the account, and subsequent account statements or other communications indicate that the requested change has not been implemented, the client shall promptly notify the client's Financial Advisor.

If a client requests that any security(ies) be transferred out of a Select UMA account, MSWM may suspend trading in the account until the transfer is complete (which may take several days). During this time, Fees (as defined below in this Item 4) will continue to accrue.

In the Select UMA program, a client may elect tax management ("Tax Management") services for the account. If you elect Tax Management services for your Select UMA Account, 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 (or that you do not desire any Maximum Tax or Realized Capital Gain Instruction). Please note that previously realized capital gains in an account during a current calendar year, in addition to gains in your other related accounts, may impact our ability to manage the account in accordance with your selected tax mandate. The Tax Management Terms and Conditions attached to this Brochure as Exhibit A will govern Tax Management services in your account. Tax Management services may conflict with investment decisions of applicable Sub-Managers and/or MSWM or Overlay Manager rebalancing decisions. Note that in certain circumstances, rebalancing may take place over one or more days to address market conditions and liquidity constraints. In the event and to the extent of any such conflict, the Tax Management services selected by you will prevail and contrary MSWM, Overlay Manager and/or Sub-Manager investment advice will not be implemented for as long as such advice is contrary to such Tax Management services. As a result: (i) the account may not receive the benefits, including gains and avoided losses, of certain recommended purchases and sales of securities; and (ii) the account's composition and performance may vary significantly from that of client accounts for which similar Tax Management services have not been selected.

In addition to (or instead of) electing Tax Management as described in the preceding paragraph, in the Select UMA program a client may request (orally or in writing) that Overlay Manager seek to "harvest" tax losses or gains in the client's account. The client must make such request each time that the client desires "tax harvesting". Fixed income securities are not eligible for tax "harvesting", but mutual funds and ETFs (including those that invest in fixed income securities) may be eligible. In effecting tax harvesting, Overlay Manager will not consider dividends in your account or any assets outside of your account in which the tax harvesting occurs. By making such a request, the client directs Overlay Manager, upon receipt of such a "harvesting" request, to sell certain securities in order to realize capital gains or losses, and to reinvest the proceeds of this sale into broad-based ETFs, cash equivalents or other appropriate securities.

Upon receipt of your tax harvesting instruction, Overlay Manager will:

- (a) sell equity securities or ETF or mutual fund shares, as applicable, in order to realize capital gains or losses in the account;
- (b) reinvest the proceeds of such sale in one or more broad based ETFs, cash equivalents or other appropriate securities during any applicable wash sale period; and
- (c) after the expiration of any applicable wash sale period, sell such ETF shares, cash equivalents or other securities and invest the proceeds in the account in accordance with the applicable Sub-Manager's Model Portfolio.

The client may request tax "harvesting" as outlined above (i) for specified securities, (ii) in a specified total amount or (iii) in the maximum amount available. Securities in the account will be sold proportionately, to achieve any requested losses/gains. If the ETF or other investment utilized increases in value during any applicable wash sale period, this increase will result in ordinary income to the client. There is no guarantee that "harvesting" requests received late in a calendar year will be

completed before year-end, or that "harvesting" will achieve any particular tax result. We act only at your instruction and we do not provide you with any tax advice in connection with tax harvesting. Tax "harvesting", may adversely impact investment performance. Neither MSWM, Overlay Manager nor any affiliate make any guarantee that tax "harvesting" will be successful or provide any tax advice, and the client should consult with the client's own tax advisor regarding tax "harvesting" or any other tax issues.

MSWM is registered as an investment adviser under the Investment Advisers Act of 1940, as amended, and has received representations from Overlay Manager and each Sub-Manager that each is registered as an Investment Adviser under such Act, or is exempt from such registration.

MSWM may obtain and share information concerning the account with any of our affiliates and any nonaffiliated parties which is necessary to effect, administer, enforce or complete transactions, or to service providers in accordance with the applicable federal and state laws.

#### ***MSWM's Role as a Sub-Manager in the Select UMA Program***

In GIS Investment Products, MSWM, acting through its employees who are portfolio managers in its Global Investment Solutions program, acts as a SMA Investment Product Sub-Manager. In GIS Investment Products, MSWM makes day-to-day investment decisions for those portions of clients' Select UMA accounts invested in various investment strategies that are available through the GIS Investment Products. Several professionally managed strategies are available in GIS Investment Products and are designed to fit a broad range of goals, diversification objectives and risk tolerance levels. Each team of GIS portfolio managers focuses on particular asset classes and investment approaches.

Depending on their particular strategy, GIS portfolio managers may be able to invest in a broad range of securities and financial instruments.

GIS portfolio managers are limited to investing in the types of investments available in the GIS program.

GIS Strategies that (a) are approved for the MSWM GIS program; (b) are implemented by the Private Portfolio Group (or by any portfolio management team to whom the Consulting Group Investment Committee or the Investment Solutions Investment Committee, as applicable, has delegated any or all of its portfolio management functions); and (c) for which MSWM is the Sub-Manager, are available in the GIS in Select UMA program ("GIS in Select UMA"). Strategies in GIS in Select UMA are MSWM Investment Products (as defined above in this Item 4.A). The following GIS Strategies are currently available in GIS in Select UMA:

#### ***Managed by Investment Solutions Investment Committee:***

- Multi-Manager Alternatives

#### ***Managed by Consulting Group Investment Committee:***

- Managed Advisory Portfolio Solutions: Opportunistic US Equity
- Managed Advisory Portfolio Solutions: Strategic 10 Dividend
- Managed Advisory Portfolio Solutions: US Model

- Managed Advisory Portfolio Solutions: Dividend Equity
- Managed Advisory Portfolio Solutions: US Long Run Value
- Managed Advisory Portfolio Solutions: US All Cap Growth
- Managed Advisory Portfolio Solutions: Global Equity
- Managed Advisory Portfolio Solutions: Global Dividend
- Managed Advisory Portfolio Solutions: Core Plus Fixed Income (ETFs)
- Managed Advisory Portfolio Solutions: International Core Equity (ETFs)
- Managed Advisory Portfolio Solutions: Global Core Equity (ETFs)
- Managed Advisory Portfolio Solutions: Impact Solutions Global Equity
- Managed Advisory Portfolio Solutions: Impact Solutions US Equity
- Managed Advisory Portfolio Solutions: Multi-Asset Dynamic Allocation Portfolios
- Managed Advisory Portfolio Solutions: US Core Equity (ETFs)
- Managed Advisory Portfolio Solutions: US Sector Allocation (ETFs)
- Managed Advisory Portfolio Solutions: Short Duration Enhanced Fixed Income
- MAPS Third Party Strategies
- Managed Advisory Portfolio Solutions: Firm Discretionary Tactical ETF Portfolios
- Managed Advisory Portfolio Solutions: US Mid Cap Equity

Please see the MSWM Global Investment Solutions ADV Brochure, for more information on the GIS program. You may obtain this at [www.morganstanley.com/ADV](http://www.morganstanley.com/ADV) or by asking your Financial Advisor. *Please see “Methods of Analysis and Investment Strategies” in Item 5C below and see Exhibit C, for more information on the GIS in Select UMA investment strategies.*

On December 1, 2020 (the “Transition Date”), the portfolio managers of the following strategies employed at MSWM transitioned to (and became employees of) MSIM, which is an affiliate of MSWM.

- Managed Advisory Portfolio Solutions: Preferred Securities
- Managed Advisory Portfolio Solutions: Short Term Corporate Bond
- Managed Advisory Portfolio Solutions: Intermediate Municipal
- Managed Advisory Portfolio Solutions: Laddered Municipal Intermediate
- Managed Advisory Portfolio Solutions: Short Duration Municipal

- Managed Advisory Portfolio Solutions: Investment Grade Floating Rate Corporate Bond Portfolio
- Managed Advisory Portfolio Solutions: Long Duration Municipal
- Managed Advisory Portfolio Solutions: Preferred Securities (Custom)
- Managed Advisory Portfolio Solutions: Non-Resident Client (NRC) Eligible Preferred
- Managed Advisory Portfolio Solutions: Contingent Convertible Bond

Your agreement remains with MSWM as Sponsor and Overlay Manager of the Select UMA program, and we have retained MSIM as an SMA Investment Product Sub-Manager and discretionary investment adviser to you. Your portfolio managers and strategy have not changed as a result of this transition (other than the fact that these strategies are now managed by MSIM). Likewise, your custody arrangements, MSWM account number(s), and your relationship with your MSWM team also remains the same. While the total amount of investment advisory fees you pay has not changed, since the transition, you now pay a separate fee to MSWM for its investment advisory services as Sponsor and a Sub-Manager fee to MSIM for the sub-manager services it provides. With respect to Retirement accounts, effective as of the Transition Date, we have waived that portion of your investment advisory fee that is applicable to the Sub-Manager services provided by MSIM. In connection with the transition, for a period of time after the Transition Date, MSIM will direct trades to MSWM as Overlay Manager, and MSSB will execute those trades, including selection of broker-dealers and meeting best execution obligations, until such time when MSIM, as an Executing Sub-Manager (as applicable), takes over the responsibility for broker-dealer selection, execution and meeting its best execution obligations.

#### ***MSWM’s Role as Overlay Manager in the Select UMA Program***

MSWM generally performs its role as Overlay Manager through its MSWM Private Portfolio Group division.

As Overlay Manager, MSWM provides the following portfolio implementation and coordination services (as applicable) with respect to client accounts invested in the Select UMA program:

- i. implementing investment instructions furnished to MSWM by Sub-Managers concerning the securities to be purchased, held, or sold for client accounts, and determining the amount of securities to be purchased or sold for client accounts, in accordance with rules and procedures agreed to by MSWM and the Sub-Managers;
- ii. placing orders for and arranging for the purchase or sale of securities with broker-dealers to implement the investment instructions of the Sub-Managers and/or communicating the amount of securities to be purchased or sold for client accounts to Executing Sub-Managers for execution with broker-dealers selected by the Executing Sub-Managers;

- iii. placing orders for the purchase, sale, or redemption of shares of mutual funds and ETFs to implement the investment instructions of clients and/or Sub-Managers (applicable for portfolios and programs involving investment in mutual funds or ETFs);
- iv. rebalancing client accounts among two or more Investment Products;
- v. implementing reasonable restrictions imposed by a client on the management of the non-mutual fund/ETF holdings portion of such client's account; and
- vi. managing client accounts consistent with asset allocation or Asset Class selections made by clients.

MSWM is directed by the applicable Sub-Manager's instructions as to the securities to purchase and sell for client accounts.

### **Account Opening**

To enroll in the Select UMA program, you (in consultation with your Financial Advisor) must complete an investment questionnaire. You must also enter into the MSWM Single Advisory Contract (the "Single Advisory Contract"), to open a Select UMA account. The Single Advisory Contract governs the terms of your existing and future investment advisory accounts and relationships with MSWM. MSWM has discontinued use of the Select UMA client agreement for opening new accounts (but some existing Select UMA accounts may have been opened using the Select UMA client agreement). The Select UMA client agreement and the Single Advisory Contract shall be collectively referred to as the "Account Agreement"

You may also be required to execute a brokerage account agreement. All the terms of the Account Agreement and the brokerage account agreement will set forth our mutual obligations regarding the investment advisory program described in this Brochure.

### **Investment Restrictions**

In the Select UMA program, you may request reasonable restrictions on the management of your account (may request that certain specified securities, or certain categories of securities, not be purchased for your account). This request may be made orally or in writing, but MSWM may require that any such request (or any changes to the request) be in writing. MSWM will accept reasonable restrictions on specific common equity and fixed income securities, as well as on certain categories of equity securities (e.g., tobacco companies). MSWM will determine in its reasonable judgment how to implement such restrictions, and may implement restrictions differently in accounts that have elected Tax Management services (if applicable). If you restrict a category of securities and we are implementing account investments, we will determine in our discretion which specific securities fall within the restricted category. In doing so, we may rely on outside sources (e.g. standard industry codes and research provided by independent service providers).

Any restrictions you impose on the management of the account will not be applied to mutual fund or ETF holdings since mutual funds and ETFs operate in accordance with the investment objectives and strategies described in their prospectuses. In the event that a security or category of securities is restricted, the

portion of the account that would have been invested in any restricted security or category of securities may be redistributed across the Sub-Manager's Model Portfolio or invested in cash or cash equivalents or in an ETF selected by the Sub-Manager. This will impact the performance of the account.

Although we will accept reasonable restrictions as described above, we will not have any obligation to manage your account in accordance with any investment guidelines, policy statements or other documents unless we specifically agree to do so, in writing.

The compliance of any investment with any investment restrictions shall be determined on the date of purchase only, based upon the price and characteristics of the investment on the date of purchase compared to the value of the account as of the most recently preceding valuation date.

### **Trading and Execution Services**

Overlay Manager or an Executing Sub-Manager will effect transactions for the purchase or sale of securities and other investments in a client's Select UMA account. You authorize Overlay Manager or an Executing Sub-Manager to effect securities transactions for the account through MSWM and its affiliates, subject to legal requirements of "best execution", your needs, and, if applicable, the requirements of ERISA and the rules and regulations thereunder.

Overlay Manager or an Executing Sub-Manager has the authority to effect transactions through broker-dealers other than MSWM or its affiliates when Overlay Manager or an Executing Sub-Manager reasonably believes that such other broker-dealer may effect such transactions at a price, including any mark-ups, mark-downs and/or other fees and charges, that is more favorable to the account than would be the case if transacted through MSWM or its affiliates. In addition even if the price is not more favorable, for the selection of such broker-dealer, the Overlay Manager or an Executing Sub-Manager may consider all relevant factors, including execution capabilities, speed, efficiency, confidentiality, familiarity with potential purchasers or sellers, or any other relevant matters. MSWM refers to trades on which we are not the executing broker as "step out trades." If Overlay Manager or an Executing Sub-Manager trades with another firm, you may be assessed other trading related costs (mark-ups, mark-downs and/or other fees and charges) by the other broker-dealer. Those costs are in addition to your program fees, will be included in the net price of the security, and will not be reflected as a separate charge on your trade confirmations or account statements. There are certain Executing Sub-Managers (including, but not limited to, Executing Sub-Managers offering municipal, corporate and convertible fixed income strategies) that have historically directed most, if not all, their trades to outside broker-dealers. Transactions through any other broker-dealer would normally include additional trading related costs included in the net price for trades executed away from MSWM. These additional trading costs may increase your overall costs. For information about costs incurred, please see "Additional Fees" in Item 4.C below for details, or contact your FA

For information about costs incurred, please contact your Financial Advisor/Private Wealth Advisor (FA/PWA). If the manager you have selected or are considering is not listed in the

PDF posted in the below link, or if that manager has not provided Step-Out information, please contact your FA/PWA for more information. The information provided by the managers is summarized at this link: [www.morganstanley.com/wealth/investmentsolutions/pdfs/adv/sotresponse.pdf](http://www.morganstanley.com/wealth/investmentsolutions/pdfs/adv/sotresponse.pdf)

Where an Executing Sub-Manager effects trades for a Select UMA Account, the Existing Sub-Manager (and not MSWM) has discretion over broker-dealer selection and execution and is responsible for meeting its best execution obligations to you. Before selecting an Executing Sub-Manager for the Select UMA program, you should carefully review all material related to that Executing Sub-Manager, including any disclosure on whether the Executing Sub-Manager uses broker-dealers other than MSWM or its affiliates to effect any trades and any additional trading costs (brokerage commissions or other charges) associated with executing trades at such other broker-dealers.

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

Unless you have appointed another custodian in a program where you may do so, MSWM is the custodian and provides you with written confirmation of securities transactions, and account statements at least quarterly. You may waive the receipt of trade confirmations after the completion of each trade in favor of alternative methods of communication where available. Even if you have done so, we may deliver trade confirmations after the completion of each trade. You may also receive mutual fund prospectuses, where appropriate.

We will provide periodic reviews of your account. These reviews show how your account investments have performed, both on an absolute basis and on a relative basis compared to recognized indices (such as Standard & Poor's indices). You may access these reports through MSWM's online account services site. To access these reports in the online account service site, please go to: <https://www.morganstanleyclientserv.com>, log on, and select "Account Documents". If, however, you would like to receive these reports by mail, please call 1-888-454-3965.

We or our affiliates may provide the Sub-Manager(s), confirmations of transactions in the account effected by us or our affiliates, and/or account statements, if a Sub-Manager so requests or if required by law.

### **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, a Financial Advisor's or a Sub-Manager'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 mutual funds, ETFs or Sub-Managers may use in the Select UMA program have specific risks, including those associated with investments in common stock, fixed income securities, American Depositary Receipts, mutual funds, ETFs, foreign securities and the investments below. You should consult with your Financial Advisor regarding the specific risks associated with the investments in your account.

Also, please review any Sub-Manager's ADV Brochure for a discussion of the material risks associated with any Strategy you may have selected. You may obtain this at [www.morganstanley.com/ADV](http://www.morganstanley.com/ADV) or by asking your Financial Advisor.

Neither MSWM, its affiliates nor any Sub-Managers will have any responsibility for your assets not in the account, nor for any act done or omitted on the part of any third party.

**Risks 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 Exchange Traded Notes.** Risks of investing in ETNs include, among others, index or benchmark complexity, price volatility, market risk associated with the index or benchmark, uncertain principal repayment based on the issuing financial institution and potential illiquidity. Please ask your Financial Advisor for the ETN prospectus for a description of the specific index or benchmark to which its performance is linked as well as a description of the risks of investing in the ETN and any of the non-traditional or complex investment strategies that the ETN follows or seeks to replicate.

**Risks Relating to Money Market Funds.** An investment in a money market fund is neither insured nor guaranteed by the Federal Deposit Insurance Corporation ("FDIC") or any other government agency.

You could lose money in money market funds. Although many 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 maintain a stable \$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 impose a fee upon sale or temporarily suspend sales if liquidity falls below required minimums. During suspensions, shares would not be available for purchases, withdrawals, check writing or ATM debits.

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 may be liquidated and distributed to the fund's shareholders. This liquidation process can be prolonged in nature 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 partnership or limited liability company 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 mutual fund or ETF prospectus, for more information. You may obtain any mutual fund or ETF prospectus by asking your Financial Advisor.

***Risks Relating to Investment in a Concentrated Number of Securities or to Investment in Only One Industry Sector (or in Only a Few Sectors).*** When strategies invest in a concentrated number of securities, a decline in the value of these securities would cause your overall account value to decline to a greater degree than that of a less concentrated portfolio. Strategies that invest a large percentage of assets in only one industry sector (or in only a few sectors) are more vulnerable to price fluctuation than strategies that diversify among a broad range of sectors. Industry concentration is a particular risk for MLP strategies, as many MLPs are issued by companies engaged in the energy and natural resources business.

***Risks Relating to Mutual Funds and ETFs that Primarily Invest in Master Limited Partnerships.*** In addition to the risks outlined above relating to Master Limited Partnerships, mutual funds and ETFs that primarily invest in MLPs generally accrue deferred tax liability (“MLP Fund”). An investment in a MLP Fund does not offer the same beneficial partnership tax treatment as a direct investment in a MLP. The fund’s deferred tax liability (if any) is reflected each day in the fund’s net asset value (“NAV”). The deferred tax liability estimate could vary dramatically from the MLP Fund’s actual tax liability or benefit. Upon the sale of an MLP security, the MLP Fund may be liable for previously deferred taxes. As a result, the determination of the MLP Fund’s actual tax liability could result in increases or decreases in the MLP Fund’s NAV per share, which could be material. Additionally, the fund’s total annual operating expenses may be significantly higher than those of funds that do not primarily invest in Master Limited Partnerships. Please ask your Financial Advisor for the fund prospectus for additional information.

***MLP Fund Dividends and Distributions.*** A portion of distributions from MLP Funds to investors typically will consist of return of capital and not of current income for U.S. federal income tax purposes. The portion of any distribution treated as return of capital will not be subject to tax currently, but will result in a corresponding reduction in the investor’s tax basis in the MLP Fund’s shares. Such a reduction in tax basis will result in larger taxable gains and/or lower tax losses on a subsequent sale of the MLP Fund Shares.

***MLP Fund Non-Diversification and Industry Concentration.*** MLP Funds are typically non-diversified. Therefore, MLP Funds may be more susceptible to losses due to adverse developments affecting any single issuer held in their portfolios. In addition, many MLP Funds’ investments are concentrated in the energy

infrastructure industry with an emphasis on securities issued by publically traded MLPs, which may increase volatility.

***MLP Fund Liquidity.*** Certain MLP securities may trade less frequently than those of larger companies due to their smaller capitalizations. Additionally, it may be more difficult for MLP Funds to buy and sell significant amounts of such securities without an unfavorable impact on prevailing market prices. A MLP Fund’s investment in securities that are less actively traded over time experience decreased trading volume may restrict its ability to take advantage of other market opportunities or to dispose of securities at favorable prices. Contact your Financial Advisor for the fund prospectus for additional information.

***Risks Relating to Mutual Funds and ETFs that Pursue Complex or Alternative Investment Strategies or Returns.*** These mutual funds and ETFs may employ utilize non-traditional or complex investment strategies and/or derivatives (all of which are described in greater detail below) 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. Certain of these funds are sometimes referred to as “liquid alternatives.” These funds often present higher costs and expenses, with certain of these funds charging fees that fluctuate with their performance. Please refer to the mutual fund or ETF’s prospectus for additional information on expenses and descriptions of the specific non-traditional and complex strategies utilized by the fund. 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 than unregistered privately offered alternative investments. Because of regulatory limitations, mutual funds and ETFs that seek alternative-like investment exposure must utilize a more limited spectrum of investments. As a result, investment returns and portfolio characteristics of alternative mutual funds and ETFs may materially vary from those of privately offered alternative investments pursuing similar investment objectives. They are also more likely to have relatively higher correlation with traditional market returns than privately offered alternative investments.

Non-traditional investment options and strategies are often employed by a portfolio manager to further a mutual fund’s or ETFs investment objective and to help offset market risks. However, these features may be complex, making it more difficult to understand the mutual fund’s or ETF’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 mutual fund or ETF to increased volatility and unanticipated risks particularly when used in complex combinations and/or accompanied by the use of borrowing or “leverage”. Examples of non-traditional and complex investment options and strategies include the following. The below list is not exhaustive.

***Derivatives.*** A risk of a fund’s use of derivatives is that the fluctuations in their values may not correlate perfectly with the overall securities markets. Derivatives are also subject to counterparty risk, which is the risk that the other party in the transaction will not fulfill its contractual obligation. In addition,

some derivatives are more sensitive to interest rate changes and market price fluctuations than other securities. The possible lack of a liquid secondary market for derivatives and the resulting inability of a fund to sell or otherwise close a derivatives position could expose the fund to losses and could make derivatives more difficult for the fund to value accurately.

When a fund invests in a derivative for speculative purposes, the fund will be fully exposed to the risks of loss of that derivative, which may sometimes be greater than the derivative's cost. A fund could also suffer losses related to its derivative's positions as a result of unanticipated market movements, which losses are potentially unlimited. Commonly used derivative instruments and techniques and the risks associated therewith, include:

- **Futures Contracts.** The prices of futures are affected by many factors, including changes in overall market movements, speculation, real or perceived inflationary trends, index volatility, changes in interest rates or currency exchange rates and political events. This can result in lower total returns, and the potential loss can exceed a fund's initial investment.
- **Options.** Like futures, prices of options can be highly volatile and they are impacted by many of the same factors. Using options can lower a fund's total returns.
- **Swaps.** Most swap contracts are purchased over-the-counter ("OTC"). OTC swaps are generally subject to credit risk and/or the risk of default or non-performance by the counterparty. Swaps can result in losses if interest rate or foreign currency exchange rates or credit quality changes are not correctly anticipated by a counterparty or if the reference index, security or investments do not perform as expected.

Total Return Swaps ("TRS") involve the risk that the party with whom the fund has entered into the swap will default on its obligation to pay the fund and the risk that the fund will not be able to meet its obligations to pay the other party to the agreement. The income tax treatment of such swap agreements is unsettled and may be subject to future legislation, regulation or administrative pronouncements issued by the IRS.

- **Structured Investments.** A fund that invests in structured investments bear the risks of the underlying investment as well as market risk, and are subject to issuer or counterparty risk because the fund is relying on the creditworthiness of such issuer or counterparty and has no rights with respect to the issuer of the underlying investment.

**Short Sales.** Short sales are a form of investment leverage and the amount of the fund's potential loss is theoretically unlimited. Short sales are subject to other risks including the risk that the third party to the short sale may fail to honor its contract terms, causing a loss to the fund.

**Liquidity and Counterparty Risk.** Certain investments may be difficult to purchase or sell due to thinly traded markets or other

factors such as a relatively large position size. In addition, transactions occurring outside of exchange clearing houses increase the risk that the direct counterparties will not perform their obligations under the transaction and losses will be sustained. Illiquid securities may reduce the returns of the fund because it may be unable to sell the illiquid securities or unwind derivative positions at favorable prices. Fund returns may also be adversely impacted where the fund has an obligation to purchase illiquid securities. Moreover, less liquid securities are more susceptible than other securities to market value declines. Funds will have greater liquidity risks to the extent their principal investment strategies involve foreign (non-U.S.) securities, derivatives or securities with substantial market and/or credit 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.

**Risks Relating to Mutual Funds that Invest in Floating Rate Loans.** Certain mutual funds invest in floating rate loans. Floating rate funds fluctuate in value and are subject to market risk. More information on the investment risks can be found below and in the fund's prospectus.

**Credit/Default Risk.** Floating loan rate values can fall if a company's credit rating declines or it defaults on its loan repayment obligations. Since most floating rate loans are made to corporations with below-investment grade credit ratings, they are subject to a greater risk of default on interest and principal payments than higher-quality investments.

**Interest Rate Risk.** For floating rate loans, interest rates and income are variable and their prices are less sensitive to interest rate changes than fixed income bonds. However, in falling interest rate environments floating rate loans may underperform bonds since floating rate loans adjust to pay less income making them less desirable to investors than bonds that pay a fixed rate.

**Liquidity Risk.** Floating rate loans are generally subject to restrictions on resale and may trade infrequently in the secondary market. Illiquid loans may reduce the returns of the fund because it may be unable to sell the loans at favorable prices. Moreover, less liquid holdings are more susceptible than other securities to market value declines.

**Fluctuation of NAV.** Because the prices of floating-rate loans can change, the share price of mutual funds that invest in the loans will fluctuate with market conditions.

**Risks Relating to Variable Rate Demand Notes (VRDNs).** VRDNs are subject to a variety of risks, including but not limited to: (1) Renewal Risk: The risk of the inability to obtain an appropriate liquidity bank facility at an acceptable price to replace a facility upon termination or expiration of the contract period; (2) Liquidity Risk: The risk that in the event of a failed remarketing, the bank that has agreed to provide the letter of credit fails to honor its obligation to support the VRDNs; and (3) Default Risk: VRDNs typically are not secured by the assets of the issuer or the bank but are subject to the letter of credit



provider honoring its obligations. However, repayment of principal and payment of interest ultimately is dependent upon the issuer. For other risks relating to the particular strategy you hold in your account, please see your Sub-Manager's ADV Brochure. The current version of your Sub-Manager's ADV Brochure is online at [www.morganstanley.com/ADV](http://www.morganstanley.com/ADV), or you can ask your Financial Advisor for a copy.

***Risks Relating to Contingent Convertible Bonds ("CoCos").*** CoCos are issued primarily by non-U.S. financial companies and have complex features and unique risk considerations that differentiate them from traditional convertible, preferred or debt securities. Depending upon the terms of the particular issue, upon the occurrence of certain triggering events the securities may be mandatorily converted into common equity of the issuer (at either a predetermined fixed rate or variable rate), or the principal of the securities may be temporarily or permanently written down. As a result, investors may lose all or part of their principal investment. The triggering events will be described in the offering documents for each particular issue. However, they generally include the issuer failing to maintain a minimum capital ratio—a subjective determination by a regulator—that triggers the conversion or the write-down; and/or there may be other circumstances adverse to the issuer. In addition, market value will be affected by many unpredictable factors, including but not limited to: the market value of the issuer's common equity, the issuer's creditworthiness and capital ratios, any indication that the securities are trending toward a trigger event, supply and demand for the securities, and events that affect the issuer or the financial markets generally. There may be no active secondary market for the securities, and there is no guarantee that one will develop. Payment of interest or dividends may be at the sole discretion of the issuer, including prior to the occurrence of any trigger event. In most cases, the issuer is under no obligation to accrue or pay skipped payments (i.e., payments may be noncumulative). Thus, the dividend or interest payments may be deferred or cancelled at the issuer's discretion or upon the occurrence of certain events. The issuer may have the right to substitute or vary the terms of the securities in certain instances. The issuer may have the right, but not the obligation, to redeem all or part of the securities in its sole discretion upon the occurrence of certain events.

***Risks Relating to Structured Investments in Investment Products in Select UMA.*** Structured investments typically combine a debt security or certificate of deposit (CD) with exposure to other underlying asset classes (such as equities, commodities, currencies or interest rates) to create a way for investors to express a market view (bullish, bearish or market-neutral), complement an investment objective (for example, capital appreciation, income, aggressive income or speculation), hedge an existing position or gain exposure to a variety of underlying asset classes. A structured note is typically a [debt security](#) issued by a financial institution; its return is linked to the performance of an underlying asset or assets, such as equity indexes, a single equity, a basket of equities, interest rates, commodities or foreign currencies. Structured notes comprise both a debt component and a performance-based derivative component linked to the underlying [asset class\(es\)](#).

Investing in structured investments is typically more expensive than other investment options offered in your advisory account. In addition to the MSWM Fee, the Overlay Manager Fee, and

the Sub-Manager Fee (except with respect to ERISA clients), the original issue price of the structured investment includes costs associated with issuing, structuring and hedging the securities, which are borne by you. In addition, with respect to the debt component of the structured investment, the rate the issuer of a structured investment is willing to pay is likely to be lower than the rate implied by its secondary market credit spreads. The inclusion of such costs in the original issue price and the lower rate the issuer is willing to pay make the economic terms of structured investments less favorable to you than they otherwise would be and result in an estimated value on the pricing date that is less than the original issue price.

Certain Investment Products in the Select UMA program that invest in structured investments may be affiliated with MSWM. You understand that MSWM and our affiliates will receive more aggregate compensation when you (or MSWM, if you have selected FA Discretion or Firm Discretion) select an Investment Product that is affiliated with MSWM than if you (or MSWM) select an Investment Product that is not affiliated with MSWM. Thus, MSWM and our Financial Advisors have a conflict of interest when identifying (or selecting, if you have selected FA Discretion or Firm Discretion) Investment Products. *Please see Item 6B, Other Conflicts, Affiliated Investment Products.*

Structured investments are complex and involve risks not associated with an investment in ordinary debt securities. Structured investments have a wide variety of structures and may be linked to a wide variety of underliers, each of which will have its own unique set of risks and considerations. For example, some underliers are highly volatile and have a significantly higher probability of steep losses or may be more complex than others. All payouts will depend on the structure and will also be contingent on the performance of the underlier. The terms may limit the maximum payment at maturity or the extent to which the return reflects the performance of the underlier. Depending on the terms, a structured investment may result in a loss of some or all of your principal. Even if you receive the principal amount at maturity, the return on your investment may be less than the amount that would be paid on an ordinary debt security. Unlike ordinary debt securities, structured investments usually do not pay interest. For structured investments that do pay interest, any payment of interest is typically dependent on the performance of the underlier and, as a result, you may receive no interest for the entire term of the investment.

Investing in a structured investment is not equivalent to investing in the underlier or its components. All payments on structured investments are dependent on the issuer's (and the guarantor's, if applicable) ability to pay all amounts due.

There may be little or no secondary market for a particular structured investment. Generally, the prices, if any, at which dealers may be willing to purchase structured investments in secondary market transactions will likely be significantly lower than the original issue price, because secondary market prices will exclude the issuing, selling, structuring and hedging-related costs that are included in the original issue price and borne by you and because such prices will reflect the issuer's secondary market credit spreads and the bid-offer spread that any dealer would charge, as well as other factors. The secondary market price may be influenced by a variety of unpredictable factors,

including but not limited to: (i) changes in the value of the underlier, (ii) volatility of the underlier, (iii) the dividend rate on the underlier, if any, (iv) changes in interest rates, (v) any actual or anticipated changes in the issuer's (and the guarantor's, if applicable) credit ratings or credit spreads and (vi) the time remaining to maturity. Generally, the longer the time remaining to maturity, the more the market price will be affected by these factors.

The issuer of a structured investment and its affiliates may play a variety of roles in connection with the structured investment, including acting as calculation agent, hedging the issuer's obligations under the structured investment, and publishing research reports with respect to movements in the underlier. Certain determinations made by such affiliates may require them to exercise discretion and make subjective judgments, and may cause the economic interests of the issuer to diverge from your economic interests. In acting in any of these capacities, the issuer and its affiliates are not obliged to take your interests into account.

You should consult with your investment, legal, tax, accounting and other advisers in connection with any investment. For more information on the common risks and conflicts of interest related to Structured Investments, log in to Morgan Stanley Online and go to [www.morganstanley.com/structuredproductsrisksandconflicts](http://www.morganstanley.com/structuredproductsrisksandconflicts).

## Tax and Legal Considerations

Replacing a Sub-Manager or other Investment Product may result in sales of securities and subject you to additional income tax obligations. Consult your independent tax or legal advisor with respect to the services described in this Brochure, as MSWM and its affiliates do not provide tax or legal advice.

Some Sub-Managers may include Master Limited Partnerships (MLPs) in their Model Portfolios. 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.

**For the reasons outlined below, where an otherwise tax exempt account (such as an IRA, qualified retirement plan, charitable organization, or other tax exempt or deferred account) is invested in a pass through entity (such as a MLP), the income from such entity may be subject to taxation, and additional tax filings may be required. Further, the tax advantages associated with these investments are generally not realized when held in a tax-deferred or tax exempt account. Please consult your own tax advisor, and consider any potential tax liability that may result from such an investment in an otherwise tax exempt account.**

Earnings generated inside most qualified retirement plans, including defined benefit pension plans, defined contribution plans and IRAs, are generally exempt from federal income taxes, however, certain investments made by Retirement Accounts may generate taxable income referred to as "unrelated business taxable income" ("UBTI") that is subject to taxation at trust rates. Generally, passive types of income (when not financed with debt) such as dividends, interest, annuities, royalties, most rents from real property, and gains from the sale, exchange or other disposition of property (other than inventory or property held for sale in the ordinary course of a trade or business) do not generate UBTI. Active income associated with operating a trade or business, however, may constitute UBTI to an otherwise tax exempt investor such as Retirement Accounts. In addition, UBTI may also be received as part of an investor's allocable share of active income generated by a pass-through entity, such as partnerships (including limited partnerships and MLPs), certain trusts, subchapter S corporations, and limited liability companies that are treated as disregarded entities, partnerships, or subchapter S corporations for federal income tax purposes.

If more than \$1,000 of unrelated trade or business gross income is generated in a tax year, the Retirement Account's custodian or fiduciary (on behalf of the Retirement Account) must file an Exempt Organization Business Income Tax Return, Form 990-T. With respect to an individual investing through an IRA, in calculating the threshold amount and the Retirement Account's UBTI for the year, each IRA is generally treated as a separate taxpayer, even if the same individual is the holder of multiple IRAs.

The passive activity loss limitation rules also apply for purposes of calculating a retirement Account's UBTI, potentially limiting the amount of losses that can be used to offset the Retirement Account's income from an unrelated trade or business each year.



It should be noted that these rules are applied to publicly traded partnerships, such as MLPs, on an entity-by-entity basis, meaning that the passive activity losses generated by one MLP generally can only be used to offset the passive activity income (including unrelated traded or business income) from the same MLP. The passive activity losses generated by one MLP generally cannot be used to offset income from another MLP (or any other source). The disallowed losses are suspended and carried forward to be used in future years to offset income generated by that same MLP. However, once the Retirement Account disposes of its entire interest in the MLP to an unrelated party, the suspended losses can generally be used to offset any unrelated trade or business income generated inside the Retirement Account (including recapture income generated on the sale of the MLP interest, as well as income generated by other MLPs).

In calculating the tax, trust tax rates are applied to the Retirement Account's UBTI (i.e., unrelated trade or business gross income less any applicable deductions, including the \$1,000 specific deduction). In addition to the passive loss limitation rules noted above, other limitations may apply to the Retirement Account's potential tax deductions. In order to file Form 990-T, the Retirement Account is required to obtain an Employer Identification Number ("EIN") because the plan (and not the plan owner or fiduciary) owes the tax. State and local income taxes may also apply. Accordingly, Retirement Accounts (and their fiduciaries) should consult their tax and legal advisors regarding the federal, state, and local income tax implications of their investments.

Similar rules apply to other tax-exempt organizations (e.g., charitable and religious organizations), except that certain differences may apply. For instance, the UBTI of most other tax-exempt organizations is taxable at corporate rates, unless the organization is one that would be taxed as a trust if it were not tax-exempt in which case its UBTI is taxable at trust rates. Also, the passive activity loss limitation rules do not apply to all tax-exempt organizations. Tax-exempt investors should consult their tax and legal advisors regarding the federal, state, and local income tax implications of their investments.

*See General Description of the Select UMA Program in this Item 4.A above, for information regarding the "Tax Management" election in the Select UMA program.*

## **Fees**

In the Select UMA program, the client pays an asset-based fee to MSWM (the "MSWM Fee"), which covers MSWM investment advisory services, custody of securities with MSWM, trade execution with or through MSWM or its affiliates, as well as compensation to any Financial Advisor. This is a wrap fee. You will also pay Overlay Manager, Sub-Manager (including any applicable GIS in Select UMA Sub-Manager fees) and Platform (as defined below) fees which are separate from (and in addition to) the MSWM Fee.

The maximum annual MSWM Fee for the Select UMA program is 2.0%. The Overlay Manager fee is up to a 0.07% asset-based annual fee. The Sub-Manager fees will vary depending on the Sub-Manager and the investment strategy of the Sub-Manager. The asset-based annual fees of the Sub-Managers generally range from 0.20% to 0.75%.

Notwithstanding the previous paragraph, in GIS Investment Products that are available in the GIS in Select UMA program (where MSWM is the Sub-Manager) the MSWM Sub-Manager fee (which is in addition to the MSWM Fee and the Overlay Manager fee) generally ranges from 0.00% to 0.30%. See Exhibit C.

In addition, each account that is invested in a program, including the Select UMA program, that is eligible to purchase certain investment products, such as mutual funds, is charged a Platform Fee, regardless of whether a specific Select UMA account is invested in such investment product. The Platform Fee is in addition to program fees and is applicable to all Select UMA accounts, except for Single SMA Strategy accounts, Pathway strategies within Select UMA, and Retirement Accounts covered by Title I of ERISA. The Platform Fee is a 0.04% asset-based annual fee. As further described below under "Offset to the Platform Fee", MSWM intends to collect revenue from investment product providers that compensate MSWM for administering the platform and apply the revenue to accounts subject to the Platform Fee as an offset to the Platform Fee and/or to the applicable program fees, regardless of whether any such account is invested in an applicable investment product. This revenue will be allocated proportionately among accounts subject to the Platform Fee based on the closing market value of all assets in an account on the last day of the billing quarter, regardless of the value of mutual fund investments held in that account.

The MSWM Fee, Overlay Manager fee, Platform Fee and any Sub-Manager fee shall be collectively referred to as the "Fee". Provisions and conditions of the Fee as described in this section apply to the Platform Fee with one exception; the Platform Fee is paid quarterly in arrears based solely on the closing market value of the assets in the account on the last business day of the billing quarter and will become due within fifteen (15) business days after the end of the billing quarter.

***Offset to the Platform Fee.*** We intend to collect revenue from certain investment product providers (generally in the form of the support fees and mutual fund administrative services fees discussed herein) that compensates MSWM for administering the platform and apply the revenue attributable to accounts subject to the Platform Fee as an offset to the Platform Fee and/or to the Fee. This revenue will be allocated proportionately among accounts subject to the Platform Fee based on the closing market value of all assets in an account on the last day of the billing quarter, regardless of the value of revenue providing investment product held in that account. The amount of the offset will be applied against the Platform Fee and/or the Fee generally within fifteen (15) business days after the end of the previous billing quarter. The amount of the offset will vary each billing quarter and while we generally expect the offset to equal or exceed the Platform Fee, changing circumstances, such as a shift in investments away from investment products that provide revenue or significant reallocation of investments to those that pay a lower amount of revenue, could reduce the offset to an amount less than the amount of the Platform Fee. An account that is not subject to a Platform Fee during a billing quarter will not be entitled to the offset, as described herein. In the event we receive revenue with respect to a money market mutual fund, such revenue will

be rebated directly to the client holding the money market fund position and will not be included in the above described offset.

#### ***Additions and Withdrawals; Refund on Account Termination.***

You may make additions into the account at any time, subject to our right to terminate the account. Additions may be in cash, Funds, stocks, or bonds, provided that we reserve the right to decline to accept particular securities into the account or impose a waiting period before certain securities may be deposited. We may accept other types of securities for deposit at our discretion. You understand that if Funds are transferred or journaled into the account, you will not recover the front-end sales charges previously paid and/or may be subject to a contingent deferred sales charge or a redemption or other fee based on the length of time that you have held those securities.

We may require you to provide up to six (6) business days prior oral or written notice to your Financial Advisor of withdrawal of assets from the account, subject to the usual and customary securities settlement procedures.

MSWM is modifying its fee calculations for deposits and withdrawals on or about December 1, 2019.

The following fee calculation is applicable to you beginning on or about December 1, 2019, subject to the transition of your account's current billing cycle:

- No Fee adjustment will be made during any billing period for withdrawals or deposits. No Fee adjustment will be made during any billing period for appreciation or depreciation in the value of Account assets during that period.

If the account is terminated by either party, you will be entitled to a prorated refund of any pre-paid MSWM Fee, Overlay Manager fee and Sub-Manager fees based on the number of days remaining in the billing month after the date upon which notice of termination is effective.

#### ***Valuation of Account Assets.***

In computing the value of assets in the account, securities (other than Funds as defined below) traded on any national securities exchange or national market system shall be valued, as of the valuation date, at the closing price and/or mean bid and ask prices of the last recorded transaction on the principal market on which they are traded. Account assets invested in Funds registered as open-end mutual funds will be valued based on the Fund's net asset value calculated as of the close of business on the valuation date, per the terms of the applicable Fund prospectus. We will value any other securities or investments in the account in a manner we determine in good faith to reflect fair market value. Any such valuation should not be considered a guarantee of any kind whatsoever with respect to the value of the assets in the account.

In valuing assets, we use information provided by recognized independent quotation and valuation services. We believe this information to be reliable but do not verify the accuracy of the information provided by these services. If any information provided by these services is unavailable or is believed to be

unreliable, we will value any securities and investments in the account in a manner we determine in good faith to reflect fair market value. For certain securities or investments, including collateralized loan obligations, we may rely upon our affiliate, Morgan Stanley & Co. LLC ("MS&Co") to provide a valuation.

***Fees are Negotiable.*** Fees for the Select UMA program described in this Brochure are negotiable based on factors including the type and size of the account and the range of services provided by the Financial Advisor.

The Fee for your account may be higher or lower than the fees that we would charge the account if you had purchased the services covered by the fees separately; may be higher or lower than the fees that we charge other clients, depending on, among other things, the extent of services provided to those clients and the cost of such services; and may be higher or lower than the cost of similar services offered through other financial firms.

***When Fees are Payable.*** The Fee is payable as described in the Account Agreement and in this Brochure.

MSWM is modifying its fee calculations on or about December 1, 2019.

•  
The following fee calculation is applicable to you beginning on or about December 1, 2019, subject to the transition of your account's current billing cycle:

- 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 assets in the account on or about that date. The initial Fee payment generally covers the period from the opening date through (at your or your Financial Advisor's election) the last business day of the applicable billing period and is prorated accordingly. Thereafter, the Fee is paid monthly in advance based on the account's market value on the last business day of the previous billing month and is due promptly.

***Breakpoints.*** Fee rates in the Select UMA program may be expressed as a fixed rate applying to all assets in the account, or as a schedule of rates applying to different asset levels, or "breakpoints." When the fee is expressed as a schedule of rates corresponding to different breakpoints, discounts, if any, are negotiated separately for each breakpoint. As the value of account assets reaches the various breakpoints, the incremental assets above each threshold are charged the applicable rates. The effective fee rate for the account as a whole is then a weighted average of the scheduled rates, and may change with the account asset level.

***Accounts Related for Billing Purposes.*** When two or more investment advisory accounts are 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.

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 Qualified 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 Accounts 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 this Brochure and in your advisory contract with us (including any Fee table and other exhibits, 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.

***Other.*** A portion of the MSWM Fee will be paid to your Financial Advisor. See *Item 4.D below (Compensation to Financial Advisors)*, for more information.

## **B. Comparing Costs**

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 MSWM Fee in the Select UMA program. However, such transactions could not be executed on a discretionary basis in a brokerage account. Clients who participate in the Select UMA program pay a fee based on the market value of the account for a variety of services, and accordingly may pay more or less for such services than if they purchased such services separately (to the extent that such services would be available separately to the client). Furthermore, the same or similar services to those available in the Select UMA program may be available at a lower fee in programs offered by other investment advisors. For certain investment styles there may be a mutual fund and separately managed account offered by the same investment management firm and, therefore, the underlying investments in the separately managed account and the mutual fund may be substantially identical. Because the underlying expenses and fees of the separately managed account are generally lower, the performance of a separately managed account is generally higher than that of the comparable mutual fund. Therefore, in these investment styles if the client meets the minimum level of investment for the separately managed account, the client may have a financial benefit to select the separately managed account as the investment product. In addition, the MSWM Consulting Group offers other programs that do not offer mutual funds or ETFs, and do not offer the services of an Overlay Manager or

Sub-Managers. The fees in those programs may be higher or lower than the fees in the Select UMA program.

If you change your brokerage account to a fee-based advisory account, to the extent your brokerage account held class C mutual fund shares for five years or longer, these shares would likely have converted to load-waived (lower cost) Class A shares in the near future, thereby significantly reducing the ongoing internal mutual fund expenses you would have paid to hold them in your brokerage account. By changing your account from a brokerage account into a fee-based advisory account, your mutual fund shares will convert to the advisory share class (if available), which, in general will further lower overall costs. However, in exchange for advisory services you will receive, you will pay an additional asset-based fee which you would not pay in a brokerages account.

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 the program described in this Brochure, you will pay us an asset-based MSWM Fee, as described above. This "wrap fee" covers MSWM investment advisory services, custody of securities with MSWM, trade execution through MSWM or its affiliates, as well as compensation to any Financial Advisor. You also pay the separate Overlay Manager fee, Platform Fee and Sub-Manager fees, (including any applicable MSWM Overlay Manager fees and GIS in Select UMA Sub-Manager fees) which cover the services of those entities.

The MSWM Fee does not cover:

- the costs of investment management fees and other expenses charged by mutual funds and ETFs (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 and over-the-counter equity)
- 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 statement
- MSWM account establishment or maintenance fees for its IRAs 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 and ETFs (such mutual funds and ETFs are collectively, "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 net asset value. These fees and expenses are an additional cost to you and are not included in the fee amount in your account statements. Each Fund 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 the program described in this Brochure. However some mutual funds may charge, and not waive, a redemption fee on certain transaction activity in accordance with their prospectuses.

MSWM shall not be responsible for any misstatement or omission or for any loss attributable to such misstatement or omission contained in any Fund prospectus, fact sheet or any other disclosure document provided to us for distribution to clients.

MSWM also receives the following fees and payments.

### ***Support Fees and Mutual Fund Administrative Services Fees***

MSWM receives a support fee, also called a revenue sharing payment, from the sponsors of mutual funds and certain actively-managed ETFs (but not passively-managed ETFs that seek to track the performance of a market index). Revenue-sharing payments are generally paid out of the Fund's sponsor or other affiliate's revenues or profits and not from the applicable Fund's assets. We charge revenue sharing fees on client account holdings in such Funds according to a tiered rate that increases along with those Funds' management fee so that sponsors pay lower rates on Funds with lower management fees than on those with higher management fees. The rate ranges up to a maximum of 0.10% per year (\$10 per \$10,000 of assets).

MSWM also receives compensation from mutual funds for providing certain recordkeeping and related administrative services to the funds. For example, we process transactions with mutual fund families on an omnibus basis, which means we consolidate our clients' trades into one daily trade with the fund, and therefore maintain all pertinent individual shareholder information. For these services, mutual funds pay up to 0.06% per year (\$6 per \$10,000 on mutual fund assets held by investors in the advisory program covered by this brochure. Administrative services fees may be viewed in part as a form of revenue-sharing if and to the extent they exceed what the mutual fund would otherwise have paid for these services. As discussed herein, all of the support fees and administrative services compensation we collect from Funds or their affiliated service providers with respect to investment advisory assets is returned to

clients in the form of a fee offset. See the section above titled "Offset to the Platform Fee" for more information and eligibility to receive an offset.

Notwithstanding the foregoing, MSWM does not receive such payments in relation to those clients that are covered by Title I of ERISA, including, for example, certain SEPs and SIMPLE IRAs.

### ***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. In this connection, Fund representatives may work closely with our branch offices and Financial Advisors to develop business strategies and support promotional events for clients, prospective clients and educational activities. Some Fund families or their affiliates reimburse MSWM for certain expenses incurred in connection with these promotional efforts as well as training programs Fund families independently decide if and what they will spend on these activities, with some Fund families agreeing to make annual dollar amount expense reimbursement commitments of up to \$600,000, although actual reimbursements may be higher. In addition, some Fund families may provide support of up to \$125,000 per year for the development and maintenance of our internal Financial Advisor training and education e-learning platform. 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.

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. The maximum fee for either a mutual fund or ETF data analytics package is \$600,000 per year. We generally charge sponsors of passively-managed ETFs a separate transactional data fee ranging up to \$550,000 per year for those sponsors with more than one hundred passively-managed ETFs on our platform. Additional fees apply for those Fund families that elect to purchase supplemental data analytics regarding financial product sales at MSWM.

### ***Conflicts of Interest regarding the Above-Described Fees and Payments***

Please note that the above-described fees and payments are specific to Funds, and that similar fees and payments are not assessed on other investments that are available in our advisory programs. This fact presents 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. Moreover, as noted above, the support fees and administrative service fees are rebated to clients.

Beginning April 1, 2020, certain mutual funds managed by an affiliate, Morgan Stanley Investment Management, Inc., will be available for purchase across MSWM's investment advisory programs, including this Program 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.

### ***Affiliated Funds***

Certain Funds are sponsored or managed by, or receive other services from, MSWM and its affiliates. MSWM or the affiliated sponsor (or other service provider) receives additional investment management fees and other fees, from these Funds. Therefore, MSWM has a conflict to recommend MSWM proprietary and/or affiliated Funds. In order to mitigate this conflict, Financial Advisors and their Branch Managers do not receive additional compensation for recommending proprietary and/or affiliated funds. MSWM's affiliates have entered into administrative services and revenue sharing agreements with MSWM as described above.

### ***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 services. 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, which may carry lower overall costs, you will need to do so directly with the mutual fund or through an account at another financial intermediary.

Please note, although 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, MSWM will rebate to clients 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 generally 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 into a brokerage account at MSWM, we will 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. 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.

Sub-Managers may purchase (or direct Overlay Manager to purchase) mutual funds for your account. These mutual funds may include:

- mutual funds available only to managed account clients and that do not charge fund-level investment advisory, management or administration fees ("Managed Account Funds") or
- other mutual funds.

Consistent with the above, the Managed Account Fund shares will be redeemed, and other mutual fund shares held in your account may be redeemed, on a manager change or account termination, or on a transfer of such mutual fund shares out of your managed account. For a taxable account, there will be tax consequences associated with the redemption.

For more information, please refer to the documents "Mutual Fund Features, Share Classes and Compensation", at [https://www.morganstanley.com/content/dam/msdotcom/en/assets/pdfs/wealth-management-disclosures/mf\\_share\\_classes.pdf](https://www.morganstanley.com/content/dam/msdotcom/en/assets/pdfs/wealth-management-disclosures/mf_share_classes.pdf), and "ETF Revenue Sharing, Expense Payments and Data Analytics Fees", at <http://aemauth-ms.webfarm.ms.com/auth/content/msdotcom/en/wealth-disclosures/disclosures.html#22>, which are also available from your Financial Advisor on request.

### **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 investment. Generally, the rate you will earn on BDP will be lower than the rate on other cash alternatives. In limited circumstances, such as clients ineligible for BDP or where

MSWM otherwise elects, 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.

You acknowledge and agree that if you are eligible, the BDP will be your designated sweep investment. You further acknowledge and agree that the rate of return on the BDP may be higher or lower than the rate of return available on other available cash alternatives. MSWM is not responsible if the BDP has a lower rate of return than other available cash alternatives or causes any tax or other consequences.

Clients that are considered Retirement Accounts should read the Exhibit to this Brochure (“Affiliated Money Market Funds Fee Disclosure Statement and Float Disclosure Statement”).

The custodian will effect sweep transactions only to the extent permitted by law and if you meet the sweep investment’s eligibility criteria.

For eligibility criteria and more information on cash sweeps in general, 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 investment, 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, MSWM has a conflict of interest in selecting or recommending BDP as the default sweep investment, rather than an eligible Money Market Fund. Further, MSWM’s affiliate, Morgan Stanley Investment Management, serves as the investment advisor to the available sweep Money Market Funds.

In addition, MSWM, the Sweep Banks and their affiliates receive other financial benefits in connection with the Bank Deposit Program. Through the Bank Deposit Program, 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 income that a Sweep Bank will have the opportunity to earn through its lending and investing activities is expected to be 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.

If your sweep investment is 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 sweep investment is a Money Market Fund, you understand that Morgan Stanley Investment Management Inc. (or another MSWM affiliate) will receive compensation for managing the Money Market Fund. We receive compensation from such Money Market Funds based on the amount of fund assets held by our clients in brokerage accounts of up to 0.25% per year (\$25 per \$10,000). Under certain circumstances, a portion of such compensation is paid to Financial Advisors based on Morgan Stanley’s standard compensation formulas. We either rebate to clients or do not receive compensation on sweep Money Market Fund positions held in our fee-based advisory account programs.

You understand that unless you are a Retirement Account, the fee will not be reduced by the amount of the Money Market Fund’s applicable fees. For additional information about the Money Market Fund and applicable fees, you should refer to each Money Market Fund’s prospectus.

#### **D. Compensation to Financial Advisors**

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 your Financial Advisor. The amount allocated to your Financial Advisor in connection with accounts opened in the program 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. The rate of compensation we pay Financial Advisors with respect to program accounts may be higher than the rate we pay Financial Advisors with respect to transaction-based brokerage accounts. Your Financial Advisor may therefore have a financial incentive to recommend the program described in this Brochure instead of other MSWM programs or services.

If you invest in the program described in this Brochure, your Financial Advisor may agree to 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 Financial Advisor. Therefore, Financial Advisors have a financial incentive not to reduce fees. If your fee rate is below a certain threshold in the Select UMA and other advisory programs, we give your Financial Advisor credit for less than the total amount of your fee in calculating his or her compensation. Therefore, Financial Advisors also have a financial incentive not to reduce fees below that threshold.

## Item 5: Account Requirements and Types of Clients

**Account Minimums.** The Select UMA program generally has a minimum account size of \$10,000. The minimum may be greater than \$10,000 for some Investment Products, and for some versions of Select UMA. The minimum is \$1,000 for Firm Discretion accounts that have selected a Pathway Target Date Model or the Pathway Model.

**Types of Clients.** MSWM's clients include individuals, trusts, banking or thrift institutions, pension and profit sharing plans, plan participants, other pooled investment vehicles (e.g., hedge funds), charitable organizations, corporations, other businesses, state or municipal government entities, investment clubs and other entities.

## Item 6: Portfolio Manager Selection and Evaluation

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

#### Eligible Financial Advisors

In the Select UMA program, Financial Advisors generally are appropriately licensed, have an acceptable compliance record, and (before they assume Select UMA Financial Advisor Discretion pursuant to a client selection of this option) have successfully completed a Select UMA Financial Advisor Discretion certification course of study.

#### Selection and Review of Sub-Managers, Mutual Funds and ETFs

In the Select UMA program, we offer a wide range of Investment Products (including Sub-Managers, mutual funds and ETFs) that we have selected and approved. Item 4.A above describes the basis on which we recommend particular Investment Products to particular clients. This Item 6.A describes more generally how we select and terminate Investment Products from this program. If Sub-Managers have more than one strategy, we may include only some of those strategies in the program described in this Brochure, may carry different strategies in different programs, and assign different statuses to different strategies.

As indicated in Item 4.A above, notwithstanding anything to the contrary provided in this Brochure, neither MSWM, an affiliate, nor any third party retained by MSWM or an affiliate will evaluate, or perform due diligence on, any MSWM Investment Products.

Morgan Stanley's Global Investment Manager Analysis group ("GIMA") evaluates Investment Products other than MSWM Investment Products. GIMA may delegate some or all of its functions to an affiliate or third party. Except for MSWM Investment Products, Investment Products may only participate in the Select UMA program if they are on GIMA's Focus List or Approved List discussed below. You may obtain these lists from your Financial Advisor. Only some of the Investment Products approved by GIMA may be available in the Select UMA program.

As well as requiring Investment Products to be on the Focus List or Approved List, we look at other factors in determining which Investment Products we offer in the Select UMA program, including:

- program needs (such as whether we have a sufficient number of Investment Products available in an asset class);
- client demand; and
- the Sub-Manager's or Fund's minimum account size.

We automatically terminate Investment Products in the Select UMA program if GIMA downgrades them to "Not Approved." We may terminate Investment Products from this program for other reasons (*i.e.*, the Investment Product has a low level of assets under management in the program, the Investment Product has limited capacity for further investment, or the Investment Product is not complying with our policies and procedures).

**Focus List.** To be considered for the Focus List, Investment Products provide GIMA with relevant documentation on the strategy being evaluated, which may include a Request for Information (RFI), sample portfolios, asset allocation histories, its Form ADV (the form that investment managers use to register with the SEC), past performance information and marketing literature. Additional factors for consideration may include personnel depth, turnover and experience; investment process; business and organization characteristics; and investment performance. GIMA personnel may also interview the Sub-Manager or Fund and its key personnel, and examine its operations. Following this review process, Investment Products are placed on the Focus List if they meet the required standards for Focus List status.

GIMA periodically reviews Investment Products on the Focus List. GIMA considers a broad range of factors (which may include investment performance, staffing, operational issues and financial condition). Among other things, GIMA personnel may interview each Sub-Manager or Fund periodically to discuss these matters. If GIMA is familiar with a Sub-Manager or Fund following repeated reviews, GIMA is likely to focus on quantitative analysis and interviews and not require in-person meetings. GIMA may also review the collective performance of a composite of the MSWM accounts managed by a Sub-Manager/Fund and compare this performance to overall performance data provided by the Sub-Manager/Fund, and then investigate any material deviations.

**Approved List.** The process for including Investment Products on the Approved List is less comprehensive. Investment Products provide GIMA with relevant documentation on the strategy being evaluated, which may include a Request for Information (RFI), sample portfolios, asset allocation histories, its Form ADV (the form that investment managers use to register with the SEC), past performance information and marketing literature. Additional factors for consideration may include personnel depth, turnover and experience; investment process; business and organization characteristics; and investment performance. GIMA personnel may also interview the Sub-Manager or Fund and its key personnel, typically via conference call. GIMA then determines whether the Investment Product meets the standards for Approved List status.



GIMA periodically evaluates Investment Products on the Approved List and Focus List to determine whether they continue to meet the appropriate standards.

***Changes in Status from Focus List to Approved List.*** GIMA may determine that an Investment Product no longer meets the criteria for the Focus List, but meets the criteria for the Approved List. If so, MSWM generally notifies program clients regarding such status changes on a quarterly basis within their client statements.

***Changes in Status to Not Approved.*** GIMA may determine that an Investment Product no longer meets the criteria for either the Focus List or Approved List and therefore the Investment Product will no longer be recommended in MSWM investment advisory programs. We notify affected clients of these downgrades. You cannot retain a downgraded Sub-Manager or Fund in your Select UMA account and must select a replacement from the Approved List or Focus List that is available in the program, if you wish to retain the program's benefits with respect to the affected assets.

In some circumstances, you may be able to retain terminated Investment Products in another advisory program or in a brokerage account subject to the regular terms and conditions applying to that program or account. Ask your Financial Advisor about these options.

In the Select UMA program, MSWM generally specifies a replacement Investment Product for a terminated Investment Product (as discussed in Item 4.A above). In selecting the replacement Investment Product, MSWM generally looks for an Investment Product in the same asset class, and with similar attributes and holdings to the terminated Investment Product.

***Evaluation of Material Changes to Sub-Managers or Investment Products.*** If GIMA learns of a material change to a Sub-Manager or Investment Product (e.g., the departure of an Investment Manager or Manager Team), MSWM, an affiliate or a third party retained by MSWM or an affiliate, will evaluate the Sub-Manager or Investment Product in light of the change. This evaluation may take some time to complete. While this evaluation is being performed, the Sub-Manager or Investment Product will remain eligible for the Select UMA program. The GIMA designation (Focus List or Approved List) for the Sub-Manager or Investment Product will not be altered solely because this evaluation is in progress. MSWM will not necessarily notify clients of any such evaluation.

***Termination of Investment Products for Reasons Other than a GIMA Downgrade to "Not Approved".*** As indicated above in this Item 6.A, we may terminate Investment Products from the Select UMA program due to a GIMA downgrade to "Not Approved", or for various other reasons. A termination for reasons other than a GIMA downgrade to "Not Approved" will be referred to in this ADV Brochure as a "Drop in Coverage".

Once we have decided to institute a Drop in Coverage for an Investment Product, we will generally not permit clients who are not using that Investment Product to select that Investment Product for their Select UMA account. However, for a period of time up to two years, we will permit clients who are using that Investment Product to continue to do so, and to add assets to that Investment Product. This is to allow impacted clients time and

flexibility to work with their Financial Advisor to select a replacement Investment Product.

During this period, GIMA will continue to evaluate the impacted Investment Product. If GIMA downgrades the Investment Product to "Not Approved", we will terminate the Investment Product at that time (rather than allowing current clients to utilize it for the remainder of the period). During this period after we have decided to institute a Drop in Coverage, GIMA may rely more heavily on an algorithm or other quantitative factors in its evaluation, and may discontinue preparation of periodic reports or other written materials.

***Watch Policy.*** GIMA has a "Watch" policy for Investment Products on the Focus List and Approved List. Watch status indicates that, in reviewing an Investment Product, GIMA has identified specific areas of the Sub-Manager's or Fund's business that (a) merit further evaluation by GIMA and (b) may, but are not certain to, result in the Investment Product becoming "Not Approved." Putting an Investment Product on Watch does not signify an actual change in GIMA opinion nor is it a guarantee that GIMA will downgrade the Investment Product. The duration of a Watch status depends on how long GIMA needs to evaluate the Investment Product and for the Investment Product to address any areas of concern.

***Tactical Opportunities List.*** GIMA also has a Tactical Opportunities List. This consists of certain Investment Products on the Focus List or Approved List recommended for investment at a given time based in part on then-existing tactical opportunities in the market.

***Other Relationships with Sub-Managers and Funds.*** Some Sub-Managers and Funds on the Approved List or Focus List may have business relationships with us or our affiliates. For example, a Sub-Manager or Fund may use MS&Co or an affiliate as its broker or may be an investment banking client of MS&Co. or an affiliate. GIMA does not consider the existence nor lack of a business relationship in determining whether to include or maintain a Sub-Manager or Fund on the Approved List or Focus List.

## **Calculating Sub-Managers' and Funds' Performance**

***Sub-Managers' Performance.*** In the Select UMA program, we generally present 10 years of a Sub-Manager's performance history in reports available to clients. For those periods in which we have a performance track record based on our own program data, we calculate this performance with our proprietary performance calculation system using asset-weighted monthly performance returns for the investment manager composite data.

We do not have a third party review this composite return data. Instead, we perform a monthly reconciliation on the individual accounts in the composite. We compare the monthly performance returns for individual accounts to the monthly performance returns for their peer accounts in the same investment style. We then review any outstanding "outliers" that have significantly higher or lower monthly performance returns than the average peer account in the same investment style.

If we do not have a performance track record for 10 years based on our own program data, we generally show performance data supplied by the Sub-Manager for earlier periods so you can see



10 years of performance. In this case, the Sub-Manager determines the standards used to calculate this data and we do not review or verify the accuracy of this data.

**Mutual Fund and ETF Performance.** For mutual fund and ETF Investment Products, we utilize the published performance for those Funds.

## **B. Conflicts of Interest**

### **Conflicts of Interest – MSWM or Financial Advisor Acting as Portfolio Manager; Advisory vs. Brokerage Accounts**

If the Select UMA client is utilizing GIS in Select UMA as a SMA Investment Product, MSWM (acting through a GIS portfolio manager) acts as the portfolio manager and is compensated accordingly as described above. In this case, MSWM retains all the client fee you pay in the Select UMA program. In contrast, in Select UMA or other MSWM investment advisory programs in which an unaffiliated third party manager acts as your portfolio manager:

- we pay to the manager some of the fee we receive from you or
- you pay separate fees to us for our services and to the portfolio manager for its services.

This creates a conflict of interest for MSWM, as there is a financial incentive to recommend GIS in Select UMA. As explained in Item 4.A above, GIS in Select UMA is a MSWM Investment Product (MSWM is the Sub-Manager), and accordingly neither MSWM, an affiliate, nor any third party retained by MSWM or an affiliate will evaluate, or perform due diligence on, GIS in Select UMA. Therefore, GIS in Select UMA is not subject to the same selection and review as Investment Products that are not MSWM Investment Products.

MSWM and your Financial Advisor may earn more compensation if you invest in the 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 program described in this Brochure). Financial Advisors and MSWM therefore have a financial incentive to recommend the program described in this Brochure.

We address these conflicts of interest by disclosing them 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.

### **Other Conflicts of Interest**

As well as the conflicts of interest arising from MSWM or your Financial Advisor acting as portfolio manager, MSWM has various other conflicts of interests relating to the program described in this Brochure.

**Advisory vs. Brokerage Accounts.** MSWM and your Financial Advisor may earn more compensation if you invest in the 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 program described in this Brochure). Financial Advisors and MSWM

therefore have a financial incentive to recommend the program 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 Investment Managers.** Please see Item 4.C above (*Additional Fees – Funds in Advisory Programs*), for more information.

Investment 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 all of the event. Investment managers may sponsor educational meetings or seminars in which clients as well as Financial Advisors are invited to participate.

Investment 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 investment manager 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 from Investment Managers" section do not relate to any particular transactions or investment made by MSWM clients with investment managers. Investment managers participating in the program 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 Model Portfolio Providers.** The Model Portfolio Providers pay MSWM a support fee (the "Support Fee") with respect to the MAPS Third Party Strategies. The Support Fee is generally \$50,000 per year per MAPS Third Party Strategy, or \$100,000 per year for a suite of related MAPS Third Party Strategies.

The Support Fee is in consideration of MSWM agreeing to allow the Model Portfolio Provider to deliver the Third Party Model Portfolio(s) to MSWM. Payment of the Support Fee does not entitle the Third Party Model Portfolio(s) or the MAPS Third Party Strategy(ies) to (a) exclusive or preferential treatment; (b) access to or participation within MSWM's distribution channels; (c) inclusion on any "Approved", "Focus" or any other designation or list; or (d) any preferential consideration in investment recommendations made to clients.

**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 a principal market maker, in respect

of the same securities held in client accounts. MSWM, its affiliates, 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. MSWM 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 Sub-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. We address this conflict by disclosing it to you.

**Trade Allocations.** MSWM or an Executing Sub-Manager may aggregate the securities to buy or sell for more than one client to obtain favorable execution to the extent permitted by law. MSWM or the Executing Sub-Manager is then responsible for allocating the trade in a manner that is equitable and consistent with its fiduciary duty to its clients (which could include, e.g., pro rata allocation, random allocation or rotation allocation). For block trade orders executed by MSWM, the price to each client is the average price for the aggregate order. MSWM performs these trade allocation functions as part of its duties as Overlay Manager, as described in Item 4.A above.

**Services Provided to Other Clients.** MSWM, its affiliates, investment managers and their affiliates provide a variety of services (including research, brokerage, asset management, trading, lending and investment banking services) for each other, for various clients (including issuers of securities that may be recommended for purchase or sale by clients or are otherwise held in client accounts), and for investment managers in the program described in this Brochure. MSWM, its affiliates, 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, its affiliates, investment managers and their affiliates perform 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 have 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 Parent (as defined in Item 9 below) securities, and in certain related securities. These restrictions may adversely impact your account performance.

MSWM, the investment managers and their affiliates may also develop analyses and/or evaluations of securities sold in the program described in this Brochure, as well as buy and sell interests in securities on behalf of their 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 they believe would violate federal or state law, or the regulations of any regulatory or self-regulatory body.

**Research Reports.** MS&Co. does business with companies covered by its research groups. Furthermore, MS&Co. and its affiliates, and client accounts, 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 non-controlling direct or indirect ownership interest, or right to appoint a board member or observer. If MSWM directly or indirectly effects client trades or transactions 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 its obligations to obtain best execution for its customers' orders, it is contemplated that MSWM will route certain customer order flow to its affiliates. Currently, MSWM and/or its affiliates own equity interests (or interests convertible into equity) in certain Trading Systems or their parent companies, including BIDS Holdings LP and BIDS Holdings GP LLC (commonly known as "BIDS"); CHI-X Global Holdings LLC; National Stock Exchange of India;; Miami International Holdings Inc.; Equilend; MEMX Holdings LLC; Euroclear Holding SA/NV; LCH Group Holdings Limited (Clearing); Turquoise Global Holdings Ltd.; CJSC The Moscow Interbank Currency Exchange Settlement House; CME;; ICE US Holding Company, LP; LCH Clearnet Group LTD. (Clearing); OTCderiv Limited; TradeWeb Markets LLC; TIFFE – Tokyo Financial Futures Exchange; iSWAP Limited (JV with TP ICAP); EOS Precious Metals Limited; CreditDeiv Limited; FXGLOBALCLEAR; The Depository Trust and Clearing Corporation; CME/CBOT/NYMEX; Dubai Mercantile Exchange;; Intercontinental Exchange; Bombay Stock Exchange; and Japan Securities Depository Center Inc.; and Japan Securities Clearing Corporation.

The Trading Systems on which MSWM trades or effects securities lending transactions for client accounts and in which MSWM or its affiliates own interests may change from time to time. You may contact your Financial Advisor for an up-to-date list of Trading Systems in which MSWM or its affiliates own interests and on which MSWM and/or MS&Co. trade for client accounts.

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. receives 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.

***Payment Arrangements with Private Portfolio Group Vendor.***

The MSWM Private Portfolio Group (“PPG”) division is the Overlay Manager, and in that capacity implements certain Select UMA Portfolios as described in this ADV Brochure. A vendor which PPG utilizes to provide trade analysis has agreed to reduce the fees it charges to PPG for this trade analysis, provided that a certain number of firms that trade with PPG also subscribe to the vendor’s services. This creates a conflict of interest for MSWM in that PPG’s fees paid to this vendor would change depending on whether PPG trades with fewer or more firms that subscribe to the vendor’s services in the future. PPG has not and will not consider this impact on the fees it pays in any way, either in determining which firms it will trade with or in continuing to contract with this vendor.

***MSWM Affiliate in Underwriting Syndicate; 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. Newly issued shares of securities purchased for a client’s account normally provide for a fee, called a “reallowance fee,” to be paid by the issuing corporation to the underwriters of the securities 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, 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. We address these conflicts by disclosing them to you.

***Affiliated Investment Products.*** Certain of the Investment Products in the Select UMA program (including MSWM Investment Products) are affiliated with MSWM. As to each Asset Class, there may be affiliated and unaffiliated Investment Products available for selection; however, Investment Products affiliated with MSWM (except the Money Market Fund) will not be available to Retirement Accounts. Notwithstanding the previous sentence, Pathway mutual funds (which are MSWM Investment Products) and MSWM Investment Products that have no Sub-Manager fee may be available to clients which are

Retirement Accounts. Although some Investment Products may be available in more than one MSWM program, each program may offer Investment Products and other features that are not available in other MSWM programs. You understand that MSWM and our affiliates will receive more aggregate compensation when you (or MSWM, if you have selected Firm Discretion or Financial Advisor Discretion) select an Investment Product that is affiliated with MSWM than if you (or MSWM) select an Investment Product that is not affiliated with MSWM. If Financial Advisors provide Model Portfolios that MSWM uses when you (or MSWM) select MSWM or an affiliate as the Sub-Manager, MSWM will compensate the Financial Advisors for doing so. Accordingly, any such Financial Advisor who provides Model Portfolios will receive more aggregate compensation when he or she does so. The Financial Advisor receiving this additional compensation may be your Financial Advisor (who may be acting as the Discretionary FA). The selection of MSWM or an affiliate as a Sub-Manager or of a MSWM affiliated Fund may also be more costly to your account than other options in the same Asset Class. In addition, some Investment Products that are affiliated with MSWM may charge higher fees than other affiliated Investment Products in the same Asset Class or in other Asset Classes. Thus, MSWM and our Financial Advisors have a conflict of interest when identifying (or selecting, if you have selected Firm Discretion or FA Discretion) Investment Products. Similarly, if a Sub-Manager or a Fund is not affiliated with us but we have an ownership share in the Sub-Manager or in the Fund’s manager, we and our Financial Advisors have a conflict of interest in identifying that Sub-Manager or Fund to the Client because, as an owner of the Sub-Manager or the Fund’s manager, we benefit from its profits.

***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 (Services, Fees and Compensation -- Additional Fees – Cash Sweeps – Bank Deposit Program and Money Market Funds), for more information*

***Investments in Sweep Investments or Mutual Funds.*** As described in Item 1.C above, with respect to non-Retirement Account clients, MSWM or its affiliates earn greater compensation from mutual funds than from separate accounts. At times, a Sub-Manager may believe that it is in a Client’s interest to maintain assets in cash, particularly for defensive purposes in volatile markets. The above-described Bank Deposit Program revenue and fees for Money Market Funds, administrative services fees for accounts of non-Retirement Account clients and other payments create a potential for a conflict of interest to the extent that the additional payments could influence MSWM to recommend or select (a) a mutual fund or ETF Investment Product, instead of a separate account Investment Product, or (b) a Model, Sub-Manager or investment style that favors cash balances.

Please note that the Financial Advisor does not receive any of the Bank Deposit Program revenue, fees from Money Market Funds or administrative services fees described herein.

***Nonpublic Information.*** In the course of investment banking or other activities, MSWM, the Investment Products, and each of their respective affiliates and Agents may from time to time acquire confidential or material nonpublic information that may prevent them, for a period of time, from purchasing or selling

particular securities for the account. You acknowledge and agree that MSWM, the Investment Products, and each of their respective affiliates and Agents will not be free to divulge or to act upon this information with respect to their advisory or brokerage activities, including their activities with regard to the account. This may adversely impact the investment performance of the account.

**Benefits to Financial Advisors.** Client understands that MSWM or Financial Advisors or employees of MSWM affiliates may receive a financial benefit from any Overlay Manager or Sub-Manager in the form of compensation for trade executions for the accounts of Overlay Manager or Sub-Manager or accounts that are managed by such Overlay Manager or Sub-Manager, or through referrals of brokerage or investment advisory accounts to MSWM or the Financial Advisor or employees of MSWM affiliates by such Overlay Manager or Sub-Manager. These Overlay Managers or Sub-Managers may include an Overlay Manager or Sub-Manager recommended to clients by the Financial Advisor or employees of MSWM affiliates in any of the Consulting Group programs.

**Other Investment Products Available.** Client understands that Overlay Managers or Sub-Managers may offer to the public other investment products such as mutual funds with similar investment styles and holdings as those investment products offered through the Consulting Group programs. Such products may be offered at differing fees and charges that may be higher or lower than the fees imposed by MSWM under a Consulting Group program. Furthermore, Client understands that a separate account Investment Product and a mutual fund Investment Product may utilize the same investment manager and investment strategy, but involve different minimum investment amounts and fees. Fees for a separate account Investment Product may be lower than for a similar mutual fund Investment Product. Even where Client has elected Financial Advisor Discretion, Client's Portfolio may include a mutual fund Investment Product even where a similar but lower cost separate account Investment Product is available, and MSWM will not necessarily change to the separate account Investment Product if Client's assets increase to above the minimum investment amount for the separate account Investment Product. Clients should discuss all investment options with their Financial Advisor or other MSWM affiliated contact.

**Other Business With Certain Firms.** Certain investment management firms (which may include Sub-Managers, including Executing Sub-Managers, as well as the managers of Funds in the Select UMA program) do other business with MSWM or its affiliates.

**Block Trades.** Overlay Manager or Executing Sub-Manager may direct some block trades to MSWM for execution, which blocks may include trades for other clients of MSWM and/or Overlay Manager or Executing Sub-Manager. Although MSWM executes these block trades at no commission, MSWM may obtain a benefit from executing these block trades, as a result of the increased trading volume attributable to these blocks.

## **C. MSWM and Financial Advisors acting as Portfolio Managers**

### **Description of Advisory Services**

If the Select UMA client has elected Financial Advisor Discretion, MSWM, acting primarily through the Discretionary FA, acts as the portfolio manager as described in Item 4.A above. Similarly, if the Select UMA client has elected Firm Discretion, MSWM acts as the portfolio manager as described in Item 4.A above. If the Select UMA client is utilizing GIS in Select UMA as a SMA Investment Product, MSWM (acting through a GIS portfolio manager) acts as the portfolio manager. *See Item 4.A above for a description of the services offered in the program described in this Brochure.*

### **Tailoring Services for Individual Clients**

With the assistance of your Financial Advisor, you may select a particular investment strategy for your account. You may also place reasonable restrictions on the investments in your account (as discussed above in Item 4.A).

Unless you have elected Financial Advisor Discretion, Firm Discretion or GIS in Select UMA, MSWM does not have discretion to select securities or investment Strategies for you in the Select UMA program. Therefore (unless you have elected Financial Advisor Discretion or Firm Discretion), you will select the Sub-Managers and Strategy(ies) for your account with the assistance of your Financial Advisor.

MSWM tailors its advisory services to individual clients in the Select UMA program by advising the clients as to appropriate Sub-Managers or other Investment Products (or in the case of Firm Discretion or Financial Advisor Discretion), selecting appropriate Sub-Managers or other Investment Products. *See Item 4.A above, for more information.*

### **Wrap Fee Programs**

MSWM acts as both the wrap fee program sponsor and (in the case of Financial Advisor Discretion, Firm Discretion or GIS Investment Products) the portfolio manager in the program described in this Brochure. MSWM acts as the portfolio manager in the GIS wrap fee program, as described in more detail in the MSWM Global Investment Solutions ADV Brochure. You may obtain this at [www.morganstanley.com/ADV](http://www.morganstanley.com/ADV) or by asking your Financial Advisor. MSWM receives the entire MSWM Fee and Overlay Manager fee in the program described in this Brochure. As explained in Item 4.A above, the Sub-Manager fees are separate from (and in addition to) the MSWM Fee. MSWM does not retain any portion of the Sub-Manager fees, unless MSWM or an affiliate is the Sub-Manager (as is the case in GIS in Select UMA).

MSWM does not act as portfolio manager in any programs which are not wrap fee programs but are otherwise similar to the program described in this Brochure.

### **Performance-Based Fees**

The Select UMA program does not charge performance-based fees.

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

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 Morgan Stanley Wealth Management Global Investment Committee as a resource but, if so, there is no guarantee that any strategy will in fact mirror or track these recommendations. Investing in securities involves risk of loss that you should be prepared to bear.

If a GIS Investment Product is utilized as a SMA Investment Product, teams of GIS portfolio managers offer the investment strategies, and utilize the methods of analysis, shown on Exhibit C attached hereto, "GIS in Select UMA Methods of Analysis and Investment Strategies". For more information, please see the MSWM Global Investment Solutions ADV Brochure. You may obtain this at [www.morganstanley.com/ADV](http://www.morganstanley.com/ADV) or by asking your Financial Advisor. More detailed information on each strategy is available on request.

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

You have the option to elect who votes proxies for your account. Unless you have expressly retained the right to vote proxies, for SMA Investment Products, you delegate proxy voting authority to the Sub-Managers. Where MSWM is the Sub-Manager for certain GIS in Select UMA Investment Products and for account assets invested in mutual funds and ETFs, you delegate proxy voting authority to a third party proxy voting service provider, Institutional Shareholder Services Inc. ("ISS"), which Morgan Stanley has engaged to vote proxies on your behalf. You may not delegate proxy voting authority to Morgan Stanley or any Morgan Stanley employees and we do not agree to assume any proxy voting authority from you.

If you expressly retain the right to vote proxies, we will forward to you any proxy materials that we receive for securities in your account. Neither Morgan Stanley nor your Financial Advisor will advise you on particular proxy solicitations. If the Sub-Managers or ISS, as applicable, vote proxies for you, you cannot instruct them on how to cast any particular vote.

If you have delegated proxy voting authority to the Sub-Managers or ISS, as applicable, you may obtain, from your Financial Advisor, information as to how proxies were voted for your account during the prior annual period and a Sub-Manager's or ISS's, as applicable, relevant proxy voting policies and procedures (including a copy of their policy guidelines and vote recommendations in effect from time to time). You may change your proxy voting election at any time by contacting your Financial Advisor.

Neither MSWM nor the Sub-Managers will 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**

If the Select UMA client has elected Financial Advisor Discretion, the Financial Advisor acts as the portfolio manager as described above. The Financial Advisor has access to the information you provide at and subsequent to account opening (the "Client Information"), including information regarding your investment objectives, financial information, risk tolerance and any reasonable restrictions you may impose on management of your account. This includes information in the client profile

and investment questionnaire you complete (or your Financial Advisor completes for you) as part of the account opening process.

If a Sub-Manager that is not an Executing Sub-Manager (a "Non-Executing Sub-Manager") is providing a Model Portfolio for your Select UMA account, the Non-Executing Sub-Manager would be acting as a portfolio manager, as described in Item 4.A. above. MSWM is a Non-Executing Sub-Manager, in GIS in Select UMA. In this event, MSWM will, when requested by the Non-Executing Sub-Manager, furnish the Non-Executing Sub-Manager with the Client Information relating to clients whose accounts are managed by the Non-Executing Sub-Manager ("Sub-Manager Clients"). In addition, monthly and when requested by a Non-Executing Sub-Manager, MSWM will provide the Non-Executing Sub-Manager with a report showing some or all of the following information for each Sub-Manager Client: client name; Financial Advisor and account number; dollar amount managed by the Non-Executing Sub-Manager; and whether or not the account is Retirement Account. Most Non-Executing Sub-Managers are equity Sub-Managers.

An Executing Sub-Manager would be acting as a portfolio manager, as described in Item 4.A. above. In this event, MSWM will provide the Client Information to the Executing Sub-Manager at the time the account is opened and when you change to a different asset allocation investment Model. Most Executing Sub-Managers are fixed income Sub-Managers.

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

In the program described in this Brochure, you may contact your Financial Advisor at any time during normal business hours.

MSWM will generally conduct all communication with clients, except that clients may be referred to Sub-Managers for complex and non-routine questions or communications.

MSWM will use reasonable efforts to encourage each Sub-Manager to be reasonably available to you and your Financial Advisor for joint consultation regarding the management of your account and your financial situation and investment objectives.

### **Item 9: Additional Information**

#### **Disciplinary Information**

This section contains information on certain legal and disciplinary events.

In this section, "MSDW" means Morgan Stanley DW Inc., a predecessor broker-dealer of MS&Co. and registered investment adviser that was merged into MS&Co. in April 2007. MS&Co. and Citigroup Global Markets Inc. ("CGM") are predecessor investment adviser and broker-dealer firms of MSWM. "Citi" means Citigroup Inc., a former indirect part owner of MSWM.

- 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 CGM 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.

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 New York Stock Exchange ("NYSE"). Prior to June 28, 2013, MSWM was owned by a joint venture company which was indirectly owned 65% by Morgan Stanley Parent and 35% by Citi. On June 28, 2013, Morgan Stanley Parent purchased Citi's 35% interest in MSWM. Accordingly, MSWM is now a wholly owned indirect subsidiary of Morgan Stanley Parent.

**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. and 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 (except to the extent permitted by a program and the law).
- 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.

*See Item 6.B above for conflicts arising from our affiliation with MS&Co. and its affiliates.*

**Related Investment Advisors and Other Service Providers.** MSWM has related persons that are the investment advisers to mutual funds in various investment advisory programs (including Morgan Stanley Investment Management Inc., Morgan Stanley Investment Management Limited and Consulting Group Advisory Services LLC). If you invest your assets in an affiliated mutual fund, MSWM and its affiliates earn more money than if you invest in an unaffiliated mutual fund. Generally, for 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. serves 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 Distribution Inc. serves as distributor for the open-end investment companies, and has entered into selected dealer agreements with MSWM and affiliates. Morgan Stanley Distribution Inc. also may enter into selected dealer agreements with other dealers. Under many of 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.

## Code of Ethics

The MSWM US Investment Advisory Code of Ethics ("Code") applies to MSWM's 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 Solicitation Activity.

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

*See Item 6.B above, for a description of Conflicts of Interest.*

## **Reviewing Accounts**

At account opening, your Financial Advisor and his or her Branch Manager (or the Branch Manager's designee) confirm that the account and the investment strategy are appropriate investments for you.

Your Financial Advisor is then responsible for reviewing your account on an ongoing basis. If you have elected Select UMA Financial Advisor Discretion, your Financial Advisor may (a) select Sub-Managers or Investment Products for you, (b) change Sub-Managers or Investment Products and (c) (if you have also elected the "custom" version of the Model) define the Model asset allocation and adjust the asset allocation for you.

In the Select UMA program, the Overlay Manager and Consulting Group's operations department conducts various checks on a periodic basis (e.g. identifying and reviewing accounts with a high cash balance, and inactive accounts).

*See Item 4.A above for a discussion of account statements and periodic reviews provided for your account.*

## **Client Referrals and Other Compensation**

*See "Payments from Investment Managers" and "Payments from Mutual Funds" in Item 6.B above.*

MSWM may compensate affiliated and unrelated third parties for client referrals in accordance with Rule 206(4)-3 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**

We are not required to include a balance sheet in this Brochure because we do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

We do not have any financial conditions that are reasonably likely to impair our ability to meet our contractual commitments to clients.

MSWM and its predecessors have not been the subject of a bankruptcy petition during the past 10 years.



## Exhibit A

### Tax Management Terms and Conditions

These Tax Management Terms and Conditions apply only to Select UMA 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 Select UMA® program. Tax Management Services, as described in these Terms and Conditions (“Tax Management Services”), are available for Select UMA accounts. In order to receive Tax Management Services, you must inform your Financial Advisor or Private Wealth Advisor (collectively, “Financial Advisor”) that you desire Tax Management Services and what Maximum Tax and Realized Capital Gain Instructions (see B. Below) you elect for your Select UMA account (the “Account”). These Terms and Conditions will govern the Tax Management Services provided in the Account. Tax Management Services enable you to instruct the overlay manager for the Select UMA program (“Overlay Manager”) 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 in accordance with this form (the “Instructions”) into the Tax Management Services it provides until you or MSWM terminates the Tax Management Services or changes these Instructions by notifying your 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. You 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. Additionally, if you may be subject to foreign taxation, you should consult your tax advisor to determine whether Tax Management Services are appropriate.

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

**You must provide a mandate, or indicate that no mandate is desired, by notifying your 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 no 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. Please note that previously realized capital gains in an account during a current calendar year, in addition to gains in your other related accounts, may impact our ability to manage the account in accordance with your selected tax mandate.

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 your actual 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 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 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 you 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: (a) does not affect management of any separate account sleeve included in your Account and managed by an Executing Sub-Manager; (b) does not consider dividends in your Account or any assets, transactions or other activity outside the Account; and (c) seeks to exclude in tax loss selling any Master Limited Partnerships for which an IRS Schedule K-1 is sent to you, but does not guarantee the accuracy of its identification.
  2. **Changes to Tax Management Instructions.** A future change in your tax status and/or other tax-related developments, including gains or losses outside your Account, may prevent the Tax Management Services from producing the tax-related effects you desire and may make it advisable for you to change the Instructions provided on this Form. You should contact your Financial Advisor to make any changes in the Instructions. Unless MSWM requires written notice of changes in these Instructions, you 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 your Account (other than Master Limited Partnerships for which an IRS Schedule K-1 is sent to you) for which a capital loss could be realized as a result of a sale, under the US Internal Revenue Service “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 your Account. Overlay Manager will seek to identify Wash Rule Eligible Securities, but does not guarantee the accuracy of its identification. If any net capital gains have been realized as of any eligible trading day of the month of any or all of calendar quarter(s) 1, 2, and/or 3, Overlay Manager will, within the remaining eligible trading days of such month and subject to the following sentences, sell Wash Rule Eligible Securities (excluding mutual fund securities), to the extent needed (and available) to realize capital losses offsetting such realized net capital gains. If any unrealized losses are available as of any eligible trading day of the last calendar quarter, Overlay Manager will, within the remaining eligible trading days of the month and subject to the following sentence, sell Wash Rule Eligible Securities (including mutual fund securities), in an effort to realize a net loss of \$3,000. Additionally, 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 and to the extent your Account does not have an inception date more recent than thirty (30) business days of such occurrence, Overlay Manager will sell all Wash Rule Eligible Securities (excluding mutual fund securities). To realize losses as provided in the previous sentences, 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). 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, to the extent then consistent with the selected Investment Portfolio, and invest the proceeds in the Model Security originally sold at a loss. In addition, an Instruction will be applied to sales of ETFs acquired and temporarily held at your direction in connection with client-directed tax loss harvesting. Overlay Manager will not sell ETFs in this situation if the sales result in realized gains that exceed the Instructions provided by you as described in Section B, above.
  5. **Withdrawals, Fee Payments & ETFs.** If sale transactions needed to generate funds for 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.
  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 your 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. You 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. You understand and acknowledge 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 you verbally or in writing so you 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 you 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 Select UMA 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 your 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

You select 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 Select UMA Tax Management Services form previously provided, or tax management instructions previously given, by you for the Account designated, and is effective on the date it is received by Overlay Manager; (iii) Tax Management Services do not constitute tax advice or a complete tax management program; (iv) neither MSWM, Overlay Manager, any Sub-Manager nor any of their respective 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 your sole responsibility; (vi) in providing the Tax Management Services, Overlay Manager will rely on the information provided by you 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 you 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) you understand and accept the Tax Management Services and their associated risks, including without limitation the increased risk of loss associated with any Instructions given by you in Section B of this form and the continued holding of any Non-Model Securities transferred into the

Account by you; (xii) you have concluded that the Tax Management Services are appropriate for your circumstances and (xiii) Overlay Manager or MSWM may amend these Tax Management Terms and Conditions, or terminate Tax Management Services with respect to your Account, by giving written notice to you.

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 Accounts 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 Account'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 to us as of January 31, 2020, 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>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%	0.50%	0.06%	0.71%	0.45%
MS U.S. Government Money Market Trust	0.15%	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.

## Exhibit C

### GIS in Select UMA Investment Strategies and Methods of Analysis

#### 1. Investment Solutions Investment Committee

- **Multi-Manager Alternatives Strategy:** This is an actively managed strategy that invests in mutual funds and ETFs that are generally registered under the Investment Company Act of 1940, as amended, that seek to pursue alternative investment strategies or returns. This Strategy's primary objective is capital appreciation, and it seeks to deliver a long term risk and return profile similar to the strategies employed by a diversified universe of hedge funds.

#### 2. Consulting Group Investment Committee

- Managed Advisory Portfolio Solutions: Opportunistic US Equity Strategy:** This is an actively managed US equity strategy that seeks to outperform the S&P 500 Index. The portfolio primarily invests in mid and large capitalization US equities and exchange-traded funds ("ETFs"). The product includes a core component that is implemented using individual equity securities (30-35 names) and an overlay component that is implemented using ETFs. The core component is expected to have a slight quality-bias relative to the S&P 500 over a market cycle, but will be active from a sector allocation perspective. The ETF overlay allocation will be driven by our proprietary Alpha Driver research process. This process identifies factors, styles and sectors that we expect to outperform the broad market over the next 12 months.
- Managed Advisory Portfolio Solutions: Strategic 10 Dividend Strategy:** This is an actively managed strategy that seeks as its primary investment objective long-term capital appreciation. The portfolios are individually managed using a disciplined approach (the "Discipline") to identify and maintain a select portfolio of stocks from the 30 components of the Dow Jones Industrial Average (the "Index"). The Discipline uses dividend yield as the primary criterion for portfolio selection. Generally, the Discipline invests in the ten highest-yielding stocks in the Index. Individual accounts are invested on a daily basis (as clients select the Strategic 10 Dividend Strategy for their accounts), purchasing the ten highest-yielding stocks in the Index as of the time of the immediately previous re-balance for the Strategy (i.e., on or around the beginning of that calendar year). Accounts are generally restructured and rebalanced annually, on or around the beginning of each calendar year. Generally, the Overlay Manager will allow a full year to elapse before the next rebalancing (to allow for long term capital gain treatment). There may be some circumstances when MSWM will deviate from the Discipline and make adjustments to the portfolios. Applicable law or regulation may prohibit MSWM from purchasing the stock of Morgan Stanley or affiliates, or securities where MSWM affiliates are performing investment banking or other services, for portfolios if such securities were to meet the selection criteria described above. In such event, MSWM may substitute one or more other stocks (for example, the 11th highest-yielding stock in the Index) for the stock(s) that it is unable to purchase, and/or increase the weightings of the remaining stocks that fit the Discipline's selection criteria.
- Managed Advisory Portfolio Solutions: US Model:** This actively managed US equity strategy seeks to outperform the S&P 500 Index. The portfolio primarily invests in large and mid-capitalization US equities. The strategy combines growth and value style investing and is inspired by Morgan Stanley Wealth Management Global Investment Office Model Portfolio Solutions team's research and an overlay of quantitative analysis by Morgan Stanley Wealth Management Global Investment Office strategists. That research and quantitative analysis is leveraged by the Consulting Group Investment Committee to create the portfolio. The strategy looks to identify attractively valued securities with strong long-term fundamentals.
- Managed Advisory Portfolio Solutions: Dividend Equity:** This actively managed US equity strategy seeks to outperform the NASDAQ US Dividend Achievers Select Index. The portfolio primarily invests in large and mid-capitalization US equities with an emphasis on high-quality, dividend-paying stocks have provided investors a higher total return with lower risk than the S&P 500. The strategy is inspired by Morgan Stanley Wealth Management Global Investment Office Model Portfolio Solutions team's research and an overlay of quantitative analysis by Morgan Stanley Wealth Management Global Investment Office strategists. That research and quantitative analysis is leveraged by the Consulting Group Investment Committee to create the portfolio. The strategy looks to identify attractively valued securities with strong long-term fundamentals.
- Managed Advisory Portfolio Solutions: US Long Run Value:** This actively managed US equity strategy seeks to outperform the Russell 1000 Value Index. The portfolio primarily invests in large and mid-capitalization US equities. The strategy invests in underappreciated, out-of-favor companies trading at deeply discounted values and is inspired by Morgan Stanley Wealth Management Global Investment Office Model Portfolio Solutions team's research and an overlay of quantitative analysis by Morgan Stanley Wealth Management Global Investment Office strategists. That research and

quantitative analysis is leveraged by the Consulting Group Investment Committee to create the portfolio. The strategy looks to identify attractively valued securities with strong long-term fundamentals.

- f. *Managed Advisory Portfolio Solutions: US All Cap Growth:*** This actively managed US equity strategy seeks to outperform the Russell 1000 Growth Index. The strategy seeks to invest in large-cap, “stable growth” leaders in their business, with an additional emphasis on smaller, “emerging growth” stocks and is inspired by Morgan Stanley Wealth Management Global Investment Office Model Portfolio Solutions team’s research and an overlay of quantitative analysis by Morgan Stanley Wealth Management Global Investment Office strategists. That research and quantitative analysis is leveraged by the Consulting Group Investment Committee to create the portfolio. The strategy looks to identify attractively valued securities with strong long-term fundamentals.
- g. *Managed Advisory Portfolio Solutions: Global Equity:*** This actively managed global equity strategy seeks to outperform the MSCI All Country World Index. The portfolio primarily invests in large-cap global equities. The strategy invests in US and non-US companies to seek long-term capital appreciation and is inspired by Morgan Stanley Wealth Management Global Investment Office Model Portfolio Solutions team’s research and an overlay of quantitative analysis by Morgan Stanley Wealth Management Global Investment Office strategists. That research and quantitative analysis is leveraged by the Consulting Group Investment Committee to create the portfolio. The strategy looks to identify attractively valued securities with strong long-term fundamentals.
- h. *Managed Advisory Portfolio Solutions: Global Dividend:*** This actively managed global equity strategy seeks to outperform the MSCI All Country World Index. The portfolio primarily invests in large-cap global equities. The strategy invests in US and non-US companies to seek long-term capital appreciation with an above average dividend yield and is inspired by Morgan Stanley Wealth Management Global Investment Office Model Portfolio Solutions team’s research and an overlay of quantitative analysis by Morgan Stanley Wealth Management Global Investment Office strategists. That research and quantitative analysis is leveraged by the Consulting Group Investment Committee to create the portfolio. The strategy looks to identify attractively valued securities with strong long-term fundamentals.
- i. *Managed Advisory Portfolio Solutions: Core Plus Fixed Income (ETFs):*** This actively managed core plus fixed income strategy seeks to outperform the Barclays Aggregate Index. The portfolio primarily invests in fixed income exchange traded funds (ETFs). The strategy looks to provide exposure to US core fixed income markets as well as selective exposures to non-core sectors and is inspired by Morgan Stanley Wealth Management Global Investment Office Model Portfolio Solutions team’s thought leadership. That information is leveraged by the Consulting Group Investment Committee to create the portfolio.
- j. *Managed Advisory Portfolio Solutions: International Core Equity (ETFs):*** This actively managed international core equity strategy seeks to outperform the MSCI All-Country World ex-US Index over a market cycle by investing in a diversified, risk-managed basket of international developed and emerging market equity exchange-traded funds (ETFs). The portfolio leverages insights from the Global Investment Committee’s (GIC) Dynamic Allocation and Tactical Equity Frameworks. Concentrating on a one- to 12-month time horizon, the strategy shifts the portfolios’ equity allocation based on changing fundamental and technical conditions. The strategy adjusts the portfolio’s over- and underweight exposures in line with what the Frameworks perceive as relatively bullish and bearish environments for a series of core exposures and rebalances on an every-two-months basis. That information is leveraged by the Consulting Group Investment Committee to create the portfolio.
- k. *Managed Advisory Portfolio Solutions: Global Core Equity (ETFs):*** This actively managed global core equity strategy seeks to outperform the MSCI All-Country World Index over a market cycle by investing in a diversified, risk-managed basket of global developed and emerging market equity exchange-traded funds (ETFs). The portfolio leverages insights from the Global Investment Committee’s (GIC) Dynamic Allocation and Tactical Equity Frameworks. Concentrating on a one- to 12-month time horizon, the strategy shifts the portfolios’ equity allocation based on changing fundamental and technical conditions. The strategy adjusts the portfolio’s over- and underweight exposures in line with what the Frameworks perceive as relatively bullish and bearish environments for a series of core exposures and rebalances on an every-two-months basis. That information is leveraged by the Consulting Group Investment Committee to create the portfolio.
- l. *Managed Advisory Portfolio Solutions: Impact Solutions Global Equity:*** This actively managed global equity strategy seeks to outperform the MSCI All Country World Index (ACWI), through the selection of companies that are fundamentally well-positioned, exhibit positive environmental and social practices and have revenue exposure to one or more of MS&Co.’s Global Sustainability Themes. In addition, the strategy avoids companies that derive significant revenue from tobacco, weapons and/or gambling related businesses. The strategy is optimized to limit tracking error to the broad global equity MSCI ACWI Index. The strategy is inspired by Morgan Stanley Wealth Management Global Investment Office Investing with Impact team’s thought leadership. That information is leveraged by the Consulting Group Investment Committee to create the portfolio.



- m. Managed Advisory Portfolio Solutions: Impact Solutions US Equity:** This actively managed US equity strategy seeks to outperform the Russell 3000 Index, through the selection of companies that are fundamentally well-positioned, exhibit positive environmental and social practices and have revenue exposure to one or more of MS&Co.'s Global Sustainability Themes. In addition, the strategy avoids companies that derive significant revenue from tobacco, weapons and/or gambling related businesses. The strategy is optimized to limit tracking error to the broad US equity Russell 3000 Index. The strategy is inspired by Morgan Stanley Wealth Management Global Investment Office Investing with Impact team's thought leadership. That information is leveraged by the Consulting Group Investment Committee to create the portfolio.
- n. Managed Advisory Portfolio Solutions: Multi-Asset Dynamic Allocation Portfolios:** These are actively managed portfolios that seek to outperform their blended allocation benchmarks (MSCI All-Country World Index USD-Unhedged, Net / Bloomberg Barclays U.S. Aggregate Index / FTSE U.S. Three-Month T-Bill Index) over a market cycle by investing in diversified, risk-managed baskets of global, multi-asset exchange-traded funds (ETFs). The portfolios leverage insights from the Global Investment Committee's (GIC) Dynamic Allocation Framework. Concentrating on a one- to three-month time horizon, the strategy shifts the portfolios' multi-asset allocations dynamically based on changing economic and market conditions. The strategy adjusts the portfolios' over- and underweight exposures in line with what the Framework perceives as bullish and bearish environments for global equities, fixed income, and alternatives. Portfolios are rebalanced on a monthly basis.
- o. Managed Advisory Portfolio Solutions: US Core Equity (ETFs):** This actively managed US core equity strategy seeks to outperform the Russell 3000 Index over a market cycle by investing in a diversified, risk-managed basket of US equity exchange-traded funds (ETFs). The portfolio leverages insights from the GIC's Dynamic Allocation and Tactical Equity Frameworks. That information is leveraged by the Consulting Group Investment Committee to create the portfolio. Concentrating on a one- to 12-month time horizon, the strategy shifts the portfolios' equity allocation based on changing fundamental and technical conditions. The strategy adjusts the portfolio's over- and underweight exposures in line with what the Frameworks perceive as relatively bullish and bearish environments for a series of core exposures and rebalances on an every-two-months basis.
- p. Managed Advisory Portfolio Solutions: US Sector Allocation (ETFs):** This actively managed US equity strategy seeks to outperform the S&P 500 Index. The strategy gains exposure to US equity markets through exchange-traded funds (ETFs). Those ETFs selected express the sector recommendations of the MS & Co. US Equity Strategy team, headed by Morgan Stanley's Chief Investment Officer and US Equity Strategist. The portfolio strategy is inspired by Morgan Stanley Wealth Management Global Investment Office Model Portfolio Solutions team's thought leadership. That information is leveraged by the Consulting Group Investment Committee to create the portfolio.
- q. Managed Advisory Portfolio Solutions: Short Duration Enhanced Fixed Income:** This actively managed strategy invests in mutual funds and ETFs that are generally registered under the Investment Company Act of 1940, as amended, that seek to pursue fixed income strategies or returns. The strategy's primary objective is income, and it seeks to deliver a long term risk and return profile similar to the strategies employed by a diversified universe of short duration fixed income strategies. The strategy is evaluated relative its blended benchmark 50% U.S. 3-Month T-Bill / 50% Bloomberg Barclays U.S. Government/Credit 1-3 Years.
- r. MAPS Third Party Strategies:** Please see the Manager Profile for each MAPS Third Party Strategy, for a Product Overview and description of the Investment Strategy of each of the MAPS Third Party Strategies. You may obtain the Manager Profiles from your Financial Advisor or by going to [www.morganstanley.com/ADV](http://www.morganstanley.com/ADV) and clicking on "Manager Profiles – Select UMA".
- ab. Managed Advisory Portfolio Solutions: Firm Discretionary Tactical ETF Portfolios:** These are actively managed portfolios that seek to outperform their blended allocation benchmarks (MSCI All-Country World Investible Market Index / Bloomberg Barclays U.S. Aggregate Index / FTSE 3-month T-bill Index) over a market cycle by investing in globally diversified equity and fixed income exchange traded funds (ETFs). The portfolios leverage insights from the Global Investment Committee's (GIC's) equity and fixed income asset allocation advice that are based on client goals. The strategy shifts the portfolios' allocations based on changing economic and market conditions. The strategy adjusts the portfolios' over- and underweight exposures in order to balance the risk and return contributions of the underlying ETFs.
- ac. Managed Advisory Portfolio Solutions: US Mid Cap Equity:** This actively managed US equity strategy seeks to outperform the Russell Mid Cap Index over a market cycle. The strategy seeks to invest primarily in US-based mid-capitalization companies over a long-term horizon. The strategy is inspired by Morgan Stanley Wealth Management Global Investment Office Model Portfolio Solutions team's research and an overlay of quantitative analysis by Morgan Stanley Wealth Management Global Investment Office strategists. That research and quantitative analysis is leveraged by the Consulting

Group Investment Committee to create the portfolio. The strategy looks to identify attractively valued securities with strong long-term fundamentals.