

Form ADV, Part 2A Brochure

MORGAN STANLEY INVESTMENT MANAGEMENT COMPANY

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March 30, 2020

This Brochure provides information about the qualifications and business practices of Morgan Stanley Investment Management Company (the “Adviser”, MSIM Co, or “we”). If you have any questions about the contents of this Brochure, please contact us at (212)537-2352. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

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

ITEM 2 MATERIAL CHANGES

The following material changes have been made to this Brochure since it was last updated on March 6, 2019:

- Item 5 has been updated to reflect the fees associated with the India Equity and Emerging Market Corporate Debt strategies.
- Item 8 has been updated to reflect the addition of Emerging Market Corporate Debt strategy offered by MSIM Co to clients. Item 8 has also been further updated to include disclosures around the risks associated with fixed income securities and lending activities

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APPENDIX A: PRIVACY NOTICE

ITEM 4 ADVISORY BUSINESS

MSIM and its advisory affiliates represent the investment management division of Morgan Stanley, a publicly held company (“Morgan Stanley”). We are a wholly owned subsidiary of Morgan Stanley, a corporation whose shares are publicly held and traded on the New York Stock Exchange under the symbol “MS”. Morgan Stanley is a leading global financial services firm providing investment banking, securities, wealth management and investment management services. With offices in more than 41 countries, the Firm’s employees serve clients worldwide including corporations, governments, institutions, and individuals.

Overview

For more than 40 years Morgan Stanley Investment Management (MSIM) has provided client-centric investment and risk-management solutions to a wide range of investors and institutions. Our clients include corporations, pension plans, intermediaries, sovereign wealth funds, central banks, endowments and foundations, governments and consultant partners worldwide. Investment strategies span the risk/return spectrum across geographies, investment styles and asset classes, including equity, fixed income, alternatives and private markets. More than 20 investment teams are organized by capability: Solutions & Multi-Asset, Real Assets, Active Fundamental Equity, Private Credit & Equity, Global Fixed Income and Global Liquidity.

MSIM offers its clients personalized attention, the intelligence and creativity of some of the brightest professionals in the industry, and access to the global resources of Morgan Stanley.

The extensive range of MSIM’s services and products reflects our continuous effort to provide products that help meet the needs of investors worldwide. When considering our clients’ unique investment profiles, we apply a holistic approach, with a goal of incorporating the different factors affecting investors’ investment decisions. Our investment teams have the ability to customize solutions for clients, creating tailored approaches in the context of a full-service platform.

MSIM is dedicated to providing superior client service to investors worldwide. In addition to responding to client inquiries and providing timely portfolio analytics and commentary, we share knowledge with clients by organizing proprietary conferences and webcasts, and distributing a wide array of publications and thought leadership papers that highlight our firm’s intellectual capital. We aim to empower our clients to make more informed investment decisions. The longevity of many of our client relationships testifies to our commitment to superior investment service and the productive partnerships we have cultivated throughout our history.

Morgan Stanley Investment Management Company (“MSIM Co”), established in 1990, is the local presence of the investment management division of Morgan Stanley Group in Singapore. MSIM Co was registered with the Securities and Exchange Commission (“SEC”) under the Investment Advisers Act of 1940 (the “Advisers Act”) in 2003.

MSIM Co is a client-centric organization dedicated to providing investment and risk-management solutions to investors worldwide. We specialize in managing assets in equity products for a range of clients, including:

- pension funds;
- governments;
- mutual Funds and other pooled vehicles;
- central banks; and
- corporations

As of December 31, 2019 MSIM Co. managed, \$14,626,949,935 on a discretionary basis and managed \$216,024,043 on a non-discretionary basis totaling \$14,842,973,978 of assets under management.

ITEM 5 FEES AND COMPENSATION

Management Fees

MSIM Co.'s fees may vary from the applicable schedule listed below due to the particular circumstances of the client or as otherwise negotiated with particular clients. MSIM Co may provide investment advisory or research services to clients for negotiated fixed fees based on the value of the services rendered and may, from time to time, receive a performance based fee, except in those jurisdictions that do not allow fees based on performance. MSIM Co may also negotiate per-transaction fees with clients which are expressed as a percentage of the value of each account transaction. Holdings in a client's account may include real estate investment trusts ("REITS"), investment companies (including exchange traded funds or "ETFs") and other pooled vehicles for which a separate management fee is charged, including investment companies and other pooled vehicles advised by MSIM Co or a related person.

Fees are generally billed quarterly in arrears based on current or quarter-average market values. Although certain accounts are billed quarterly in advance, the timing of fee payments and method of calculation for particular clients may vary in accordance with client preferences. Typically, MSIM Co.'s services are terminable by either party upon written notification in accordance with the applicable contractual notice provision. Upon termination the fees described above (including performance fees, if any) generally will be prorated.

The fees below are only the advisory fees charged by MSIM Co and do not reflect custodial or other fees that may be applicable to your account.

Item 12, "Brokerage Practices", further describes the factors that MSIM Co considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation.

Note that most of our investment advisory accounts are delegated to MSIM Co from an affiliated adviser.

Asset Allocation

MSIM Co also provides asset allocation advice for fees that are negotiated and vary depending on a client's particular circumstances. In connection with this service, MSIM Co advises clients on a discretionary and non-discretionary basis as to the appropriate allocation of their assets among equity securities listed and/or traded in various Asian jurisdictions. As a diversified global financial services firm that engages in a broad spectrum of activities including financial advisory services, asset management activities, sponsoring and managing private investment funds, engaging in broker-dealer transactions and other activities, you should be aware that there will be occasions when Morgan Stanley may encounter potential conflicts of interest in connection with its investment management services. Clients receiving asset allocation services should refer to their advisory agreement for more information regarding their specific arrangement.

We generally do not charge advisory fees on separately managed client assets that are invested in the Morgan Stanley Funds in addition to the advisory fees that we charge to such Morgan Stanley Funds. Generally, fees billed to a separately managed client under the client's investment management contract will be reduced by the amount of any investment advisory fees (but not other fund level fees) that we receive from the Morgan Stanley Funds as a result of the client's investment in the Morgan Stanley Funds. Alternatively, in certain instances and/or in connection with investments in certain portfolios, assets invested in such portfolios will be excluded from the total assets for purposes of calculating the separate account fee. In those instances, clients will pay the advisory fee payable by the applicable Morgan Stanley Fund portfolio, which may be higher than the fee generally payable under the investment management contract. In certain instances, we include the value of closed-end funds we manage, for purposes of determining the investment management fee payable to us. Clients receiving asset allocation services should refer to their advisory agreement for more information regarding their specific arrangement.

Fee Schedules

Investment Team	Strategy	Attribute	Fee Schedule
Emerging Markets	Asia Pacific Ex Japan Equity	Minimum Initial Investment	USD \$50M
		Management Fee	0.800% on the first \$50 M of assets under management
			0.700% in excess of \$50 M of assets under management
	China A Equity	Minimum Initial Investment	USD \$50M
			Management Fee
	Emerging Markets Leaders	Minimum Initial Investment	USD \$100M
			Management Fee
	International Equity	Global Franchise	Minimum Initial Investment
			Management Fee
			0.750% on the next \$25 M of assets under management
			0.700% on the next \$50 M of assets under management
			0.650% in excess of \$100 M of assets under management
			Fee Schedule available for mandates over \$200M
Global Listed Real Assets		Asian Real Estate Securities	Minimum Initial Investment
			Management Fee
			0.500% in excess of \$100 M of assets under management
		Global Real Estate Securities	Minimum Initial Investment
			Management Fee

			0.500% on the next \$300 M of assets under management
			0.400% in excess of \$400 M of assets under management
Investment Team	Strategy	Attribute (Fees And Expenses)	Fee Schedule
Emerging Markets Debt	Emerging Markets Corporate Debt	Minimum Initial Investment	USD \$50M
		Management Fee	0.600% on the first \$50 M of assets under management
			0.550% on the next \$50 M of assets under management
			0.500% in excess of \$100 M of assets under management
	Emerging Markets Fixed Income Opportunities	Minimum Initial Investment	USD \$50M
		Management Fee	0.550% on the first \$50 M of assets under management
			0.500% on the next \$50 M of assets under management
			0.450% in excess of \$100 M of assets under management
Global Fixed Income	Global Credit	Minimum Initial Investment	USD \$50M
		Management Fee	0.300% on the first \$50 M of assets under management
			0.300% on the next \$50 M of assets under management
			0.250% in excess of \$100 M of assets under management
	Global High Yield	Minimum Initial Investment	USD \$50M
		Management Fee	0.500% on the first \$50 M of assets under management
			0.450% on the next \$50 M of assets under management
			0.400% in excess of \$100 M of assets under management
U.S. Taxable Fixed Income	U.S. Mortgage	Minimum Initial Investment	USD \$50M
		Management Fee	0.150% on the first \$50 M of assets under management
			0.150% on the next \$50 M of assets under management
			0.100% in excess of \$100 M of assets under management
	U.S. Investment Grade Corporate	Minimum Initial Investment	USD \$50M
		Management Fee	0.300% on the first \$50 M of assets under management
			0.250% on the next \$50 M of assets under management
			0.200% in excess of \$100 M of assets under

			management
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Expenses Charged to Clients/Fee Discounts

Depending upon the terms of particular arrangements with clients, we may select or recommend that certain service providers to clients (including accountants, administrators, lenders, bankers, brokers, agents, attorneys, consultants, and investment or commercial banking firms) and/or their affiliates perform services for clients (the cost of which generally will be borne by the advisory client.) These service providers, in some cases, also provide goods or services to or have business, personal, political, financial or other relationships with us or our affiliates. Such service providers may be investors in a fund, our affiliates, sources of investment opportunities or co-investors. These other services and relationships have the potential to influence us in deciding whether to select or recommend such a service provider to perform services for clients. Notwithstanding the foregoing, when making investment transactions on behalf of clients that require the use of a broker-dealer, we select broker-dealers for the execution of transactions in accordance with our duty to seek “best execution” (i.e., the most favorable overall price and execution) as detailed in “Best Execution and Brokerage Selection Factors” section of Item 12 “Brokerage Practices”. In certain circumstances, service providers, or their affiliates, charge different rates or have different arrangements for services provided to Morgan Stanley, us or our affiliates as compared to services provided to the clients, which may result in more favorable rates or arrangements for Morgan Stanley or our affiliates than those payable by our clients. From time to time, we will be required to decide whether and to what extent costs and expenses are borne by a client, us, allocated among more than one client, or allocated among one or more clients and us. When expenses apply to more than one client, we will exercise our reasonable judgment when making allocation determinations.

The fees and expenses borne by clients and investors will generally reduce returns.

ITEM 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

In some cases, we have entered into performance fee arrangements with qualified clients. Such fees are subject to individualized negotiation with each such client.

Because portfolio managers often manage assets for other investment companies, pooled investment vehicles and/or other accounts (including accounts of institutional clients and pension plans), with different fee schedules, the portfolio manager has an incentive to favor higher paying clients or accounts where we receive a performance-based fee over other accounts. In addition, a conflict could exist to the extent that we have proprietary investments in certain accounts, where portfolio managers have personal investments in certain accounts or when certain accounts are investment options in our employee benefits and/or deferred compensation plans. Although this doesn’t impact individual compensation, in such instances, the portfolio manager has an incentive to favor these accounts over others. A portfolio manager may also be faced with a conflict of interest when allocating investment opportunities, given the possibility of greater fees from accounts that pay performance-based fees as opposed to accounts that do not pay performance-based fees. If we manage accounts that engage in short sales of securities of the type in which the account invests, we could be seen as harming the performance of the account for the benefit of the accounts engaging in short sales if the short sales cause the market value of the securities to fall.

For additional information on allocation issues and our practices, please refer to Item 12 “Brokerage Practices.”

To address these types of conflicts, we have adopted policies and procedures pursuant to which allocation decisions may not be influenced by fee arrangements and investment opportunities will be allocated in a manner that we believe to be consistent with our obligations as an investment adviser. To further manage these types of conflicts, we have implemented Side-by-Side Management guidelines, which are designed to set out specific requirements regarding the side-by-side management of traditional investment portfolios (e.g., long-only portfolios) and alternative investment portfolios (e.g., hedge fund portfolios) in order to manage potential conflicts of interest, including without limitation, those associated with any differences in fee structures, investments in the alternative investment portfolios by MSIM or its employees and trading-related conflicts (including conflicts of interest that may also be raised when MSIM investment teams take conflicting (i.e., opposite direction) positions in the same or related securities for different accounts.) In addition, we have established a Side-by-Side Management Subcommittee to help ensure that such conflicts are reviewed and managed appropriately. The Side-by-Side Management Subcommittee meets on a regular basis and is comprised of representatives from business areas and control functions. The responsibilities and duties of the Side-by-Side Management Subcommittee include, among other things, establishing and reviewing appropriate reporting to monitor and review investment and related activities in Side-by-Side management situations for the relevant business areas.

ITEM 7 TYPES OF CLIENTS

The Adviser provides advice to the following types of clients:

- Pension Funds;
- Governments;
- Mutual Funds and other pooled vehicles;
- Central Banks; and
- Corporations

ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

We engage in the following significant Equity Investment Strategies:

Global Emerging Markets

The Emerging Markets Leaders Strategy seeks to invest in companies operating in emerging and frontier markets which feature superior business fundamentals including quality management, the potential to become leading or global brands, the ability to deliver sustainable or improving Returns on Equity (ROEs) and increasing returns on invested capital.

The Global Emerging Markets Equity Strategy is a core strategy with a growth bias that seeks attractive long-term, risk-adjusted returns by investing in emerging market equities. To achieve its objective, the strategy combines top-down country allocation with bottom up stock selection and disciplined risk management. This strategy exists on a global basis as well as within regional and country specific emerging markets.

The China A Equity Strategy is a concentrated strategy focusing on seeking stocks with long-term secular growth and tactical positions in stocks with highly attractive valuation, healthy financials and strong cash flow with positive dynamics. To achieve its objective, the strategy combines top-down macro analysis with bottom-up stock selection and disciplined risk management.

Global Listed Real Assets

The Global Real Estate Securities Strategy seeks attractive long-term, risk-adjusted returns by investing in publicly traded real estate securities that offer exposure to the direct real estate markets at the best value relative to underlying asset values and growth prospects, primarily in developed countries worldwide. The investment team utilizes proprietary research to drive a long-term, value-oriented, bottom-up driven investment process and also incorporates top-down analyses. This strategy is available on a global, international and regional basis (e.g., U.S., North America, Europe, Asia).

Global Multi Asset

The Global Balanced Risk Control (GBaR) Strategy follows a top-down global asset allocation approach, investing in equities, fixed income, commodity-linked investments and cash, within a clearly-defined, risk-controlled framework. It aims to provide capital growth over time, while actively managing total portfolio risk, which is defined in terms of volatility or value-at-risk (VaR).

We engage in the following significant Fixed Income Investment Strategies:

Emerging Markets

Macro analysis: The team begins with a top-down macro analysis of the global environment, and examines the impact of various geopolitical, economic and business trends (including global economic growth, business and inflation cycles, and commodities prices) on a universe of 70 or more emerging market countries. The output of the team's macro analysis is an overall risk assessment and risk target for the overall portfolio.

Country analysis: The team's objective is to identify countries that exhibit signs of positive rates of fundamental change using frameworks that meld economic, political and social assessments. In analyzing economic factors, it distinguishes between policies (such as fiscal, monetary and exchange rate regimes), and objectives (for example GDP growth, inflation, external accounts and debt serviceability). The team focuses on the governments' ability to formulate and implement policies and on the economy's responsiveness to them. It also emphasizes socio-political factors including political risks, leadership, election calendars, regime changes and social stability.

Security selection: The team screens a universe of sovereign, quasi-sovereign and corporate fixed income securities in each country for the most attractive opportunities. The EM Corporate Debt Strategy selects securities based on yield, targeted duration, security, covenants and other considerations.

The Emerging Markets Corporate Debt Strategy is a value-oriented fixed income strategy that seeks to maximize total return from income and price appreciation by primarily investing across the credit spectrum in the debt securities of emerging market corporate issuers. Investments are mostly denominated in U.S. currency, and include non-U.S. and/or local currencies. To achieve its objective, the team follows a disciplined investment process that combines top-down country allocation with bottom-up credit analysis to identify undervalued emerging market corporate debt securities. All investment recommendations undergo peer review, and final decisions with respect to portfolio construction and market-risk exposure are made on a team basis.

The Equity Investment Strategies are subject to the following risks considerations:

Equity Securities. In general, prices of equity securities are more volatile than those of fixed income securities. The prices of equity securities will rise and fall in response to a number of different factors, including events that affect particular issuers as well as events that affect entire financial markets or industries. To the extent that a portfolio invests in convertible securities, and the convertible security's investment value is greater than its conversion value, its price will be likely to increase when interest rates fall and decrease when interest rates rise. If the conversion value exceeds the investment value, the price of the convertible security will tend to fluctuate directly with the price of the underlying equity security.

Foreign and Emerging Market Securities. Investments in foreign markets entail special risks such as currency, political, economic and market risks. There also may be greater market volatility, less reliable financial information, higher transaction and custody costs, decreased market liquidity and less government and exchange regulation associated with investments in foreign markets. The risks of investing in emerging market countries are greater than risks associated with investments in foreign developed countries. In addition, a portfolio's investments may be denominated in foreign currencies and therefore, changes in the value of a country's currency compared to the U.S. dollar may affect the value of a portfolio's investments.

Derivatives Risk. A derivative instrument often has risks similar to its underlying instrument and may have additional risks, including imperfect correlation between the value of the derivative and the underlying instrument, risks of default by the other party to certain transactions, magnification of losses incurred due to changes in the market value of the securities, instruments, indices or interest rates to which they relate and risks that the transactions may not be liquid. Certain derivative transactions may give rise to a form of

leverage. Leverage magnifies the potential for gain and the risk of loss. Derivative instruments include, but are not limited to futures, swaps, options and structured investments. In addition, derivatives entered into by an account can be volatile and involve various types and degrees of risk, depending upon the characteristics of a particular derivative and the portfolio of the account. If an account invests in derivatives at an inopportune time or incorrectly judges market conditions, the investments may lower the return of the account or result in a loss. An account also could experience losses if derivatives are poorly correlated with their other investments, or if the account is unable to liquidate the position because of an illiquid secondary market.

Short Sales. In a short sale transaction, an account sells a borrowed security in anticipation of a decline in the market value of that security. If the adviser incorrectly predicts that the price of a borrowed security will decline, an account may lose money. Losses from short sales differ from losses that could be incurred from a purchase of a security, because losses from short sales may be unlimited, whereas losses from purchases can equal only the total amount invested.

REITs, REOCs and Foreign Real Estate Companies. Investing in REITs, REOCs and foreign real estate companies exposes investors to the risks of owning real estate directly, as well as to risks that relate specifically to the way in which REITs, REOCs and foreign real estate companies are organized and operated. In addition, investments in REITs and similar non-U.S. entities may involve duplication of management fees and certain other expenses. REITs are also subject to certain provisions under federal tax law and the failure of a company to qualify as a REIT could have adverse consequences for a portfolio. In addition, foreign real estate companies may be subject to the laws, rules and regulations governing those entities and their failure to comply with those laws, rules and regulations could negatively impact the performance of those entities.

Risk Considerations Associated with Fixed Income Securities in the Global Balanced Risk Control Strategy. The prices of fixed income securities respond to economic developments, particularly interest rate changes, changes in the general level of spreads between U.S. Treasury and non-Treasury securities, and changes in the actual or perceived creditworthiness of the issuer of the fixed income security. Securities with longer durations are likely to be more sensitive to changes in interest rates, generally making them more volatile than securities with shorter durations. The historically low interest rate environment increases the risk associated with rising rates, including the potential for periods of volatility. There may be a heightened level of risk, especially since the Federal Reserve Board has ended its quantitative easing and raised rates.

All fixed income securities are subject to two types of risk: credit risk and interest rate risk. Credit risk refers to the possibility that the issuer of a security will be unable to make interest payments and/or repay the principal on its debt. When the general level of interest rates goes up, the prices of most fixed-income securities go down. When the general level of interest rates goes down, the prices of most fixed-income securities go up. Because the account is not limited as to the maturities of the fixed-income securities in which it may invest, a rise in the general level of interest rates may cause the price of the account's portfolio securities to fall substantially. In addition, a portion of the account's securities may be rated below investment grade, commonly known as "junk bonds," and may have speculative risk characteristics.

Risk Considerations

All investing and trading activities risk the loss of capital. Although we will attempt to moderate these risks, no assurance can be given that the investment activities of an account or fund we advise will achieve the investment objectives of such account or fund or avoid losses. Direct and indirect investing in securities involves risk of loss that you should be prepared to bear.

Set forth below are some of the material risk factors that are often associated with the types of investment strategies and techniques and types of securities relevant to many of our clients. The information included in this Brochure does not include every potential risk associated with an investment strategy, technique or type of security applicable to a particular client account. Clients are urged to ask questions regarding risks applicable to a particular strategy or investment product, read all product-specific risk disclosures and consult with their own legal, tax and financial advisors to determine whether a particular investment strategy or type of security is suitable for their account in light of their specific circumstances, investment objectives and financial situation.

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 type of security or investment technique.

General Economic and Market Risks. The success of an account's activities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, pandemics, epidemics (e.g. COVID-19), changes in laws, and national and international political circumstances. These factors may affect the level and volatility of security prices and liquidity of the account's investments. Unexpected volatility or lack of liquidity, such as the general market conditions that have prevailed recently, could impair the account's profitability or result in its 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.

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 portfolios we manage and could adversely affect our ability to fulfill the investment objectives of the investment vehicles we manage.

The extent of the impact of any public health emergency on a Fund's and its investments', 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 Fund's ability to source, manage and divest investments and a Fund's ability to achieve its investment objectives, all of which could result in significant losses to a Fund. In addition, the operations of a Fund, its portfolio companies portfolio entities, 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.

- **Volatility Risks.** The prices of commodities contracts and all derivatives, including futures and options, can be highly volatile. Accounts that trade in commodities contracts and derivatives are subject to the risk that trading activity in such securities may be dramatically reduced or cease at any time, whether due to general market turmoil, problems experienced by a single issuer or a market sector or other factors. If trading in particular securities or classes of securities is impaired, it may be difficult for an account to properly value any of its assets represented by such securities.

- **Inadequate Return Risk.** No assurance can be given that the returns will be commensurate with the risk of your investment. You should not commit money to an account unless you have the resources to sustain the loss of your entire investment. Any losses are borne solely by you and not by us or our affiliates.

- **Inside Information Risk.** From time to time, we may come into possession of material, non-public information concerning an entity in which an account has invested, or proposes to invest. Possession of that information may limit our ability to buy or sell securities of the entity on your behalf.

- **Principal Investment Activities.** Morgan Stanley generally invests directly in private equity and real estate private equity through other divisions. As a consequence, other than co- investments made by certain accounts alongside those private equity or private equity real estate fund managers into whose funds an investment team has invested on a primary basis, not every direct private equity or private equity real estate investment that meets an account's investment objectives may be made available to our accounts.

Cyber Security-Related Risks.

We are 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 we and our

service providers, if applicable, use to service our client accounts; or operational disruption or failures in the physical infrastructure or operating systems that support us or our service providers, if applicable. Cyber-attacks against, or security breakdowns, of us or our service providers, if applicable, may adversely impact us and our clients, potentially resulting in, among other things, financial losses; our inability to transact business on behalf of our clients; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs; and/or additional compliance costs. We may incur additional costs related to cyber security risk management and remediation. In addition, cyber security risks may also impact issuers of securities in which we invest on behalf of our clients, which may cause our clients' investment in such issuers to lose value. There can be no assurance that we or our service providers, if applicable, will not suffer losses relating to cyber-attacks or other information security breaches in the future. While we have established business continuity plans and risk management systems seeking to address system breaches or failures, there are inherent limitations in such plans and systems.

Legal and Regulatory Risks.

The regulation of the U.S. and non-U.S. securities and futures markets has undergone substantial change over the past decade and such change may continue. In particular, in light of market turmoil there have been numerous proposals, including bills that have been introduced in the U.S. Congress, for substantial revisions to the regulation of financial institutions generally. In addition, regulatory change in the past few years has significantly altered the regulation of commodity interests and comprehensively regulated the OTC derivatives markets for the first time in the United States. Further, the practice of short selling has been the subject of numerous temporary restrictions, and similar restrictions may be promulgated at any time. Such restrictions may adversely affect the returns of accounts and Underlying Investment Funds that utilize short selling. The effect of such regulatory change on the accounts and/or the Underlying Investment Funds, while impossible to predict, could be substantial and adverse.

- 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 us, a covered fund offered by us, 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, 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 must not exceed 3% of Morgan Stanley's Tier 1 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 us.

- Departure of the United Kingdom (UK) from the European Union (EU). On 31 January 2020, the UK left the European Union. Under the terms of the Withdrawal Agreement between the UK and the EU, a transition period will apply until 31 December 2020, unless extended by mutual agreement, under which the UK will continue to be subject to EU laws and regulations and will continue to have access to the EU single market. The UK and EU intend to put in place a trade agreement before the end of the transition period to regulate the future relationship and flows of goods and services between them. There is no guarantee and an agreement will be reached by this date or at all. If no agreement is reached and there is no extension of the transition period, the UK would exit the transition period with no formalized trading terms with the EU. This would lead to a "hard" exit under which the UK would trade with the EU on World Trade Organization terms.
- Accounts and pooled investment vehicles advised by MSIM, as well as the Underlying Investment Funds, may make investments in the UK (before and after the end of the transition period), other EU member states and in non-EU countries that are directly or indirectly affected by the exit of the UK from the EU and the end of the transition period. Adverse legal, regulatory or economic conditions affecting the economies of the countries in which an MSIM client conducts its business (including making investments) and any corresponding deterioration in global macro- economic conditions could have a material adverse effect on the MSIM client's prospects and/or returns. Potential consequences to which an MSIM client may be exposed, directly or indirectly, as a result of the UK leaving the EU include, but are not limited to, reduced access to EU markets, market dislocations, economic and financial instability in the UK and other EU member states, increased volatility and reduced liquidity in financial markets, reduced availability of capital, an adverse effect on investor and market sentiment, Sterling and Euro destabilization, reduced deal flow in the MSIM client's target markets, increased counterparty risk and regulatory, legal and compliance uncertainties. Any of the foregoing or similar risks could have a material adverse effect on the operations, financial condition, returns, or prospects of the MSIM client, MSIM and/or sub-advisers, if any, in general.

The effects on the UK, European and global economies of the exit of the UK (and/or other EU member states during the term of the MSIM client) from the EU, or the exit of other EU member states from the European monetary area and/or the redenomination of financial instruments from the Euro to a different currency, are impossible to predict and to protect fully against.

Risk Considerations Associated with Particular Markets, Investment Techniques and Strategies.

The following provides information on risks associated with certain types of investment techniques that may be used by accounts and pooled investment vehicles we advise. Although risks have been grouped into categories based on type of technique, it is possible that risks within a particular category will apply to techniques in other categories. Additional information is available upon request. Investors in pooled investment vehicles and funds-of-funds should review the prospectuses, offering memoranda and constituent documents for additional information relating to the risk associated with investments in those pooled investment vehicles and funds-of-funds, respectively.

Hedging Strategy Risks. Certain client accounts and pooled investment vehicles may choose, but are not required, to engage in transactions designed to reduce the risk or to protect the value of their investments, including securities and currency hedging transactions. These hedging strategies could involve a variety of derivative transactions, including transactions in forward, swap and option contracts or other financial instruments with similar characteristics, including, without limitation, forward foreign currency exchange contracts, currency and interest rate swaps, options and short sales (collectively “Hedging Instruments”). Certain risks associated with Hedging Instruments are further detailed under “Derivatives Risks”. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of those positions decline, but establishes other positions designed to gain from those same developments, thus offsetting the decline in the portfolio positions’ value. While these transactions may reduce the risks associated with an investment by the account, the transactions themselves entail risks that are different from those of the investments of the accounts. The risks posed by these transactions include, but are not limited to, interest rate risk, market risk, the risk that these complex instruments and techniques will not be successfully evaluated, monitored or priced, the risk that counterparties will default on their obligations, liquidity risk and leverage risk. Changes in liquidity may result in significant, rapid and unpredictable changes in the prices for derivatives. Thus, while the accounts may benefit from the use of Hedging Instruments, unanticipated changes in interest rates, securities prices or currency exchange rates may result in a poorer overall performance for the accounts than if they had not used such Hedging Instruments.

Special Situations Investment Risks. Certain of the companies in whose securities an account may invest may be involved in (or are the target of) acquisition attempts or tender offers, in transition, out of favor, financially leveraged or troubled, or potentially troubled, and may be or have recently been involved in major strategic actions, restructurings, bankruptcy, reorganization or liquidation. These characteristics of these companies can cause their securities to be particularly risky, although they also may offer the potential for high returns. Additionally, these types of transactions may present the risk that the transaction will be unsuccessful, will take considerable time or will result in a distribution of cash or a new security, the value of which will be less than the purchase price. These companies’ securities may be considered speculative, and the ability of the companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or

specific developments within the companies. An investment by an account in any instrument is subject to no minimum credit standard and a significant portion of the obligations and preferred stock in which an account may invest may be less than investment grade (commonly referred to as junk bonds), which may result in greater risks experienced by the account, as applicable, than it would if investing in higher rated instruments.

Model Risk. Some strategies may include the use of various proprietary quantitative or investment models. There may be deficiencies in the design or operation of these models, including as a result of shortcomings or failures of processes, people or systems. Investments selected using models may perform differently than expected as a result of the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models (including, for example, data problems and/or software issues). Moreover, the effectiveness of a model may diminish over time, including as a result of changes in the market and/or changes in the behavior of other market participants. A model's return mapping is based on historical data regarding particular asset classes. Certain strategies can be dynamic and unpredictable, and a model used to estimate asset allocation may not yield an accurate estimate of the then current allocation. Operation of a model may result in negative performance, including returns that deviate materially from historical performance, both actual and pro-forma. Additionally, commonality of holdings across quantitative money managers may amplify losses. There is no guarantee that the use of these models will result in effective investment decisions for clients.

- **Lending Portfolio Securities.** An MSIM client may lend its securities to brokers, dealers and other financial institutions needing to borrow securities to complete certain transactions. The MSIM client continues to be entitled to payments in amounts equal to the interest, dividends or other distributions payable in respect of the loaned securities, which affords the MSIM client an opportunity to earn interest on the amount of the loan and on the loaned securities' collateral. In connection with any such transaction, the MSIM client will receive collateral consisting of cash, U.S. Government securities or irrevocable letters of credit that will be maintained at all times in an amount equal to at least 100% of the current market value of the loaned securities. The MSIM client might experience loss if the institution with which the MSIM client has engaged in a portfolio loan transaction breaches its agreement with the MSIM client.
- **Leverage.** A pooled investment vehicle may borrow money (and/or establish a line of credit) to provide for opportunistic asset allocation, facilitate payments on withdrawal and to remain fully invested in anticipation of future contributions. Additionally, a pooled investment vehicle may enter into various derivatives (such as options, futures and swaps) that have implicit or internal leverage in that the notional value of the derivative instrument is much larger than the cash needed to establish and maintain the derivative instrument. Although leverage will increase the pooled investment vehicle's investment return if the investment purchased with borrowed funds earns a greater return than the interest expense the pooled investment vehicle pays for the use of those funds, the use of leverage will decrease the return on the pooled investment vehicle if the pooled investment vehicle fails to earn as much on its investment purchased with borrowed funds as it pays for the use of those funds. The use of leverage will in this way magnify the volatility of changes in the value of an investment in the pooled investment vehicle, especially in times of a "credit crunch" or during general market turmoil.

- **Line of Credit.** Some pooled investment vehicles advised by MSIM may obtain a line of credit for bridge purposes to facilitate their investment activities. Should the pooled investment vehicle obtain such a line of credit, it may be required to pledge all of its assets as collateral and may also be required to pay commitment fees and non-use fees, even if such line of credit is never used. The risks associated with such a line of credit include interest expense risk, and, in the unlikely event that the value of the collateral pledged to secure such a line of credit were to decline significantly, the pooled investment vehicle could be forced to liquidate its assets to satisfy its repayment obligations under such line of credit.
- **Asset allocation strategies, including Global Balanced Risk Control.** Asset allocation strategies provide the Investment Manager with wide discretion to allocate between different asset classes. From time to time, asset allocation accounts may have significant exposure to a single or limited number of fixed income or equity asset classes. Accordingly, the relative relevance of the risks associated with equity securities, debt securities and derivatives will fluctuate over time.
- **Risk Considerations Associated with Security Types.** The following provides information on risks associated with certain types of securities that may be invested in by accounts and pooled investment vehicles that we advise. Although risks have been grouped into categories based on type of security, it is possible risks within a particular category will apply to securities in other categories. Additional information is available upon request. Investors in pooled investment vehicles and funds-of-funds should review the prospectuses, offering memoranda and constituent documents for additional information relating to the risk associated with investments in those pooled investment vehicles and funds-of-funds, respectively.
- **ETF Risk.** Shares of ETFs have many of the same risks as direct investments in common stocks or bonds and their market value is expected to rise and fall as the value of the underlying securities or index rises and falls. As a shareholder in an ETF, a portfolio would bear its ratable share of that entity's expenses while continuing to pay its own investment management fees and other expenses. As a result, the account or the fund and its shareholders will, in effect, be absorbing duplicate levels of fees.
- **Money Market Instruments.** Money market investments may include commercial paper, corporate debt obligations, funding agreements, debt obligations (including certificates of deposit and promissory notes) of U.S. banks or foreign banks, or U.S. branches of foreign banks, or foreign branches of U.S. banks (such as Yankee obligations), certificates of deposit of savings banks and savings and loan organizations, variable rate master demand notes (including tax- exempt variable rate demand notes), other affiliated and nonaffiliated money market funds, asset- backed securities and repurchase agreements.

In addition, to more efficiently invest short-term cash balances held by a pooled investment vehicle or account, such vehicle or account may invest such balances on an overnight "sweep" basis in shares of one or more money market funds or other short-term vehicles. It is anticipated that the investment adviser to these money market funds or other short-term vehicles may be affiliated with MSIM (each an "MS Fund" and collectively the "MS Funds"). In such case, the affiliated investment adviser will receive asset-based fees in respect of the pooled investment vehicle's or account's investment (which will reduce the net return realized by such vehicle or account) in the MS Fund(s). The pooled investment vehicle or account which invests in MS Fund(s), as well as other shareholders, will also bear a proportionate share of the other expenses of such MS Fund(s).

MSIM and/or any of its affiliates may receive fees directly from the MS Funds for the advisory and administrative services provided thereto as set forth in the prospectuses of the MS Funds. Where utilized, MSIM nonetheless believes these sweep investments will be in the best interests of the pooled investment vehicle or account and will be made on fair and reasonable terms.

- **High Yield Securities/ Lower Rated Fixed Income Securities (“Junk Bonds”) Risks.** An account’s investments in high yield securities expose it to a substantial degree of credit risk. High yield securities may be issued by companies that are restructuring, are smaller and less creditworthy or are more highly indebted than other companies, and therefore they may have more difficulty making scheduled payments of principal and interest. High yield securities may experience reduced liquidity, and sudden and substantial decreases in price. The prices of these securities are likely to be more sensitive to adverse economic changes, resulting in increased volatility of market prices of these securities during periods of economic uncertainty, or adverse individual corporate developments, than higher rated securities. In addition, during an economic downturn or substantial period of rising interest rates, junk bond issuers and, in particular, highly leveraged issuers may experience financial stress.
- **Unrated Fixed Income Securities.** Unrated securities (which are not rated by a rating agency) may be less liquid than comparable, rated securities and involve the risk that purchasers may not accurately evaluate the security’s comparative credit rating. To the extent that a pooled investment vehicle or investor’s account invests in unrated securities, success in achieving the investment objective of such vehicle or account may depend more heavily on the investment manager’s analysis of the creditworthiness of the issuer than if the vehicle or account invested exclusively in rated securities.
- **Privately Placed and Restricted Securities Risks.** An account’s investments may also include privately placed securities, which are subject to resale restrictions. It is likely that such securities will not be listed on a stock exchange or traded in the OTC market. These securities will have the effect of increasing the level of an account’s illiquidity to the extent the account may be unable to sell or transfer these securities due to restrictions on transfers or on the ability to find buyers interested in purchasing the securities. The illiquidity of the market, as well as the lack of publicly available information regarding these securities, may also adversely affect the ability to arrive at a fair value for certain securities at certain times and could make it difficult for the account to sell certain securities (or to sell such securities at the prices at which they are currently held). Furthermore, companies whose securities are not publicly traded may not be subject to the disclosure and other investor protection requirements that might be applicable if their securities were publicly traded and/or listed on a stock exchange. An account may be obligated to pay all or part of the legal and/or other fees incurred in negotiating the purchase and or sale of a private placement security. When registration is required to sell a security, an account may be obligated to pay all or part of the registration expenses, and a considerable period may elapse between the decision to sell and the time the account may be permitted to sell a security under an effective registration statement. If adverse market conditions developed during this period, an account might obtain a less favorable price than the price that prevailed when the account decided to sell.

- **Foreign Money Market Securities Risks.** Investing in money market securities of foreign issuers involves some additional risks, including higher cost of investing and the possibility of adverse political, economic or other developments affecting the issuers of these securities.

- **Exchange-Listed Equities via Stock Connect Program.** The Shanghai-Hong Kong Stock Connect program and the Shenzhen-Hong Kong Stock Connect programs ("Stock Connect") allows non-Chinese investors without a license (such as accounts or pooled investment vehicles) to purchase certain listed equities via brokers in Hong Kong. Purchases of securities through Stock Connect are subject to daily market-wide quota limitations and an investor cannot purchase and sell the same security on the same trading day. These limitations may prevent an investor from purchasing Stock Connect securities when it is otherwise advantageous to do so. Stock Connect is affected by trading holidays in either China or Hong Kong, and there are trading days in China when Stock Connect investors will not be able to trade. As a result, prices of securities purchased through Stock Connect may fluctuate at times when an investor is unable to add to or exit its position. Only certain China A-shares are eligible to be accessed through Stock Connect. Such securities may lose their eligibility at any time, in which case they could be sold but could no longer be purchased through Stock Connect. The trading, settlement and IT systems required to operate Stock Connect are relatively new and continuing to evolve. In the event that the relevant systems do not function properly, trading through Stock Connect could be disrupted.

- **Stock Connect is subject to regulation by both Hong Kong and China.** There can be no assurance that further regulations will not affect the availability of securities in the program, the frequency of redemptions or other limitations. Stock Connect transactions are not covered by investor protection programs of either the Hong Kong or Shanghai and Shenzhen Stock Exchanges, although any default by a Hong Kong broker should be subject to established Hong Kong law. In China, Stock Connect securities are held on behalf of ultimate investors by the Hong Kong Securities Clearing Company Limited ("HKSCC") as nominee. Although Chinese regulators have affirmed that the ultimate investors hold a beneficial interest in Stock Connect securities, the law surrounding such rights is in its early stages and the mechanisms that beneficial owners may use to enforce their rights are untested and therefore pose uncertain risks. Courts in China have limited experience in applying the concept of beneficial ownership and the law surrounding beneficial ownership will continue to evolve as they do so. There is a risk that an investor's ability to enforce its ownership rights may be negatively impacted. Chinese law may require aggregation of Stock Connect securities held by clients of the Adviser for purposes of disclosing positions held to the market, acquiescing to trading halts that may be imposed until regulatory filings are completed or complying with China's short term trading rules.

Stock Connect trades are either subject to certain pre-trade requirements or must be placed in special segregated accounts that allow brokers to comply with these pre-trade requirements by

confirming that the selling shareholder has sufficient Stock Connect securities to complete the sale. If an investor does not utilize a special segregated account, it will not be able to sell the shares on any trading day where it fails to comply with the pre-trade checks. In addition, these pre-trade requirements may, as a practical matter, limit the number of brokers an investor may use to execute trades. Stock Connect trades are settled in Renminbi (RMB), the Chinese currency, and investors must have timely access to a reliable supply of RMB in Hong Kong, which cannot be guaranteed.

ITEM 9 DISCIPLINARY INFORMATION

The Adviser has no information applicable to this Item.

ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

MSIM Co.'s ultimate parent company is Morgan, a corporation whose shares are publicly held and traded on the New York Stock Exchange under the symbol "MS". Morgan Stanley is a financial holding company under the Bank Holding Company Act of 1956, as amended. As a result, we are part of a large global financial services and banking group and you may have relationships with our affiliates beyond your relationship with us. These relationships can cause conflicts of interest.

Broker-Dealer Affiliates:

MSIM Co is affiliated with Morgan Stanley & Co. LLC ("MS&Co."), Morgan Stanley Smith Barney LLC ("MSSB"), Morgan Stanley Distribution Inc., and Prime Dealer Services Corp., each a registered broker dealer under the Securities Exchange Act of 1934, as amended ("34 Act"). MSIM Co is also affiliated with foreign broker-dealers and financial services companies, including Morgan Stanley & Co. International PLC, Morgan Stanley MUFG Securities Co., Ltd., Morgan Stanley India Company Private Ltd., and Block Interest Discovery System (BIDS), (hereinafter, together with affiliated broker dealers registered under the 34 Act, collectively referred to as "Affiliated Broker Dealers").

When permitted by applicable law and subject to the considerations set forth in Item 12, "Brokerage Practices", below, MSIM Co utilizes Affiliated Broker-Dealers to effect portfolio securities, currency exchange, futures and other transactions for MSIM Ltd's managed accounts. The "Participation or Interest in Client Transactions" subsection in Item 11, "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading" describes in greater detail the manner in which the MSIM Co utilizes Affiliated Broker-Dealers to effect client transactions and conflicts of interest that can arise.

Morgan Stanley Investment Management Inc. ("MSIM") is the parent company of Morgan Stanley Distribution Inc., a registered broker-dealer under the Securities Exchange Act of 1934 (the "Act").

Morgan Stanley Distribution, Inc. serves as distributor, placement agent and/or underwriter for certain registered and unregistered investment companies for which MSIM Co acts as investment adviser.

Investment Adviser Affiliates:

MSIM Co is part of a group of investment advisers within the Morgan Stanley Investment Management business, including: (1) Mesa West Capital, LLC; (2) Morgan Stanley Investment Management Inc.; (3) Morgan

Stanley Investment Management Limited; (4) Morgan Stanley AIP GP LP; (5) Morgan Stanley Infrastructure, Inc.; (6) Morgan Stanley Private Equity Asia, Inc.; (7) MS Capital Partners Adviser, Inc.; (8) Morgan Stanley Real Estate Advisor, Inc.; (9) MSREF Real Estate Advisor, Inc.; (10) MSREF V, LLC and (11) MSRESS III Manager, LLC (together, “Affiliated Advisers”).

MSIM Co is also affiliated with Morgan Stanley Investment Management (Japan) Co., Ltd., Morgan Stanley Investment Management Private Limited, Morgan Stanley Investment Management (Australia) Pty Limited and Morgan Stanley Asia Limited, which are investment advisers not required to be registered under the Act. MSIM Co may delegate certain contractual responsibilities to its affiliated investment advisers under advisory contracts for equity clients and may act as a sub-adviser to such affiliated investment advisers in respect of their clients. MSIM Co may also provide asset allocation advisory services to such affiliated investment advisers.

From time to time and with prior client consent MSIM Co delegates some or all of its responsibilities, duties and authority under an investment management agreement to one or more of its Affiliated Advisers to the extent permitted by applicable law. MSIM Co.’s Affiliated Advisers, in certain instances, likewise delegate some or all of their responsibilities, duties and authority to MSIM Co.

From time to time, MSIM Co may provide investment advice to clients of U.S Affiliated Advisers pursuant to a delegation or sub-advisory agreement, as applicable, between MSIM Co and the relevant U.S Affiliated Adviser.

MSIM Co and certain of our affiliates also act as sub-adviser to registered investment companies which are not sponsored by us in addition to serving as adviser or sub-adviser to off-shore funds, group trusts, limited partnerships and limited liability companies, among others, that are sponsored by our affiliates.

Along with Morgan Stanley, we 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 franchise committees, for potentially significant conflicts that cannot be resolved by the conflict management officers or that otherwise require senior management review.

Electronic Communications Networks and Alternative Trading Systems

MSIM Co.’s affiliates have ownership interests in and/or Board seats on electronic communication networks (“ECNs”) or other alternative trading systems (“ATs”). In certain instances our affiliates may be deemed to control one or more of such ECNs or ATs based on the level of such ownership interests and whether such affiliates are represented on the Board of such ECNs or ATs. Consistent with our fiduciary obligation to seek best execution, we may, from time to time, directly or indirectly, effect client trades through ECNs or other ATs in which our affiliates have or may acquire an interest or Board seat. These affiliates may receive an indirect economic benefit based upon their ownership in the ECNs or other ATs. We will, directly or indirectly, execute through an ECN or other ATs in which an affiliate has an interest only in situations where we or the broker dealer through whom we are accessing the ECN

or ATS reasonably believes such transaction will be in the best interest of its clients and the requirements of applicable law have been satisfied. Our affiliates may own over 5% of the outstanding voting securities and/or have a member on the Board of certain trading systems (or their parent companies, including (i) the entities that own and control the Block Interest Discovery Service (commonly referred to as "BIDS"), (ii) Turquoise Globing Holdings Ltd, (iii) MEMX Holdings LLC, (iv) OTCDeriv Limited, (v) Creditderiv Limited (vi) Equilend, (vii) Chi-X Global Holdings LLC (CXG), (viii) FXGLOBALCLEAR, (ix) EOS Precious Metals Limited. Our affiliates may acquire interests in and/or take Board seats on other ECNs or other ATSs (or increase ownership in the ATS's listed above) in the future.

Our affiliates receive cash credits from certain ECNs and ATSs for certain orders that provide liquidity to their books. Such ECNs and ATSs may also charge explicit fees for orders that extract liquidity from their books. From time to time, the amount of credits that our affiliates receive from one or more ECN or ATS exceed the amount that is charged. Under these limited circumstances, such payments would constitute payment for order flow.

EquiLend also provides securities loan transaction processing and reporting services to State Street, which serves as securities lending agent for certain clients. Because an affiliate of ours owns a non-controlling interest in EquiLend, we and our affiliates may benefit from State Street's use of EquiLend's services.

Miscellaneous

MSIM Co outsources certain operations functions to State Street Bank and Trust Company ("State Street"). State Street now provides a full range of investment operations outsourcing services including trade settlement, portfolio administration and reporting, and reconciliation services. The agreement with State Street demonstrates our continued commitment to delivering best-in-class service to our clients, while allowing us to concentrate on our core competency: institutional asset management.

Additional information about conflicts that may be caused by these affiliations is provided in response to Items 11, "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading", and 12, "Brokerage Practices", of this Brochure.

ITEM 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTION AND PERSONAL TRADING

Code of Ethics

MSIM Co has adopted the MSIM Code of Ethics and personal Trading Policy (the "Code") pursuant to Rule 204A-1 under the Advisers Act. Each of our employees 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 MSIM Co.'s employees are conducted in accordance with the highest possible standards and to prevent abuse, or even the appearance of abuse, by employees with respect to their personal trading and other business activities.

Additionally, all MSIM Co employees are subject to firm-wide policies and procedures found in the Morgan Stanley Code of Conduct (the "Code of Conduct") that set forth, among other things, restrictions regarding confidential and proprietary information, information barriers, information security, privacy and data protection, private investments, outside business interests and personal trading. All Morgan Stanley employees, including MSIM Co employees are required to acknowledge that they have read, understand, are in compliance with and agree to abide by the Code of Conduct's terms as a condition of continued employment.

The Code requires all employees to pre-clear trades for covered securities, as defined under the Code, in a personal account. A pre-clearance request generally will be denied if there is an open order for a client in the same security. The Code also imposes holding periods and reporting requirements for covered securities, which includes affiliated and sub-advised U.S. mutual funds. MSIM Co employees are prohibited from acquiring any security in an initial public offering or any other public underwriting. Investments in private placements or an employee's participation in an outside business activity must be pre-approved by Compliance and the employee's manager. Certain employees of MSIM Co who, in connection with job functions, make or participate in making recommendations regarding the purchase or sale of securities or who have real-time knowledge of such recommendations, are held to more stringent standards when placing trades in personal accounts. Violations of the Code are subject to sanction, including reprimand, restricting trading privileges, reducing employees discretionary bonus, if any, potential reversal of a trade made in violation of the Code or other applicable policies, suspension or termination of employment.

Upon request, MSIM Co will provide a copy of the Code.

Participation or Interest in Client Transactions

The following section addresses trading activities of MSIM Co and its affiliates and various conflicts of interest that can arise and how such conflicts have been addressed.

Broker-Dealer Affiliations

MSIM Co does not act as principal or broker in connection with client transactions. MSIM Co does, however, in the exercise of its discretion under its investment management agreement with a client, in certain instances, effect transactions in securities or other instruments for the client through affiliate (“Affiliated Broker-Dealers”) which perform all of the activities set forth below of this Item 11, “Code of Ethics, Participation or Interest in Client Transactions and Personal Trading”.

In connection with transactions in which Affiliated Broker-Dealers will act as principal, MSIM Co will disclose to the client that the trade will be conducted on a principal basis and obtain the client's consent in accordance with the provisions of and rules under the Advisers Act. MSIM Co will recommend that a client engage in such a transaction only when it believes that the net price for the security is at least as favorable as could have been obtained from another established dealer in such security.

MSIM Co.’s recommendations to clients may involve securities in which its Affiliated Broker-Dealers, or their officers, employees or other affiliates, have a financial interest. Affiliated Broker-Dealers and their officers, employees and other affiliates, can purchase or sell for their own accounts securities that MSIM Co recommends to its clients.

If permitted by a client's investment objectives and guidelines, applicable law, and MSIM Co.'s policies and procedures concerning conflicts of interest, MSIM Co may recommend that such client purchase, or use its discretion to effect a client purchase of, securities during the existence of an underwriting or other public or private offering of such securities involving an Affiliated Broker-Dealer as a manager, underwriter, initial purchaser, or placement agent. Among other things, MSIM Co must disclose to the client that the transaction involves an affiliate and obtain your consent to execute transactions with an affiliate on behalf of your account. Purchases may be from underwriters or placement agents other than an Affiliated Broker-Dealer in distributions in which an Affiliated Broker-Dealer is a manager and/or member of a syndicate or selling group, as a result of which an Affiliated Broker-Dealer may benefit from the purchase through receipt of a fee or otherwise. In situations in which a client has not permitted, or where it is prohibited by law, rule, regulation, MSIM Co may be unable to purchase securities for a client's account in an initial or other public or private offering of securities involving an Affiliated Broker-Dealer.

From time to time, MSIM Co or its affiliates may pursue the acquisition of investment managers who will manage private investment funds that would otherwise qualify as investments for the fund of funds clients. Due to the conflicts of interest involved and in accordance with applicable law, MSIM Co will not make any long-term investment for the fund of fund clients in any investment fund that is managed by an affiliate of MSIM Co, unless MSIM Co determines that (a) the investment is in accordance with the applicable fund of funds' relevant investment objectives, strategies and policies; and (b) such investment would not otherwise be prohibited by law or regulation. Accordingly, there may be investments that are unavailable to certain fund of fund clients due to the manager's affiliation with MSIM Co or its affiliates. Further, in the event that MSIM Co or its affiliates acquires a business or investment manager that is a manager of any investment fund, MSIM Co may need to liquidate any investment by a fund of funds client in an investment fund managed by such affiliated investment manager.

With client consent, and subject to the restrictions imposed on such transactions by Section 11(a) of the 1934 Act, as amended, and the rules thereunder, and other applicable law, MSIM Co will effect portfolio transactions through an Affiliated Broker-Dealer on an agency basis, including over-the-counter ("OTC") securities, where the Affiliated Broker will act as agent in connection with the purchase and sale of OTC securities from market participants and will charge MSIM Co.'s clients a commission on the transactions. Since these are agency transactions, there is no mark up or mark down on the price of the security.

MSIM Co will effect client transactions through an Affiliated Broker-Dealer when, in MSIM Co.'s judgment, the client may thereby obtain the best execution of the transaction. Subject to MSIM Co.'s duty to seek best execution, MSIM Co may effect such transactions through an Affiliated Broker Dealer even though the total brokerage commission for the transaction is higher than that which might have been charged by another broker for the same transaction.

Cross and Agency Cross Transactions

MSIM Co may effect "agency cross transactions" in which an Affiliated Broker-Dealer acts as agent for both the buyer and seller in the transaction. MSIM Co will only trade with an Affiliated Broker-Dealer on behalf of a client on an agency cross basis when the client has consented to MSIM Co.'s effecting such transactions. Any agency cross transaction will be effected in compliance with Rule 206(3)-2 under the Act and any other applicable law, as well as MSIM Co.'s policies and procedures designed to prevent and disclose potential conflicts of interest. The Affiliated Broker-Dealer can receive a commission from the seller and the buyer when it executes transactions on an agency cross basis under certain conditions. In effecting an agency cross transaction, we have potentially conflicting divisions of loyalties and responsibilities regarding the parties to the transaction.

MSIM Co may effect internal "cross" transactions between client accounts in which one client will purchase securities held by another client. Such transactions are entered into generally only when MSIM Co deems the transaction to be in the best interests of both clients and at a price MSIM Co has determined by reference to independent market indicators and which MSIM Co believes to constitute "best execution" for both parties. Neither MSIM Co nor any related party receives any compensation in connection with such "cross" transactions.

MSIM Co and related persons of MSIM Co will effect portfolio transactions through an Affiliated Broker-Dealer on behalf of clients in respect of which MSIM Co is a "fiduciary" as defined in the Employee Retirement Income Security Act of 1974, as amended ("ERISA") only on an agency basis and with prior written approval from an independent fiduciary in accordance with the terms of exemptions available from the Department of Labor, as well as in accordance with the restrictions imposed on such transactions by Section 11(a) of the 1934 Act, and the rules thereunder, and other applicable law.

MSIM Co may purchase securities on behalf of its ERISA clients from an underwriting or selling syndicate where an Affiliated Broker-Dealer participates as manager, or syndicate members with prior written approval from an independent fiduciary in accordance with the terms of exemptions available from the Department of Labor.

MSIM Co and our Affiliated Advisers may execute client transactions with broker/dealers that do not have their own clearing facilities and who may clear such transactions through an Affiliated Broker- Dealer. The affiliated Broker-Dealer will receive a clearing fee for these transactions.

Services to Issuers Activities

MSIM Co and its affiliates provide a variety of services for, and render advice to, various clients, including issuers of securities that MSIM Co also recommend for purchase or sale by clients. In the course of providing these services, MSIM Co and its affiliates may come into possession of material, nonpublic information which might affect MSIM Co.'s ability to buy, sell, or hold a security for a client account. Investment research materials disclose that related persons of MSIM Co may own, and may effect transactions in, securities of companies mentioned in such materials and also may perform or seek to perform investment banking services for those companies. In addition, directors, officers and employees of MSIM Co.'s affiliates may have Board seats and/or have Board observer rights with private and/or publicly traded companies in which MSIM Co invests on behalf of its client accounts. MSIM Co (and its affiliates) have adopted policies and procedures and created information barriers that are reasonably designed to prevent the flow of any material nonpublic information regarding these companies between MSIM Co and its affiliates. Directors, officers and employees of MSIM Co itself may also take Board seats or have Board observer rights with companies in which MSIM Co invests on behalf of its clients. Generally MSIM Co only does so with respect to private (not publicly traded) companies. To the extent a director, officer or employee of MSIM Co were to take a Board seat or have Board observer rights in a public company, MSIM Co (or certain investment teams within MSIM Co) would be limited and/or restricted in its ability to trade in the securities of the company to the extent MSIM Co (or certain investment teams within MSIM Co) possessed or were deemed to possess material nonpublic information regarding the company.

Investment Banking Activities

MSIM Co believes that the nature and range of clients to whom its Affiliated Broker-Dealers render investment banking and other services is such that it would be inadvisable to exclude these companies from a client's portfolio. Accordingly, unless client advises MSIM Co to the contrary, it is likely that client holdings will include the securities of corporations for whom its Affiliated Broker-Dealers perform investment banking and other services. Moreover, client portfolios may include the securities of companies in which its Affiliated Broker-Dealers make a market or in which MSIM Co, its officers and employees and its Affiliated Broker-Dealers or other related persons and their officers or employees have positions.

To meet applicable regulatory requirements, there are periods when MSIM Co will not initiate or recommend certain types of transactions in the securities of companies for which an Affiliated Broker Dealer is performing investment banking services. Clients will not be advised of that fact. In particular, when an Affiliated Broker-Dealer is engaged in an underwriting or other distribution of securities of a company, MSIM Co may be prohibited from purchasing or recommending the purchase of certain securities of that company for its clients. Notwithstanding the circumstances described above, a client, on its own initiative, may direct MSIM Co to place orders for specific securities transactions in a client account. In addition, MSIM Co generally will not initiate or recommend transactions in the securities of companies with respect to which affiliates of MSIM Co may have controlling interests or are affiliated.

Investment Limits

Various federal, state or foreign laws, rules and regulations, as well as certain corporate charters adopted by issuers in which MSIM Co may invest, limit the percentage of an issuer's securities that may be owned by MSIM Co and its affiliates. MSIM Co is more likely to run into these limitations than investment advisers with fewer assets under management and/or that are not affiliated with a large financial institution or financial holding company. In certain instances, for purposes of these ownership limitations, MSIM Co.'s holdings will be aggregated with the holdings of its affiliates. These ownership limitations may be in the form of, among others: (i) a strict prohibition against owning more than a certain percentage of an issuer's securities (the "threshold"); (ii) a "poison pill" that would have a material dilutive impact on MSIM Co.'s holdings in that issuer should MSIM Co and its affiliates exceed the threshold; (iii) provisions that would cause MSIM Co and its affiliates to be considered "interested stockholders" of an issuer if MSIM Co and its affiliates exceed the threshold; and (iv) provisions that may cause MSIM Co and its affiliates to be considered an "affiliate" or "control person" of the issuer. MSIM Co will generally avoid exceeding the threshold in these situations. With respect to situations in which MSIM Co and its affiliates may be considered "interested stockholders" (or a similar term), MSIM Co will generally avoid exceeding the threshold because if MSIM Co were considered an interested stockholder, MSIM Co and its affiliates would be prohibited (in some cases absent Board and/or shareholder approval) from entering into certain transactions or performing certain services (including investment banking, financial advisory and securities lending) with or for the issuer. MSIM Co will also generally avoid exceeding a threshold in situations in which MSIM Co may be considered an affiliate of the issuer for the reasons set forth above, as well as the fact that should MSIM Co be considered an affiliate of an issuer, MSIM Co.'s ability to trade in the issuer's securities would become limited. For additional information on certain regulatory risks, including the Volcker Rule, please see the "Legal and Regulatory Risks" sub-section in Item 8, "Methods of Analysis, Investment Strategies and Risk of Loss"

Investments in Other MSIM Investment Funds

When permitted by applicable law and the investment guidelines applicable to individual client accounts, and considered by MSIM Co to be in the best interests of a client, MSIM Co may recommend to clients, and invest the assets of client accounts in various closed-end and open-end investment companies and other pooled investment vehicles with respect to which MSIM Co or its affiliates receive compensation for advisory, administrative, or other services.

In certain circumstances, when required by applicable law or by agreement with the client, MSIM Co will waive its investment management fee with respect to assets invested in pooled investment vehicles to the extent of some or all of the compensation received by MSIM Co and its affiliates for services rendered with respect to such pooled investment vehicles. We do not, in all instances, waive such investment management fees.

Investment Management Activities

It is possible that officers or employees of MSIM Co may buy or sell securities or other instruments that MSIM Co has recommended to clients. Moreover, MSIM Co may recommend to clients the purchase or sale of securities in which it or its officers, employees or related persons have a financial interest. These transactions are subject to MSIM Co.'s policies and procedures regarding personal securities trading, as well as to the requirements of the Advisers Act, the 1940 Act and other applicable laws. MSIM Co.'s policies and procedures, the Advisers Act and the 1940 Act require that MSIM Co puts its clients' interests before its own.

From time to time, various potential and actual conflicts of interest may arise from the overall advisory, investment and other activities of MSIM Co, its affiliates, and personnel (each, an "Advisory Affiliate" and, collectively, the "Advisory Affiliates").

The Adviser and other Advisory Affiliates may manage long and short portfolios. The simultaneous management of long and short portfolios creates potential conflicts of interest in portfolio management and trading in that opposite directional positions may be taken in client accounts managed by the same investment team, and creates potential risks such as (i) the risk that short sale activity could adversely affect the market value of long positions in one or more portfolios (and vice versa) and (ii) the risks associated with the trading desk receiving opposing orders in the same security simultaneously. The Adviser and the other Advisory Affiliates have adopted policies and procedures that are reasonably designed to mitigate these potential conflicts. The Adviser and each Advisory Affiliates may invest on behalf of themselves in securities and other instruments that would be appropriate for, held by, or may fall within the investment guidelines of the mutual funds and/or managed accounts managed by them (collectively, the "Advisory Clients"). The Advisory Affiliates may give advice or take action for their own accounts that may differ from, conflict with or be adverse to advice given or action taken for any of the Advisory Clients.

Potential conflicts also may arise due to the fact that certain securities or instruments may be held in some Advisory Clients but not in others, or the Advisory Clients may have different levels of holdings in certain securities or instruments, and because the Advisory Clients may pay different levels of fees to MSIM Co. In addition, an Advisory Affiliate may give advice or take action with respect to the investments of one or more Advisory Clients that may not be given or taken with respect to other Advisory Clients with similar investment programs, objectives, and strategies. Accordingly, Advisory Clients with similar strategies may not hold the same securities or instruments or achieve the same performance. The Adviser or any other Advisory Affiliate also may advise Advisory Clients with conflicting programs, objectives or strategies.

Any of the foregoing activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more Advisory Clients. Finally, the Advisory Affiliates may have conflicts in allocating their time and services among their Advisory Clients. MSIM Co will devote as much time to each of its Advisory Clients as it deems appropriate to perform its duties in accordance with its respective management agreements.

Different clients of MSIM Co, including funds advised by MSIM Co or an affiliate, may invest in different classes of securities of the same issuer, depending on their respective client's investment objectives and policies. As a result, MSIM Co may at times seek to satisfy its fiduciary obligations to certain clients owning one class of securities of a particular issuer by pursuing or enforcing rights on behalf of those clients with respect to such class of securities, and those activities may have an adverse effect on another client, which owns a different class of securities of such issuer. For example, if one client holds debt securities of an issuer and another client holds equity securities of the same issuer, if the issuer experiences financial or operational challenges, MSIM Co may seek a liquidation of the issuer on behalf of the client that holds the debt securities, whereas the client holding the equity securities may benefit from a reorganization of the issuer. Thus, the actions taken on behalf of one client may negatively impact securities held by another client. MSIM Co has adopted procedures pursuant to which conflicts of interest, including those resulting from the receipt of material nonpublic information about an issuer, are managed by MSIM Co.'s employees through information barriers and other practices.

General Process with Potential Conflicts

All of the transactions described above involve the potential for conflicts of interest between MSIM Co or related persons of a MSIM Co and its clients. The Advisers Act, the 1940 Act and ERISA impose certain requirements designed to decrease the possibility of conflicts of interest between an investment adviser and its clients. In some cases, transactions may be permitted subject to fulfillment of certain conditions. Certain other transactions may be prohibited. MSIM Co has instituted policies and procedures designed to prevent conflicts of interest from arising and, when they do arise, to ensure that it effects transactions for clients in a manner that is consistent with its fiduciary duty to its clients and in accordance with applicable law. MSIM Co seeks to ensure that potential or actual conflicts of interest are appropriately resolved taking into consideration the overriding best interest of the client.

MSIM Co. has adopted policies and procedures and established controls such as the MSIM Conflicts of Interest and Franchise Committee designed to require review of transactions in which conflicts of interest may exist, including those described above, to ensure that applicable policies and legal and regulatory requirements are followed.

ITEM 12 BROKERAGE PRACTICES

Best Execution and Brokerage Selection Factors

MSIM Co. selects broker-dealers for the execution of transactions for client accounts in accordance with our duty to seek “best execution” (i.e., to seek the most favorable overall price and execution under the circumstances prevalent at the time of the transaction). In seeking best execution, we are not obligated to choose the broker-dealer offering the lowest available commission rate if, in our reasonable judgment, (i) we believe that the total costs or proceeds from the transaction might be less favorable than may be obtained elsewhere; (ii) a higher commission is justified by the brokerage and research services provided by the broker-dealer that fall within the safe harbor of Section 28(e) of the 1934 Act (“Section 28(e)”) or otherwise is permitted under applicable law, rules, and regulations of the relevant jurisdictions in which we operate (collectively, “Applicable Law”); or (iii) other considerations, such as the order size, the time required for execution, the depth and breadth of the market for the security, minimum credit quality requirements to transact business with a particular broker-dealer, or the quality of the broker-dealer’s back office or other considerations support our decision to use a different broker-dealer.

When effecting transactions on behalf of clients, we may trade with any broker-dealer on our list of approved broker-dealers. Approved broker-dealers have met criteria as established by our Trading and Research Governance team (“TRG”). TRG reviews and approves broker-dealers periodically to determine whether broker-dealers on our approved list continue to meet such criteria. Changes to the approved brokers list are reported quarterly to the Counterparty Governance Committee (“CGC”), as well as other Committees and forums, where relevant.

When selecting an approved broker-dealer (including an affiliate) to execute securities transactions, the trading desk may consider the following factors:

- Best available price;
- Reliability, integrity and reputation in the industry (which may include a review of financial information and creditworthiness);
- Execution capabilities, including block positioning, speed of execution and quality and responsiveness of its trading desk;
- Knowledge of and access to the markets for the securities being traded;
- Potential ability to obtain price improvement;
- Ability to maintain confidentiality;

- Ability to handle non-traditional trades;
- Commission rates;
- Technology infrastructure;
- Clearance and settlement capabilities;
- The size of the trade relative to other trades in the same instrument;
- Ability of our counterparty to commit its capital to our trade and its access to liquidity;
- Counterparty restrictions associated with a portfolio, including regulatory trading, documentation requirement, or any specific clearing broker-dealer requirements;
- Client directed execution;
- Client specific restrictions; and
- Such other factors as may be appropriate.

Soft Dollars – Commission Sharing Arrangements

Subject to our duty to achieve best execution, we and certain of our Affiliated Advisers use a portion of the commissions generated when executing client transactions to acquire brokerage and research services that aid us in fulfilling our investment decision-making responsibilities in accordance with Section 28(e) and Applicable Law. Commissions paid to broker-dealers providing us brokerage and research services may be higher than those charged by other broker-dealers. We receive a benefit when we use client commissions to obtain brokerage and research services because we do not have to produce or pay for the brokerage research services ourselves. Therefore, we have an incentive to select or recommend a broker-dealer based on our interest in receiving brokerage and research services, rather than solely on our clients' interest in obtaining the best price.

We have adopted policies and procedures designed to help us track and evaluate the benefits we receive from brokerage and research services, as well as to track how much our clients pay above the amount that broker-dealers from which we receive brokerage and research services may have charged solely for execution of such trades. We and our Affiliated Advisers utilize a voting system to assist us in making a good faith determination of the value of brokerage and research services we receive in accordance with Section 28(e) and Applicable Law. In many cases, these involve subjective judgments or approximations. We and our Affiliated Advisers have established a process for budgeting research costs and allocating such costs across client accounts. Each of our portfolio management ("PM") teams establishes a research budget at the start of each calendar year that sets the expected cost to be spent by the team on external research services for the same year. These research budgets are reviewed and approved by our Research Committee, allocated across all accounts managed by the PM team in accordance with our policies.

We and certain of our Affiliated Advisers have entered into commission sharing arrangements ("CSAs") with executing brokers ("CSA Partners") and a third party vendor ("CSA Aggregator") that assist us with administration of research payments and commissions. Pursuant to these arrangements, and under our supervision, the CSA Partners and the CSA Aggregator track execution and research commissions separately and pool and distribute research credits in accordance with the policies and procedures discussed above to approved research providers (which may include executing brokerage firms or independent research providers ("Approved Research Providers")) that provide us with brokerage and research services. The CSA Aggregator also reconciles research credits from trades with CSA Partners and that are payable to Approved Research Providers and provide other related administrative functions. In addition, a CSA Partner may provide us and our Affiliated Advisers with proprietary research it has developed and, upon our instruction, may retain research commission

credits as compensation for the provision of such proprietary research services.

Transactions that generate research credits include equity transactions executed on an agency and riskless principal basis where the executing broker-dealer receives a commission. We and our Affiliated Advisers do not use CSAs or otherwise have arrangements to pay for brokerage and research services with client commissions in connection with trading fixed income securities. Consistent with long-standing industry practice in the fixed income markets, however, we and our Affiliated Advisers, subject to Applicable Law, may receive brokerage and research services and other information, including access to fixed income trading platforms that dealers provide for no charge to their customers in the ordinary course of business. Fixed income instruments typically trade at a bid/ask spread and without an explicit brokerage charge. While there is not a formal trading expense or commission, clients will bear the implicit trading costs reflected in these spreads.

We and our Affiliated Advisers may receive “mixed use” products and services from an Approved Research Provider, where a portion of the product or service assists us in our investment decision-making process in accordance with Section 28(e) and a portion may be used for other purposes. Where a product or service has a mixed use, we will make a reasonable allocation of its cost according to its use and will use client commissions to pay only for the portion of the product or service that assists us in our investment decision-making process. We and our Affiliated Advisers may have an incentive to allocate the costs to uses that assist us in our investment decision-making process because we may pay for such costs with client commissions rather than our own resources. To the extent we receive “mixed use” products and services, we and our Affiliated Advisers will allocate the anticipated costs of a mixed use product or service in good faith and maintain records concerning our allocations in order to mitigate such conflicts.

Client accounts that pay a greater amount of commissions relative to other accounts may bear a greater share of the cost of brokerage and research services than such other accounts. We may use brokerage and research services obtained with brokerage commissions from some clients for the benefit of other clients whose brokerage commissions do not pay for such brokerage and research services. We may also share brokerage and research services with our Affiliated Advisers, and the clients of our Affiliated Advisers may receive the benefits of such brokerage and research services. These arrangements remain subject to our overall obligation to seek best execution for our client trading.

Certain of our Affiliated Advisers are subject to the European Union’s Markets in Financial Instruments Directive II (“MiFID II” and such Affiliated Advisers, “MiFID II Affiliated Advisers”), which is a European regulation governing conduct by investment advisers, among others. Under MiFID II, our MiFID II Affiliated Advisers may receive research (other than research that qualifies as a “Minor Non- Monetary Benefit” under MiFID II (“MNB”)) without it constituting an unlawful inducement if they pay for the research directly from their own resources or from research payment accounts funded by their clients. Our MiFID II Affiliated Advisers may engage us as sub-adviser or otherwise delegate to us authority to manage their client accounts (“MiFID II Accounts”). While we are not directly subject to the provisions of MiFID II, in accordance with those arrangements, we make a reasonable valuation and allocation of the cost of the research as between MiFID II Accounts and other accounts that participate in CSAs and will pay for any research we receive with respect to MiFID II Accounts (other than research that qualifies as a MNB) from our own resources. We and our MiFID II Affiliated Advisers may separately pay for fixed income research from their own resources.

Trade Aggregations

When permitted under Applicable Law, each Portfolio Management team generally will aggregate orders of its clients for the same securities in a single order so that such orders are executed simultaneously in order to facilitate best execution and to reduce brokerage costs. We may aggregate client orders with the orders of clients of our Affiliated Advisers and accounts in which we or our officers, employees or related persons have a financial interest. However, we effect aggregated orders in a manner designed to ensure that no participating client is favored over any other client.

In general, accounts that participate in an aggregated order will participate on a pro rata or other objective basis. Pro rata allocation of securities and other instruments will generally consist of allocation based on the order size of a participating client account in proportion to the size of the orders placed for other accounts participating in the aggregated order. However, we may allocate such securities and other instruments using a method other than pro rata if their supply is limited, based on differing portfolio characteristics among accounts or to avoid odd lots or small allocations, among other reasons. These allocations are made in our good faith judgment with a goal of ensuring that fair and equitable allocation will occur over time. There may be times that we are not able to aggregate orders because of Applicable Law or other considerations when doing so might otherwise be advantageous.

MSIM Co. and our Affiliated Advisers are subject to differing requirements governing aggregation of orders, including provisions of the 1940 Act that restrict joint transactions and MiFID II that govern the circumstances under which MiFID II Accounts may pay for research. As a result, MiFID II Accounts included in an aggregated order may pay commission rates that are below the total commission rates paid by other client accounts included in the order.

Directed Brokerage Arrangements

Clients may limit our authority to advise accounts or execute transactions in a number of ways, including by (1) requiring that certain securities transactions be authorized by them in advance, (2) prohibiting or limiting the purchasing of certain securities or industry groups or (3) seeking to require that all or a portion of their transactions be executed through a designated broker-dealer (“Designated Broker”) and/or restricting us from executing transactions through a particular broker-dealer (“Directed/Restricted Trades”). Designated Broker arrangements may be structured as “directed brokerage” arrangements or as “brokerage recapture” arrangements.

The restrictions imposed by Designated Broker arrangements may cause us to trade the securities held by these accounts differently as compared to how we trade for client accounts for which we are not so restricted. Directed/Restricted Trades may not be aggregated for execution with transactions in the same securities for other clients, and we may be unable to obtain best execution on Directed/Restricted Trades for a number of reasons, which may include:

- A client direction may restrict our ability to obtain as favorable a transaction price or commission rate as we might otherwise be able to obtain on an unrestricted trade;
- The account may forego benefits from savings on execution costs that may otherwise be obtained, most notably commission savings and/or price improvement that derive from aggregating orders for various client accounts;
- If a Designated Broker is not on our approved list of brokers, there may be additional credit and/or settlement risk for such trades;
- We will not be obligated to, and in most cases will not, negotiate with a Designated Broker to obtain commission rates more favorable or otherwise different than those to which the client has agreed;

- A Directed/Restricted Trade may result in a client account paying higher or otherwise different commissions than other clients of ours for transactions in the same security; and
- We may effect a transaction through a Designated Broker pursuant to a Directed/Restricted Trade after another broker has effected transactions in the same security for client accounts for which we have discretion to select the broker and trading venue, which also could negatively affect the prices received by clients that direct trades.

Notwithstanding the foregoing, where a client has directed brokerage for its account and maintains that we remain subject to best execution, if eligible, we may aggregate those Directed/Restricted Trades along with trades executed for other client accounts through the broker-dealer that we believe will offer the best execution for such transaction and, thereafter, instruct such broker-dealer to “step-out” or allocate a portion of the trades to the client’s Designated Broker for billing and settlement.

Designated Brokers, including those participating in “step-out” arrangements, generally do not provide us with the brokerage and research services. As a result, the brokerage and research services obtained with brokerage commissions from our clients that do not participate in Designated Brokerage arrangements may be used for the benefit of our clients who do so participate, which may result in such other client accounts bearing a greater share of research costs than clients participating in Designated Broker arrangements. These arrangements remain subject to our overall obligation to obtain best execution for our client trading.

ITEM 13 REVIEW OF ACCOUNTS

The portfolio managers of MSIM Co generally review all accounts on a daily basis. Accounts are reviewed for a number of factors, including but not limited to, performance, sector and asset allocation, adherence to MSIM Co.’s investment policies and strategies and specific security ownership, all within the context of client guidelines and objectives.

Clients for whom MSIM Co manages separate accounts are provided reports of transactions as they are effected (if requested by the client), portfolio valuations and summaries of portfolio changes on a quarterly basis or as otherwise negotiated with the client. Additionally, MSIM Co meets with clients quarterly, annually or as requested to discuss the performance of the client's account, MSIM Co.’s management of the client's account, and any other issues of concern to the client. MSIM Co will provide additional reports or information to the client upon request.

ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

MSIM Co may compensate affiliated and unrelated third parties for client referrals in accordance with Rule 206(4)-3 of the Advisers Act’s. The compensation paid to any such entity will typically consist of a cash payment stated as a percentage of MSIM Co.’s advisory fee, but may include cash payments determined in other ways.

ITEM 15 CUSTODY

MSIM Co is deemed to have “custody” of client assets in a variety of circumstances, and in each case we will comply with the custody requirements under the Advisers Act. MSIM Co has custody of client assets any time that we have authority or ability to obtain possession of client assets. MSIM Co may be deemed to have custody of the assets of the funds for which we or an affiliate serves as general partner or for which we or an affiliate serves as the managing member or otherwise has the authority or

ability to obtain possession of fund assets. In those cases, the funds generally provide audited financial statements on an annual basis in accordance with applicable law. Additionally, where we are deemed to have custody over other advisory client accounts, clients will receive quarterly account statements from the qualified custodian for such account. Clients should carefully review the account statements received from the qualified custodian and compare them to statements received from us.

ITEM 16 INVESTMENT DISCRETION

MSIM Co typically receive discretionary authority to select the securities and other instruments to be bought or sold at the time we establish an advisory relationship with you by entering into an investment management agreement. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives and guidelines. As discussed under Item 12 of this Brochure, “Brokerage Practices”, clients may impose certain limitations on MSIM Co.’s use of broker-dealers.

For registered investment companies, MSIM Co.’s authority to trade securities may also be limited by certain federal securities and tax laws that require among other things, diversification of investments.

ITEM 17 VOTING CLIENT SECURITIES

We use our best efforts to vote proxies as part of our authority to manage, acquire and dispose of account assets. We and our affiliates generally vote proxies under the MSIM Proxy Voting Policies and Procedures (the “Policy”) pursuant to authority granted under the applicable investment advisory agreement or, in the absence of such authority, as authorized by the Board of Directors/Trustees of the Morgan Stanley Funds. We will not vote proxies unless the investment advisory agreement or Board of Directors/Trustees explicitly authorizes us to vote proxies.

We and our affiliates will vote proxies in a prudent and diligent manner and in the best interests of clients, including beneficiaries of and participants in a client’s benefit plan(s) for which we manage assets, consistent with the objective of maximizing long-term investment returns (the “Client Proxy Standard”). In certain situations, you may provide us with a proxy voting policy. In these situations, we will comply with your policy. In addition to voting proxies at portfolio companies, MSIM generally engages with the management and may also engage with the board, of companies in which we invest on a range of governance issues. We consider governance to be a window into management and board quality. MSIM typically engages with companies where we have larger positions, voting issues are material or where we believe we can make a positive impact on the governance structure. We believe that MSIM’s engagement process, through private communication with companies, allows us to understand the governance structures at investee companies and better inform our voting decisions.

The Policy addresses a broad range of issues, and provides general voting parameters on proposals that arise most frequently. However, details of specific proposals vary, and those details affect particular voting decisions, as do factors specific to a given company. We endeavor to integrate governance and proxy voting policy with investment goals, using the vote to encourage portfolio companies to enhance long-term shareholder value and to provide a high standard of transparency such that equity markets can value corporate assets appropriately.

We seek to follow the Client Proxy Standard for each client. At times, this may result in split votes, for example when different clients have varying economic interests in the outcome of a particular voting matter (such as a case in which varied ownership interests in two companies involved in a merger result in different stakes in the outcome). We also may split votes at times based on differing views of portfolio managers.

We may abstain on matters for which disclosure is inadequate. We usually support routine management proposals except for certain “other business” and “meeting adjournment” proposals.

From time to time, MSIM retains third-party advisers to provide a variety of proxy-related services, including in-depth research, global issuer analysis, and voting recommendations (“Research Providers”). While MSIM may review and utilize the recommendations of such Research Providers, MSIM is in no way obligated to follow such recommendations, and votes all proxies based on the Policy and Client Proxy Standard.

Votes on board nominees can involve balancing a variety of considerations, including those related to board and board committee independence, term length, whether nominees may be overcommitted, director attendance and diligence, financial knowledge and experience, executive and director remuneration practices, board diversity, and board responsiveness. We consider withholding support from or voting against a nominee if it believes a direct conflict exists between the interests of the nominee and the public shareholders, including failure to meet fiduciary standards of care and/or loyalty. We may oppose directors where we conclude that actions of directors are unlawful, unethical or negligent. We consider opposing individual board members or an entire slate if we believe the board is entrenched and/or dealing inadequately with performance problems; if we believe the board is acting with insufficient independence between the board and management; or if we believe the board has not been sufficiently forthcoming with information on key governance or other material matters.

We examine a range of issues, including proxy contests and proposals relating to mergers, acquisitions and other special corporate transactions, on a case-by-case basis in the interests of each client. We support substantial management/board discretion on capital structure, but within limits that take into consideration articulated uses of capital, existence of preemptive rights, and certain shareholder protections provided by market rules and practices. We are generally supportive of reasonable shareholder rights.

We vote on advisory votes on executive pay on a case-by-case basis. We generally support equity compensation plans if we view potential dilution/cost as reasonable, and if plan provisions sufficiently protect shareholder interests. We also support appropriately structured bonus and employee stock purchase plans. We support proposals that if implemented would enhance useful disclosure, but we generally vote against proposals requesting reports that we believe are duplicative, related to matters not material to the business, or that would impose unnecessary or excessive costs.

We consider social and environmental shareholder proposals on a case-by-case basis.

Process: An MSIM Proxy Review Committee (the “Committee”) has overall responsibility for the Policy. Because proxy voting is an investment responsibility and impacts shareholder value, and because of their knowledge of companies and markets, portfolio managers and other members of investment staff play a key role in proxy voting, although the Committee has final authority over proxy votes.

The Committee meets at least quarterly, and reviews and considers changes to the Policy at least annually. If the Director of our Global Stewardship Team determines that an issue raises a material conflict of interest, the Director may request a special committee to review, and recommend a course of action with respect to, the conflict(s) in question.

We generally will not make any filings in connection with any shareholder class action lawsuits and similar matters involving securities held or that were held in separate accounts and will not be required

to notify custodians or clients in separate managed accounts of shareholder class action lawsuits and similar matters. We will not be responsible for any failure to make such filings or, if we determine to make such filings, to make such filings in a timely manner. Upon client request, we will consider on a case-by-case basis participation in non-US class action lawsuits.

Further Information: You may contact your Client Representative or Financial Advisor for information on how to obtain a copy of the Policy or proxy voting records. In the case of registered investment companies we advise, the fund's proxy voting records filed with the SEC are available (i) without charge by accessing the Mutual Fund Center on our web site at www.morganstanley.com/funds and (ii) on the SEC's web site at www.sec.gov.

ITEM 18 FINANCIAL INFORMATION

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about MSIM Co.'s financial condition. MSIM Co 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.

APPENDIX A

PRIVACY NOTICE

U.S. Customer Privacy Notice

April 2019

FACTS

WHAT DOES MSIM DO WITH YOUR PERSONAL INFORMATION?

Why?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
What?	The types of personal information we collect and share depend on the product or service you have with us. This information can include: <ul style="list-style-type: none"> ▪ Social Security number and income ▪ investment experience and risk tolerance ▪ checking account number and wire transfer instructions
How?	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons MSIM chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does MSIM share?	Can you limit this sharing?
For our everyday business purposes— such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes— to offer our products and services to you	Yes	No
For joint marketing with other financial companies	No	We don't share
For our affiliates' everyday business purposes— information about your transactions and experiences	Yes	No
For our affiliates' everyday business purposes— information about your creditworthiness	No	We don't share
For our affiliates to market to you	No	We don't share
For nonaffiliates to market to you	No	We don't share

Questions?

Call toll-free (844) 312-6327 or email: imprivacyinquiries@morganstanley.com

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Who we are**Who is providing this notice?**

Morgan Stanley Investment Management, Inc. and its affiliated registered investment advisers, registered broker-dealers, and registered and unregistered funds ("MSIM")

What we do**How does MSIM protect my personal information?**

To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings. We have policies governing the proper handling of customer information by personnel and requiring third parties that provide support to adhere to appropriate security standards with respect to such information.

How does MSIM collect my personal information?

We collect your personal information, for example, when you

- open an account or make deposits or withdrawals from your account
- buy securities from us or make a wire transfer
- give us your contact information

We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.

Why can't I limit all sharing?

Federal law gives you the right to limit only

- sharing for affiliates' everyday business purposes—information about your creditworthiness
- affiliates from using your information to market to you
- sharing for nonaffiliates to market to you

State laws and individual companies may give you additional rights to limit sharing. See below for more on your rights under state law.

Definitions**Affiliates**

Companies related by common ownership or control. They can be financial and nonfinancial companies.

- *Our affiliates include companies with a Morgan Stanley name and financial companies such as Morgan Stanley Smith Barney LLC and Morgan Stanley & Co.*

Nonaffiliates

Companies not related by common ownership or control. They can be financial and nonfinancial companies.

- *MSIM does not share with nonaffiliates so they can market to you.*

Joint marketing

A formal agreement between nonaffiliated financial companies that together market financial products or services to you.

- *MSIM doesn't jointly market*

Other important information

Vermont: Except as permitted by law, we will not share personal information we collect about Vermont residents with Nonaffiliates unless you provide us with your written consent to share such information.

California: Except as permitted by law, we will not share personal information we collect about California residents with Nonaffiliates and we will limit sharing such personal information with our Affiliates to comply with California privacy laws that apply to us.