

Part 2A of Form ADV: Firm Brochure

MS Capital Partners Adviser Inc.

as Adviser to

North Haven Expansion Capital LP

North Haven Expansion Equity LP

North Haven Expansion Credit LP

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March 30, 2020

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

The Adviser is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information that may help you determine whether to hire or retain an adviser.

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

Item 2 – Material Changes

We provide this brochure to our clients as well as limited partners of the following pooled investment vehicles that we advise: (i) North Haven Expansion Capital LP; (ii) North Haven Expansion Capital Co-Investment Vehicle LP; (iii) North Haven Expansion Equity LP; (iv) North Haven Expansion Equity Opportunity Fund LP; (v) North Haven Expansion Credit LP; and (vi) North Haven Expansion Credit Opportunity Fund LP (“Limited Partners”).

There have been no material changes since the last annual update of this Brochure, dated March 29, 2019. We will provide clients and Limited Partners with a new Brochure as necessary based on material changes or new information, at any time, without charge upon request.

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

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Item 4 – Advisory Business

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

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

As of December 31, 2019, the Adviser had approximately \$8,333,512,986 of regulatory assets under management, all of which are managed on a discretionary basis.

The Adviser’s primary business is the management of pooled investment vehicles, including the Funds (defined below), whose investment strategy is described below.

MS Expansion Capital GP LP (the “NH Capital General Partner”) and MS Expansion Equity GP LP (the “Expansion Equity General Partner”, collectively the “Expansion Capital General Partners”) each affiliates of the Adviser and each a Delaware limited partnership, are the respective general partners of (i) North Haven Expansion Capital LP (the “NH Capital Fund”) and North Haven Expansion Capital Co-Investment Vehicle LP, a Delaware limited partnership, (“NH Capital Co-Investment Vehicle” together with North Haven Expansion Capital LP, the “NH Capital Funds”) and (ii) North Haven Expansion Equity LP (the “Expansion Equity Fund”) and North Haven Expansion Equity Opportunity Fund LP (“Expansion Opportunity Fund”), a Delaware limited partnership (together with Expansion Equity Fund, the “Expansion Equity Funds”). The “NH Capital Funds” and the “Expansion Equity Funds” shall be referred to herein as the “Expansion Capital Funds” or “Expansion Capital Partnerships.” The terms of the Expansion Capital Partnerships set forth herein are summary descriptions only and are qualified in their entirety by the governing documents of the Expansion Capital Partnerships.

The Expansion Capital Funds’ investment objective is to achieve attractive risk-adjusted returns primarily through the creation of a portfolio of investments in equity-related and similar securities (including debt and other securities with equity-like returns or an equity component) that are acquired primarily in privately negotiated transactions, where the Expansion Capital Funds and their affiliates will have a controlling or significant equity position. The Expansion Capital Funds may also invest in debt or publicly-traded securities and assets or instruments related to the foregoing. The Expansion Capital Funds expect to invest primarily in the United States, Canada and Western Europe and may invest in companies located in other countries when attractive opportunities arise.

MS Expansion Credit GP L.P. (the “Expansion Credit General Partner”), an affiliate of the Adviser is the general partner of North Haven Expansion Credit LP, a Delaware limited partnership (the “Expansion Credit Fund”) and its related funds, including but not limited to North Haven Expansion Credit Opportunity Fund LP (the “Expansion Credit Opportunity Fund”), a Delaware limited partnership (together the “Expansion Credit Funds” or the “Expansion Credit Partnerships”). The terms of the Expansion Credit Partnerships set forth herein are summary descriptions only and are qualified in their entirety by the governing documents of the Expansion Credit Partnerships.

The Expansion Credit Funds' investment objective is to achieve current returns and long-term capital appreciation primarily through the creation of a portfolio of investments in fixed income loan and debt securities in growth companies that are acquired primarily in privately negotiated transactions. The Expansion Credit Funds will invest in a diversified portfolio of growth credit investments primarily in North America, which may include senior secured notes, senior subordinated notes, second lien debt, convertible notes, preferred stock, convertible preferred stock and other similar investments, and common equity and warrants related to such growth credit investments. The Expansion Credit Funds expect to invest primarily in companies located in the United States, Canada and Western Europe and may invest in companies located in other countries when attractive opportunities arise, subject to certain limitations.

The Expansion Capital General Partners and the Expansion Credit General Partner are collectively referred to as the "General Partners".

The Expansion Capital Funds and the Expansion Credit Fund are referred to as the "Funds".

Item 5 – Fees and Compensation

NH Capital Fund and NH Capital Co-Investment Vehicle

- **Management Fees**

The Adviser will generally be entitled to receive an annual management fee (the “NH Capital Management Fee”) from the NH Capital Fund ranging from 1.75% to 2.5% of capital commitments during the investment period and invested capital thereafter. The NH Capital Management Fee will be funded by the limited partners of the NH Capital Funds (the “NH Capital Limited Partners”) and will be payable quarterly in arrears. Upon termination of the management agreement between the Adviser and the NH Capital Fund, the Adviser will generally be required to repay to the NH Capital Fund or to a replacement manager, as directed by the NH Capital General Partner of the NH Capital Fund, the unearned portion (computed on the basis of the number of days elapsed), if any, of the NH Capital Management Fees previously paid to the Adviser. The investment period for the NH Capital Fund ended in 2016 (See also Co-Investments below for additional information on the fees and expenses relating to co-investments).

The Adviser will generally be entitled to receive an annual management fee (the “NH Capital Co-Investment Management Fee”) from the NH Capital Co-Investment Vehicle ranging from 0 to 2.5% of invested capital. (See also “Co-Investments” below for additional information on the fees and expenses relating to co-investments).

The Adviser and its professionals may charge portfolio companies transaction fees, sponsor fees, monitoring fees, advisory fees, directors’ fees, commitment fees, closing fees, amendment fees, break-up fees and other similar fees. An amount equal to 80% of the NH Capital Fund’s allocable portion of all such fees (other than fees received in respect of certain investment banking, advisory and other customary activities and services engaged in by Morgan Stanley in its role as an investment banking and brokerage firm) paid by portfolio companies to the Adviser, the NH Capital General Partner or any of the investment professionals dedicated to the NH Capital Fund (as described in the confidential offering memorandum of the NH Capital Fund), net of any unreimbursed related expenses incurred by the Adviser, the NH Capital General Partner or their affiliates or representatives in connection with the NH Capital Fund’s holding or disposition of a portfolio company or the termination of an unconsummated, will generally be applied to reduce the NH Capital Management Fee or NH Capital Co-Investment Management Fee otherwise payable to the Adviser by the NH Capital Limited Partners.

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

- **Carried Interest**

The NH Capital General Partner will generally be entitled to carried interest with respect to each NH Capital Limited Partner equal to 20% of such NH Capital Limited Partner's profits from each NH Capital Fund investment. Such carried interest is earned on an investment-by-investment basis and is not payable until proceeds are realized from an investment net of fees and expenses. Certain of the employee and other co-investment vehicles, however, are subject to no or a significantly reduced carried interest. (See also Co-Investments below for additional information on the fees and expenses relating to co-investments).

The NH Capital General Partner will not receive carried interest in respect of the NH Capital Co-Investment Vehicle. (See also Co-Investments below for additional information on the fees and expenses relating to co-investments).

Expansion Equity Fund and Expansion Opportunity Fund

- **Management Fees**

The Adviser will generally be entitled to receive an annual management fee (the "Expansion Equity Management Fee") from the Expansion Equity Fund equal to 2.0% of capital commitments during the investment period and invested capital thereafter. The Expansion Equity Management Fee will be funded by the limited partners of the Expansion Equity Fund (the "Expansion Equity Fund Limited Partners") and will be payable quarterly in arrears. Upon termination of the management agreement between the Adviser and the Expansion Equity Fund, the Adviser will generally be required to repay to the Expansion Equity Fund or to a replacement manager, as directed by the Expansion Equity General Partner of the Expansion Equity Fund, the unearned portion (computed on the basis of the number of days elapsed), if any, of the Expansion Equity Management Fees previously paid to the Adviser.

The Adviser will generally be entitled to receive an annual management fee (the "Expansion Opportunity Management Fee") from the Expansion Opportunity Fund equal to 2.0% of invested capital. (See also "Co-Investments" below for additional information on the fees and expenses relating to co-investments).

The Adviser and its professionals may charge portfolio companies transaction fees, sponsor fees, monitoring fees, advisory fees, directors' fees, commitment fees, closing fees, amendment fees, break up fees and other similar fees. An amount equal to 100% of the Expansion Equity Fund's allocable portion of all such fees (other than fees received in respect of certain investment banking, advisory and other customary activities and services engaged in by Morgan Stanley in its role as an investment banking and brokerage firm) paid by portfolio companies to the Adviser, the Expansion Equity General Partner or any of the investment professionals dedicated to the Expansion Equity Fund (as described in the confidential offering memorandum of the Expansion Equity Fund), net of any

unreimbursed related expenses incurred by the Adviser, the Expansion Equity General Partner or their affiliates or representatives in connection with the Expansion Equity Fund's holding or disposition of a portfolio company or the termination of an unconsummated transactions, will generally be applied to reduce the Expansion Equity Management Fee or Expansion Opportunity Management Fee otherwise payable to the Adviser by the Expansion Equity Fund Limited Partners.

Fees may be deducted from the Expansion Equity Fund's assets as and to the extent set forth in the limited partnership agreements of the Expansion Equity Fund (the "Expansion Capital Partnership Agreement").

- **Carried Interest**

The Expansion Equity General Partner will generally be entitled to carried interest with respect to each Expansion Equity Fund Limited Partner equal to 20% of such Expansion Equity Fund Limited Partner's profits from each Expansion Equity Fund investment. Such carried interest is earned on an investment-by-investment basis and is not payable until proceeds are realized from an investment net of fees and expenses. Certain of the employee and other co-investment vehicles, however, are subject to no or a significantly reduced carried interest. (See also Co-Investments below for additional information on the fees and expenses relating to co-investments).

The Expansion Equity General Partner will not receive carried interest in respect of the Expansion Opportunity Fund. (See also Co-Investments below for additional information on the fees and expenses relating to co-investments).

- **Reimbursement of Certain Expenses**

The Expansion Capital Funds may also bear certain out-of-pocket expenses incurred by the Adviser and/or its affiliates in connection with the services provided to such Expansion Capital Funds. The payment of such expenses by the Expansion Capital Funds does not represent a source of profit for the Adviser, but rather is a reimbursement of actual costs initially paid by the Adviser (or its affiliates) and subsequently passed through to the Expansion Capital Funds. The most common expenses include (i) expenses incurred in connection with identifying, evaluating, structuring and negotiating any potential Expansion Capital Funds' investment and the acquisition, management, holding, sale, proposed sale or valuation of any Expansion Capital Funds' investments (including meals, entertainment and travel expenses incurred by Morgan Stanley and its employees in connection with identifying, negotiating, executing or managing consummated Expansion Capital Funds' investments or unconsummated Expansion Capital Funds' investments); and (ii) ordinary administrative expenses, including fees of auditors, attorneys, appraisers and other professionals auditing, accounting, banking and consulting expenses (including expenses paid to the Adviser or to any of its affiliates for services rendered on an arms-length basis in connection with the Expansion Capital Funds' affairs).

- **Placement Agent Fees**

With respect to the Expansion Capital Funds, broker-dealers who are the Adviser's affiliates will as the case may be act as placement agents to assist in the placement of the Expansion Capital Funds' interests. Any placement fee payable by an investor will be in addition to that investor's capital commitment. The amount of any placement fee will be described in the placement agent's point of sale letter. However, the placement agents or distributors may in their sole discretion waive the placement fees payable by an investor, including an investor that is an employee or affiliate of the Expansion Capital General Partners and/or the Adviser.

The confidential offering memoranda for the Expansion Capital Funds include further details on fees and compensation and related matters.

- **Referral Fees**

Affiliates of the Adviser may refer or introduce a counterparty to an Expansion Capital Fund in respect of certain transactions. Such affiliates may receive compensation (e.g., finder's fee) from such Expansion Capital Fund as opposed to the counterparty.

Expansion Credit Fund and Expansion Credit Opportunity Fund

- **Management Fees**

The Adviser will generally be entitled to receive an annual management fee (the "Expansion Credit Management Fee") from the Expansion Credit Fund of 1.5% of capital commitments during the investment period and 1.5% of capital contributions used to fund the capital cost of unrealized portfolio investments thereafter. The Expansion Credit Management Fee will be funded by the limited partners of the Expansion Credit Fund (the "Expansion Credit Limited Partners") and will be payable quarterly in advance. Upon termination of the management agreement between the Adviser and the applicable Expansion Credit Fund, the Adviser will generally be required to repay to such Expansion Credit Fund or to a replacement manager, as directed by the Expansion Credit General Partner of the applicable Expansion Credit Fund, the unearned portion (computed on the basis of the number of days elapsed), if any, of the Expansion Credit Management Fee previously paid to the Adviser. (See also "Co-Investments" below for additional information on the fees and expenses relating to co-investments).

The Adviser will generally be entitled to receive an annual management fee (the "Expansion Credit Opportunity Fund Management Fee") from the Expansion Credit Opportunity Fund of 1.5% of invested capital. The Expansion Credit Opportunity Fund Management Fee will be paid on an as-invested basis. Certain investors may be subject to no or a reduced Expansion Credit Opportunity Fund Management Fee. (See also "Co-Investments" below for additional information on the fees and expenses relating to co-investments).

The Adviser and its professionals may charge portfolio companies commitment and consent fees or other similar fees, provided such fees are treated as amounts received or accrued as consideration for entering into an agreement to make a loan or as interest for U.S. federal income tax purposes. An amount equal to each Expansion Credit Limited Partner's share of 100% of all such fees paid by portfolio companies that are received by the Adviser or any of its employees, net of any unreimbursed expenses incurred by the Adviser or its affiliates in connection with unconsummated transactions, will be applied to reduce the Expansion Credit Management Fee otherwise payable by such Expansion Credit Limited Partner. All such fees will first be allocated among the Expansion Credit Partners and any other investors on the basis of capital committed by each to the relevant investment. Expansion Credit Management Fee reductions will be carried forward, if necessary.

Morgan Stanley will perform investment, brokerage, asset management and other services for, and will receive customary compensation from, portfolio companies and the Expansion Credit Fund. This compensation may include brokerage fees, syndication fees, arrangement fees, asset management fees and financing or commitment fees paid by the Expansion Credit Fund, as well as financial advisory fees or fees in connection with restructurings and mergers and acquisitions, underwriting or placement fees, brokerage fees, asset management fees and financing or commitment fees paid by portfolio companies. This compensation will not reduce the Expansion Credit Management Fee and will not be shared with the Expansion Credit Fund or the Expansion Credit Limited Partners.

- **Carried Interest**

The Expansion Credit General Partner will generally be entitled to carried interest with respect to each Expansion Credit Limited Partner equal to 20% of such Expansion Credit Limited Partner's profits from the disposition of each Expansion Credit Fund's investment, subject to satisfaction of an 8% internal rate of return, compounded annually, for such investment and previously realized investments and related management fees and other expenses. Such carried interest is earned on an investment-by-investment basis and is not payable until proceeds are realized from an investment net of fees and expenses. Certain other co-investment vehicles, however, are subject to no or a significantly reduced carried interest. (See also Co-Investments below for additional information on the fees and expenses relating to co-investments).

The Expansion Credit General Partner will generally be entitled to carried interest with respect to each Expansion Credit Opportunity Fund Limited Partner that participates in the Expansion Credit Opportunity Fund equal to 10% of such Expansion Credit Opportunity Fund Limited Partner's profits from the disposition of each Expansion Credit Opportunity Fund's investment, subject to satisfaction of an 8% internal rate of return, compounded annually, for such investment and previously realized investments and related management fees and other expenses. Such carried interest is earned on an investment-by-investment basis and is not payable until proceeds are realized from an investment net of fees and expenses. (See also "Co-Investments" below for additional information on the fees and expenses relating to co-investments).

- **Reimbursement of Certain Expenses**

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

- **Placement Agent Fees**

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

Certain Limited Partners of the Expansion Credit Fund will be required to make an annual contribution to the Expansion Credit Fund ("Investor Servicing Amount") ranging from 0.50% to 0.75% of such Limited Partner's capital commitment during the investment period and from 0.50% to 0.75% of such Limited Partner's capital contribution after the investment period. The Investor Servicing Amount is expected to be payable on or about the dates such Limited Partner is required to make capital contributions to the Expansion Credit Fund with respect to the Expansion Credit Management Fee. The Investor Servicing Amount will be used to compensate the affiliated placement agent in connection with the sale, distribution, retention and/or ongoing services to Limited Partners in the Expansion Credit Fund.

Certain clients will be subject to the Expansion Credit Opportunity Fund Servicing Amount (the "Expansion Credit Opportunity Fund Servicing Amount") ranging from 0.250% to 0.375% of such client's capital contribution used to fund the capital cost of unrealized portfolio investments of the Expansion Credit Opportunity Fund. The Expansion Credit Opportunity Fund Servicing Amount will be used compensate the affiliated placement agent in connection with the sale, distribution, retention

and/or ongoing services to investors in the Expansion Credit Opportunity Fund.

The confidential offering memoranda for the Expansion Credit Fund include further details on fees and compensation and related matters.

- **Referral Fees**

Affiliates of the Adviser may refer or introduce a counterparty to the Fund in respect of certain transactions. Such affiliates may receive compensation (e.g., finder's fee) from the Fund as opposed to the counterparty.

Expansion Capital Partnerships, Expansion Credit and Expansion Credit Co-Investment Vehicle

- **Co-Investments**

The terms of a co-investment applicable to one co-investor may be different than the terms applicable to another co-investor, including that certain co-investors may be required to pay a carried interest and/or management fees while other co-investors (including affiliates of Morgan Stanley) may not be required to pay such amounts. The Adviser and/or the respective General Partner for a Fund each may or may not charge management fees, one time funding fees, administration fees and/or carried interest in respect of co-investments, subject to the terms of any applicable agreements with investors. In addition, Morgan Stanley may, in certain circumstances, be incentivized to offer certain potential co-investors (including, by way of example, as a part of an overall strategic relationship with Morgan Stanley) priority to co-investment opportunities or to co-invest on more favorable terms than other potential co-investors due to the amount of performance-based compensation or management fees paid by the co-investor receiving the priority allocation or better terms (as well as any additional discounts or rebates avoided by allocating co-investments to such co-investor) or other aspects of such co-investor's relationship with Morgan Stanley. The allocation of any co-investment opportunities may directly or indirectly benefit the Adviser or a General Partner as a result of, among other things, the receipt of any such fees or carried interest, capital commitments to a Fund and capital commitments to other Affiliated Investment Accounts (as hereinafter defined). Co-investors in one or more specific investments will not necessarily be required to share in broken-deal expenses that are paid by the relevant Fund, either with respect to a co-investment opportunity that is not consummated or with respect to other potential investments that may be offered to a particular Fund. The performance of co-investments is not aggregated with that of the Funds, including for purposes of determining a General Partner's carried interest or management fees under the respective partnership agreement. See also "Allocation of Co-Investment Opportunities" in Item 11 below for additional information on the allocation of co-investment opportunities.

- **Disparate Fee Arrangements with Service Providers**

Certain advisors and other service providers to the Funds (including accountants, administrators,

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

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

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

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

Item 7– Types of Clients

The Adviser provides portfolio management services to pooled investment vehicles. These pooled investment vehicles are not subject to regulation under the Investment Company Act of 1940, as amended (the “Investment Company Act”). Generally, Expansion Capital Fund investors must have invested a minimum of \$500,000 and Expansion Credit Fund investors must invest a minimum of \$250,000. Each General Partner reserves the right to waive these requirements in its discretion. In addition, limited partner interests in each Fund (the “Interests”) were only able to be purchased by certain eligible investors who are (i) “accredited investors” as defined in Regulation D of the Securities Act of 1933, as amended, and (ii) “qualified purchasers” for purposes of Section 3(c)(7) of the Investment Company Act or a “knowledgeable employee” or an entity owned exclusively by “knowledgeable employees” as such term is defined in Section 3(c)(5) of the Investment Company Act.

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

Investment Strategies

Expansion Capital Funds

The Expansion Capital Funds' investment objective is to achieve attractive risk-adjusted returns primarily through investing in equity, equity-related and similar securities (including debt or other securities with equity like returns or an equity component) in the information technology, consumer, healthcare and media industries that are acquired in privately negotiated transactions, where the Expansion Capital Funds and their affiliates will have a significant minority equity position. The Expansion Capital Funds may also invest in debt or publicly-traded securities, and assets or instruments related to the foregoing. The Expansion Capital Funds expect to invest globally, with efforts focused primarily on investments in the United States, Canada and Western Europe. From time to time the Adviser may cause the Expansion Capital Funds to invest cash held by such Funds in temporary investments or to employ hedging techniques to reduce the risk of adverse interest rate, currency, credit or security movements on investments.

Expansion Credit Funds

The Expansion Credit Funds' investment objective is to achieve current returns and long-term capital appreciation primarily by investing in a diversified portfolio of growth credit investments primarily in North America, which may include senior secured notes, senior subordinated notes, second lien debt, convertible notes, preferred stock, convertible preferred stock and other similar investments, and common equity and warrants related to such growth credit investments (collectively, "Credit Investments"). The Expansion Credit Funds expect to make investments in companies ("Portfolio Companies") primarily in the information technology, consumer, health care and media industries located in the United States, Canada and Western Europe and may invest in companies located in other countries when attractive opportunities arise subject to certain limitations. Portfolio Companies are expected to be later- or expansion-stage growth companies, but may also be early-stage companies and growth carve-outs.

Methods of Analysis

Preliminary Evaluation

The Funds expect the Morgan Stanley network of resources and the respective management teams of each Fund (each, an "Investment Team") to generate late-stage investment opportunities in technology and other high-growth sectors, such as healthcare, digital media and consumer. Each Fund expects to consummate only a small number of these investments a year. As such, the respective Investment Teams' initial screening process is critical to efficiently allocating resources.

An initial review of each primary investment opportunity will be carried out by one of the senior members of the respective Investment Team to determine whether such opportunity is consistent with the respective

Fund's investment objectives in terms of size geography, governance/control and return potential. If the opportunity fits the respective Fund's investment objectives, the opportunity is staffed with a Managing Principal leading the evaluation of the attractiveness of the opportunity. The deal team will oftentimes utilize the extensive industry expertise resident in Morgan Stanley's Investment Banking, Information Technology and/or Equity Research (subject to applicable regulations, policies and procedures) areas to assist in this preliminary evaluation. Access to these unique resources enables the Investment Teams to quickly and effectively assess each such opportunity and is a competitive advantage for the Funds as it maximizes the time that the Investment Teams spend on compelling opportunities.

If the respective deal team determines that the target investment merits further evaluation, it is discussed at the respective Investment Team's weekly meeting. At this meeting, the Investment Teams will discuss the attractiveness of the opportunity and resources and relationships that can be utilized to give the Funds a meaningful competitive advantage relative to other potential investors.

Active Evaluation

If the Managing Principals determine that an opportunity meets the respective Fund's investment objectives and is attractive, the deal team will begin formal due diligence on the opportunity. The due diligence process is conducted with company management to achieve a comprehensive understanding of the company's competitive positioning, as well as the opportunities and risks associated with the proposed investment. Throughout the due diligence process, the respective deal team keeps the Managing Principals apprised of all developments and key findings and the questions/issues raised by the Managing Principals are addressed by the respective deal team through their continuing due diligence. The respective deal team is assisted in its due diligence by a broad network of experts from both within and outside Morgan Stanley, as appropriate. The respective deal team is responsible for all aspects of the investment process including due diligence, structuring and negotiating, and financing. At each critical stage of the process, the approval of the Managing Principals is required prior to the respective deal team proceeding to the next phase of the investment process.

For each investment opportunity, the respective deal team will generally make multiple presentations to the General Partners' respective investment committee (each, an "Investment Committee"). Issues and questions raised by the respective Investment Committee will be addressed by the respective deal team in subsequent due diligence. Formal Investment Committee approval is required before the execution of definitive agreements with respect to any transaction.

Risk Considerations Associated with Investing - In General

The following is a non-exhaustive description of risks associated with investments generally and/or may apply to one or more types of investment technique.

- **General Economic and Market Risks.** The Funds' investments may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, and national and international political circumstances.

These factors may affect the level and volatility of security prices and liquidity of the Funds' investments. Unexpected volatility or lack of liquidity, such as the general market conditions that have prevailed recently, could impair the Funds' profitability or result in their suffering losses. Economies and financial markets throughout the world are becoming increasingly interconnected, which increases the likelihood that events or conditions in one country or region will adversely impact markets or issuers in other countries or regions.

- **Cyber Security-Related Risks.** The Adviser is susceptible to cyber security risks that include, among other things, theft, unauthorized monitoring, release, misuse, loss, destruction or corruption of confidential and highly restricted data; denial of service attacks; unauthorized access to relevant systems, compromises to networks or devices that the Adviser and its service providers, if applicable, use to service the Funds; or operational disruption or failures in the physical infrastructure or operating systems that support the Adviser or its service providers, if applicable.

Cyber-attacks against, or security breakdowns of, the Adviser or its service providers, if applicable, may adversely impact the Adviser and the Funds potentially resulting in, among other things, financial losses; the Adviser's inability to transact business on behalf of the Funds; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs; and/or additional compliance costs. The Adviser may incur additional costs related to cyber security risk management and remediation. In addition, cyber security risks may also impact portfolio companies in which the Adviser invests on behalf of the Funds, which may cause the Funds' investments in such portfolio companies to lose value. There can be no assurance that the Adviser or its service providers, if applicable, will not suffer losses relating to cyber-attacks or other information security breaches in the future. While the Adviser has established business continuity and risk management systems seeking to address system breaches or failures, there are inherent limitations in such plans and systems.

- **Coronavirus and Public Health Emergencies.** As of the date of this brochure, there is an outbreak of a novel and highly contagious form of coronavirus ("COVID-19"), which the World Health Organization has declared to constitute a "Public Health Emergency of International Concern." The outbreak of COVID-19 has resulted in numerous deaths, adversely impacted global commercial activity and contributed to significant volatility in certain equity, debt, derivatives and commodities markets. The global impact of the outbreak is rapidly evolving, and many countries have reacted by instituting (or strongly encouraging) quarantines, prohibitions on travel, the closure of offices, businesses, schools, retail stores, restaurants, hotels, courts and other public venues, and other restrictive measures designed to help slow the spread of COVID-19. Businesses are also implementing similar precautionary measures. Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, are creating significant disruption in supply chains and economic activity and are having a particularly adverse impact on transportation, hospitality, tourism, entertainment and other industries. Moreover, with the continued spread of COVID-19, governments and businesses are likely to take increasingly aggressive measures to help slow its spread. For this reason, among others, as COVID-19 continues to spread, the potential impacts, including a global, regional or other economic recession, are increasingly uncertain and difficult to assess.

Any public health emergency, including any outbreak of COVID-19, SARS, H1N1/09 flu, avian flu, other coronavirus, Ebola or other existing or new epidemic diseases, or the threat thereof, could have a significant adverse impact on the Funds and could adversely affect the Funds' ability to fulfill their investment objectives.

The extent of the impact of any public health emergency on the Funds' operational and financial performance will depend on many factors, including the duration and scope of such public health emergency, the scope of any related travel advisories and restrictions implemented, the impact of such public health emergency on overall supply and demand, goods and services, investor liquidity, consumer confidence and spending levels, and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. The effects of a public health emergency may materially and adversely impact the value and performance of the Funds, the Funds' ability to source, manage and divest investments and the Funds' ability to achieve their investment objectives, all of which could result in significant losses to the Funds. In addition, the operations of the Funds and the Adviser may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, voluntary and precautionary restrictions on travel or meetings and other factors related to a public health emergency, including its potential adverse impact on the health of the personnel of any such entity or the personnel of any such entity's key service providers.

- **Legal and Regulatory Risks**

Section 619 of the Dodd-Frank Act (commonly referred to as the "Volcker Rule"), along with regulations issued by the Federal Reserve and other U.S. federal financial regulators ("Implementing Regulations") generally prohibit "banking entities" (which term includes bank holding companies and their affiliates) from investing in, sponsoring, or having certain types of relationships with, private equity funds or hedge funds (referred to in the Implementing Regulations as "covered funds"). Banking entities (including Morgan Stanley and its affiliates) were required to bring their activities and investments into conformance with the Volcker Rule by July 21, 2015, subject to certain extensions granted by the U.S. Federal Reserve that allow Morgan Stanley and its affiliates until July 21, 2022 at the latest to bring certain of their covered fund activities and investments into compliance with certain aspects of the Volcker Rule.

The Volcker Rule and the Implementing Regulations impose a number of restrictions on Morgan Stanley and its affiliates that could affect the Adviser, a covered fund offered by the Adviser, the general partner of those funds, and the limited partners of such funds. For example, to sponsor and invest in certain covered funds, Morgan Stanley must comply with the Implementing Regulations' "asset management" exemption to the Volcker Rule's prohibition on sponsoring and investing in covered funds. Under this exemption, the investments made by Morgan Stanley (aggregated with certain affiliate and employee investments in a covered fund must not exceed 3% of the covered fund's outstanding ownership interests and Morgan Stanley's aggregate investment in covered funds does not exceed 3% of Morgan Stanley's Tier I capital. In addition, the Volcker Rule and the Implementing Regulations prohibit Morgan Stanley and its affiliates from entering into certain other transactions (including "covered

transactions” as defined in Section 23A of the U.S. Federal Reserve Act, as amended) with or for the benefit of, covered funds that it sponsors or advises. For example, Morgan Stanley may not provide loans, hedging transactions with extensions of credit or other credit support to covered funds it advises. While we endeavor to minimize the impact on our covered funds and the assets held by them, Morgan Stanley’s interests in determining what actions to take in complying with the Volcker Rule and the Implementing Regulations may conflict with our interests and the interests of the private funds, the general partner and the limited partners of the private funds, all of which may be adversely affected by such actions. The foregoing is not an exhaustive discussion of the potential risks the Volcker Rule poses for the Adviser and Morgan Stanley.

The current regulatory environment in the United States may be impacted by future legislative developments, such as amendments to key provisions of the Dodd-Frank Act. For example, on May 24, 2018, the U.S. Economic Growth, Regulatory Relief and Consumer Protection Act (the “Reform Act”) was signed into law. Among other regulatory changes, the Reform Act amends various sections of the Dodd-Frank Act, including by modifying the Volcker Rule to exempt depository institutions that do not have, and are not controlled by a company that has, more than \$10 billion in total consolidated assets and significant trading assets and liabilities. In addition, with regard to the so-called sponsored funds or “asset management” exemption of the Volcker Rule, the Reform Act modifies the prohibition on covered funds sharing the same name or a variation of the same name as a banking entity that is its investment advisor (*provided*, that the investment advisor is not itself an insured depository institution, a company that controls an insured depository institution, or a company that is treated as a bank holding company for purposes of the U.S. International Banking Act of 1978, and the investment advisor does not share the same name or a variation of the same name as such an entity). In July 2019, U.S. federal regulatory agencies adopted amendments to the Volcker Rule Implementing Regulations to implement the Volcker Rule amendments included in the Reform Act. Also in 2019, such U.S. federal regulatory agencies adopted certain targeted amendments to the Volcker Rule regulations to simplify and tailor certain compliance requirements relating to the Volcker Rule. In January 2020, U.S. federal regulatory agencies proposed additional revisions to the Volcker Rule’s current restrictions on banking entities sponsoring and investing in certain covered hedge funds and private equity funds, including by proposing new exemptions allowing banking entities to sponsor and invest without limit in credit funds, venture capital funds, customer facilitation funds and family wealth management vehicles. The proposal would also loosen certain other restrictions on extraterritorial fund activities and direct parallel or co-investments made alongside covered funds. If adopted, the proposal would expand the ability of banking entities to invest in and sponsor private funds. However, the proposed revisions have not yet been adopted and are subject to change. The ultimate consequences of the Reform Act and such regulatory developments on the Funds and their activities remain uncertain, and it remains unclear whether any other legislative or regulatory proposals will be enacted or adopted.

Risks Arising from “Brexit” and Risks Associated with the European Union

The United Kingdom (UK) left the European Union (EU) on January 31, 2020 (“Brexit”). Under the terms of the withdrawal agreement concluded between the UK and the

EU, a transition (or standstill) period will run until December 31, 2020, during which time the UK continues to benefit from and be bound by many EU laws. Although it is possible that this transition period could be extended, such an extension currently seems unlikely.

The terms of the UK's future relationship with the EU are uncertain and will depend on how the UK and the EU re-negotiate their relationship during the remainder of 2020. Given this uncertainty, it is difficult to predict how the UK's withdrawal from the EU will be implemented and what the economic, tax, fiscal, legal, regulatory and other implications will be for the asset management industry, the broader European and global financial markets generally and for private funds such as the Funds and their investments.

At the end of the transition period, there is a risk that the EU and the UK will not enter into a long-term free trade agreement. Even if they do, the terms of any such agreement may cause trade in goods and services between the UK and the EU to be severely disrupted. If no agreement is reached, the cross-border trade in goods between the UK and EU member states would depend on any multilateral trade agreements to which both the EU and the UK are parties (such as those administered by the World Trade Organisation) and the provision of services by UK firms would be restricted to those that could be provided by firms established in any third country, and could even be more restricted. If an agreement is reached, its scope may be limited and may only partially alleviate these issues. In any event, it is likely that the UK will leave the customs union and the single market and that its access to EU markets will be more restricted than it is now, perhaps significantly so.

While some EU directives contemplate access to EU markets by firms established in countries deemed to have equivalent standards, even if UK domestic law continues to be equivalent to EU law (which is not guaranteed), there is no certainty that the EU will facilitate equivalence decisions in a timely fashion, despite mutual commitments to make equivalence assessments by the end of June 2020. It is therefore expected that there will be disruption, at least initially, in all areas in which there is currently harmonizing EU legislation, because the current legal framework will cease to apply to the UK with nothing to replace it unless and until the UK negotiates alternative arrangements with the EU and/or with individual member states.

The future application of EU-based legislation to the private fund industry in the UK will depend on the agreed future relationship and the actions of the UK government. Any re-negotiated terms or amended laws and regulations may have an adverse impact on the Funds and their investments, including the ability of the Funds to achieve their investment objectives. Brexit may result in significant market dislocation, heightened counterparty risk, an adverse effect on the management of market risk and increased legal, regulatory or compliance burden for Limited Partners, the Adviser and/or the Funds, each of which may have a negative impact on the operations, financial condition, returns or prospects of each Fund.

Brexit may have an adverse effect on the tax treatment of the Funds and their investments, in particular where reliance might have been placed on a UK entity's status as being in an EU member state for the purposes of determining eligibility for benefits under a double tax treaty. There may also be an adverse effect on the tax treatment of the Funds and their investments following the end of the transition period. In particular, depending on the agreed future application of EU law to the UK, EU directives preventing withholding taxes being imposed on

intra-group dividends, interest and royalties may no longer apply to payments made into and out of the UK, meaning that instead the UK's double tax treaty network would need to be relied upon. Further, there may be changes to the operation of VAT.

While the most immediate impacts on corporate transactions will likely be related to changes in market conditions, the development of new regulatory regimes and parallel competition law enforcement may have an adverse impact on transactions, particularly those occurring in, or impacted by conditions in, the UK and elsewhere in Europe.

Risk of Loss -- Certain Risks Related to Investment Strategy

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

The following list of risk factors does not purport to be a complete list or explanation of the risks involved in an investment in the Funds. The risks summarized below are described in greater detail in the confidential offering memoranda for the Funds. In addition, there are other risks (in addition to risks related to our investment strategy) associated with investing in the Funds, which are described in the confidential offering memorandum. You may also request an updated explanation of risk factors by contacting Morgan Stanley Investment Management Investor Services as described above.

- potential loss of invested capital;
- reliance on expertise of Morgan Stanley investment professionals;
- highly competitive markets and prevailing regulatory or political climates;
- illiquidity of investments;
- little or no current return on investments prior to their disposition;
- significant degree of financial and/or business risk;
- lack of diversification;
- volatility of the global fixed income and equity markets;
- lack of protection by financial covenants in debt investments;
- leverage at the portfolio company level;
- adverse political developments and regulation in foreign countries;

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- potential inability to protect the value of minority equity investments;
 - reliance on portfolio company management;
 - exposure to portfolio company and related party claims;
 - potential liabilities related to portfolio company restructurings;
 - use of hedging techniques;
 - changes in general economic conditions and global economic and political events;
 - limitations on transfers and withdrawals;
 - risks arising from provision of managerial assistance;
 - catastrophic events, epidemics and other force majeure events; and
 - burdensome regulation by one or more governmental entities in specific industries.

The General Partners and the Adviser also may face conflicts of interest in connection with managing the Funds. See Item 10 – Other Financial and Industry Activities.

Item 9 – Disciplinary Information

The Adviser has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Introduction

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

Broker-Dealer Registration

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

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

The Adviser, the Funds, their respective portfolio companies and their respective affiliates may use the commodity pool operator, commodity trading advisor and futures commission merchant registrations or exemptions of one or more of the following related persons: Morgan Stanley Asia Singapore Pte., Morgan Stanley India Infrastructure GP LP, Morgan Stanley Infrastructure GP LP, Morgan Stanley Infrastructure II GP LP, Morgan Stanley Infrastructure III GP L.P., Morgan Stanley Infrastructure III Investors GP SARL, Morgan Stanley Infrastructure Inc., Morgan Stanley Private Equity Asia III, L.L.C., Morgan Stanley Private Equity Asia IV, L.L.C., Morgan Stanley Private Equity Asia V GP ONT, L.P., Morgan Stanley Private Equity Asia, L.L.C., Morgan Stanley Real Estate Special Situations III-GP LLC, MS Capital Partners Adviser Inc., MS Capital Partners V GP L.P., MS Capital Partners V LP, MS Capital Partners VI GP LP, MS Capital Partners VII GP LP, MS Credit Partners II GP L.P., MS Credit Partners III GP L.P., MS Credit Partners III S.a.r.l., MS Energy Partners GP LP, MS Expansion Capital GP LP, MS Tactical Value Fund GP LP, MS Thai Private Equity GP LLC, MSREF Real Estate Advisor Inc., MSREF V International-GP, L.L.C., MSREF V, L.L.C., MSREF VI International-GP, L.L.C., MSREF VII Global-GP, L.P., MSREF VII Hedging GP Ltd., MSREF VIII Global-F, L.P., MSREF VIII Global-GP, L.P., MSREI IX Global GP L.P., NH Senior Loan Fund GP Ltd., Prime Property Fund Asia GP Pte. Limited, Prime Property Fund Europe GP S.a.r.l., SSF Hedging III GP, Ltd, Morgan Stanley Private Equity Asia Inc., Morgan Stanley AIP GP LP, Morgan Stanley Alternative Investment Partners LP, and Morgan Stanley Investment Management Inc.

Other Material Relationships with Affiliated Entities

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

To the extent permitted by applicable law, the Adviser, each Fund or their Portfolio Companies may use the securities, futures execution, underwriting or other services offered by Morgan Stanley & Co. LLC or other affiliates. Please see Item 12 for more information about the Adviser's practices concerning using a Morgan Stanley affiliate as a broker.

- Other Advisory Affiliates

The Adviser is part of a group of investment advisers within the Morgan Stanley Investment Management business, including Morgan Stanley Investment Management Inc., Morgan Stanley Investment Management Limited, Morgan Stanley Investment Management (Japan) Co., Ltd., Morgan Stanley AIP GP LP, Morgan Stanley Asset Management Private Limited, Morgan Stanley Real Estate Advisor, Inc., Morgan Stanley Infrastructure, Inc., Morgan Stanley Private Equity Asia, Inc., MSREF V, L.L.C., MSREF Real Estate Advisor, Inc., MSRESS III Manager, L.L.C., and Mesa West Capital, LLC.

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

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

- Affiliates Acting as Fundraising Broker-Dealers

Broker-dealers that are affiliates of Morgan Stanley may have acted as placement agents (the "Placement Agents") to assist in the placement of Interests to certain Limited Partners (such Limited Partners, the "Solicited Partners"). The potential for the Placement Agents to receive compensation in connection with a Solicited Partner's investment in a Fund may have presented a potential conflict of interest in recommending that such Solicited Partner purchase Interests.

The prospect of receiving, or the receipt of, additional compensation by the Placement Agents may provide such Placement Agents and their salespersons with an incentive to favor sales of Interests and interests in funds whose affiliates make similar compensation available over sales of interests in funds (or other fund investments) with respect to which the Placement Agent does not

receive additional compensation, or receives lower levels of additional compensation. Morgan Stanley employees involved in the marketing and placement of the Interests are not acting as tax, financial, legal or accounting advisors to potential investors in connection with the offering of the Interests.

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

- Affiliates Acting as Investment Bankers

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

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

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

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

Morgan Stanley may also be engaged to act as financial advisor to financially troubled companies in which the Funds hold an investment. Morgan Stanley's compensation for such activities is generally based upon the successful completion of a restructuring which may include raising funds

for the purchase, exchange or restructuring of existing securities or loans or for an equity infusion. In such case, certain conflicts of interest would be inherent in the situation including those involved in valuing the company.

- Other Limited Partnership Investment Vehicles or Funds

- General; Carried Interests

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

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

- Morgan Stanley Investments and Affiliated Investment Accounts

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

Morgan Stanley related persons (including Morgan Stanley's trading and principal investing businesses) will have no obligation to offer to a Fund investment opportunities that are excluded

from any otherwise existing contractual obligation. In such situations, a Morgan Stanley related person may pursue and make the investment for its own account. When deciding how to allocate such opportunities, Morgan Stanley will exercise its discretion and may consider its own financial interests or the interests of other clients or affiliates of Morgan Stanley ahead of those of the Funds.

In some cases, Morgan Stanley or an Affiliated Investment Account may invite one or more of the Funds to co-invest with it, or a Fund's general partner may invite Morgan Stanley or an Affiliated Investment Account to co-invest with one or more of Funds, in either the same or different tiers of a Portfolio company's capital structure or in an affiliate of such Portfolio Company. To the extent the relevant Fund holds investments in the same Portfolio Company or in an affiliate thereof that are different (including with respect to their relative seniority) than those held by Morgan Stanley or an Affiliated Investment Account, the Adviser and Morgan Stanley may be presented with decisions when the interests of the two co-investors are in conflict. See also "Allocation of Co-Investment Opportunities" in Item 11 below for additional information on the allocation of co-investment opportunities.

- Other Morgan Stanley Investment Management Activities

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

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

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

may diminish the alignment of interest between Morgan Stanley and a particular private investment fund's investors.

- Management Persons

Officers and employees supporting the Adviser may also serve as directors of certain Portfolio Companies and, in that capacity, will be required to make decisions that they consider to be in the best interest of the Portfolio Company, which in certain circumstances may not be in the best interests of any of the Funds. Companies in which one or more members of an Investment Teams or other employees of Morgan Stanley are involved may also engage in transactions that would be suitable for the Funds, but in which the Funds might be unable to invest. Accordingly, in these situations, there may be conflicts of interests between such person's duties as an officer or employee of the Adviser and such person's duties as a director of the Portfolio Company.

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

Conflict Identification and Mitigation

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

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

Code of Ethics

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

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

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

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

Personal Trading and Investments

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

Participation or Interest in Client Transactions

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

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

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

Allocation of Investment Opportunities

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

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

Allocation of Co-Investment Opportunities

One or both General Partners may offer co-investment opportunities with respect to none, some or all of a Fund’s investments. In the event that a General Partner offers co-investment opportunities, such opportunities will be offered pursuant to the terms of the applicable partnership agreement. Certain of the investors may have priority rights (but not obligations) to participate in co-investment opportunities, subject to the terms and conditions of the applicable partnership agreement, subscription agreement, side letter agreement or other agreement setting forth such priority rights. After the allocation of co-investment opportunities to such investors with priority rights to co-investment opportunities (if any), a General Partner may allocate the remainder (if any) of co-investment opportunities among interested parties in its sole discretion including for example, on the basis of the size of investor commitments to a Fund and other Affiliated Investment Accounts as well as a broad range of other considerations, including,

commercial considerations for the applicable portfolio investment, a Limited Partner's stated desire to participate in co-investments, the General Partner's determination of the appropriateness of offering a co-investment opportunity, an investor's ability to execute such offer and the approval of transaction counterparties. There can be no assurances with respect to the amount of any co-investment opportunity that will be made available to a Limited Partner in connection with a Fund, and there is no guarantee, prediction or projection of the availability to a Limited Partner of future co-investment opportunities.

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

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

Item 12 – Brokerage Practices

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

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

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

Item 13 – Review of Accounts

Each General Partner's Investment Committee reviews and approves all significant investment decisions. The members of each General Partner's Investment Committee are identified in the Supplements to the Adviser's Brochure in Form ADV Part 2B.

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

Item 14 – Client Referrals

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

Item 15 – Custody

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

Item 16 – Investment Discretion

As the manager of each Fund, the Adviser will have discretion to recommend to the respective General Partner, without consent of each Fund's investors, the particular securities to be bought and sold, the broker or dealer (including a Morgan Stanley affiliate) to be used (if any) and the commission rates to be paid by such Fund in cases where a broker or dealer is used. The Adviser will provide investment advice to each Fund, subject to certain investment limitations regarding diversification and type of permitted investments as set forth in the applicable Partnership Agreement. When executing transactions on behalf of a Fund through a broker, dealer or underwriter, the Adviser's objective will be to obtain the most favorable commission and the best price available on each transaction in light of the quality of execution provided. Consequently, brokers, dealers and underwriters are selected primarily on the basis of their execution, capability and trading expertise.

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

Item 17 – Voting Client Securities

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

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

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

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

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

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

Item 18 – Financial Information

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