

Form ADV, Part 2A Brochure

MORGAN STANLEY INVESTMENT MANAGEMENT LIMITED

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March 31, 2021

This brochure (the “Brochure”) provides information about the qualifications and business practices of Morgan Stanley Investment Management Limited (the “Adviser”, MSIM Ltd, “us” or “we”). If you have any questions about the contents of this Brochure, please contact us, at (+44) 207-425-8000. We will provide you with a new Brochure as necessary based on changes or new information, at any time, without charge. 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

This Brochure is dated March 31,, 2021 and represents our annual updating Brochure. The following is a list of material updates made to this Brochure since the last annual amendment dated March 30, 2020.

- Item 4 has been updated to reflect that on March 1, 2021, Morgan Stanley completed its previously announced acquisition of Eaton Vance Corp., a publicly held company that was previously traded on the New York Stock Exchange (NYSE) under the ticker symbol EV (“EVC”) and its subsidiaries, including, but not limited to, Eaton Vance Management (“EVM”), Eaton Vance WaterOak Advisors (“WaterOak”), Calvert Research and Management (“Calvert”), Parametric Portfolio Associates, LLC (“Parametric”), Atlanta Capital Management Company LLC (“Atlanta Capital”), Boston Management and Research (“BMR”), and Eaton Vance Advisers International Ltd. (“EVAIL”).
- Item 10 has been updated to reflect updated lists of affiliated investment advisers, broker-dealers, banking entities, and electronic communications networks and alternative trading systems.
- Item 11 has been updated to provide enhanced disclosure regarding: Morgan Stanley’s investment banking activities; and trading restrictions resulting from instances where MSIM Ltd possesses material non-public information.
- Item 12 has been updated to provide enhanced disclosure regarding the factors MSIM Ltd considers when selecting and approving broker-dealers to execute securities transactions.

In addition to the material changes listed above, the following immaterial enhancements have been made throughout this Brochure.

- Item 5 and Appendix A (to which Item 5 refers) have been updated to reflect revised fee schedules for a variety of investment strategies offered by MSIM Ltd.
- Item 8 has been updated to clarify descriptions of investment strategies offered. Item 8 has also been updated to include enhanced disclosure regarding certain investment risks including, but not limited to, economic, geopolitical, foreign and emerging market, COVID-19, interest rate, inflation, short sale, negative interest rate, “Brexit”, cryptocurrency, and SPAC risks.

ITEM 3 TABLE OF CONTENTS

ITEM 1 -	COVER PAGE	1
ITEM 2 -	MATERIAL CHANGES	2
ITEM 3 -	TABLE OF CONTENTS	3
ITEM 4 -	ADVISORY BUSINESS	4
ITEM 5 -	FEES AND COMPENSATION	6
ITEM 6 -	PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT	10
ITEM 7 -	TYPES OF CLIENTS.....	10
ITEM 8 -	METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS....	11
ITEM 9 -	DISCIPLINARY INFORMATION.....	38
ITEM 10 -	OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS	38
ITEM 11 -	CODE OF ETHICS	43
ITEM 12 -	BROKERAGE PRACTICES	51
ITEM 13 -	REVIEW OF ACCOUNTS.....	55
ITEM 14 -	CLIENT REFERRALS AND OTHER COMPENSATION.....	55
ITEM 15 -	CUSTODY	55
ITEM 16 -	INVESTMENT DISCRETION	56
ITEM 17 -	VOTING CLIENT SECURITIES	56
ITEM 18 -	FINANCIAL INFORMATION.....	59

APPENDIX A: FEE SCHEDULE

APPENDIX B: PRIVACY NOTICE

ITEM 4 ADVISORY BUSINESS

Morgan Stanley Investment Management Limited (“MSIM Ltd”) and its advisory affiliates represent the investment management division of Morgan Stanley, a publicly held company (“Morgan Stanley”). MSIM Ltd is 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.

MSIM Ltd was formed in 1986 to lead the Firm’s work in international and global investment, offering investment in the world’s equity and fixed income markets, either separately or as a balanced portfolio, for all institutions. MSIM Ltd registered with the Financial Conduct Authority (FCA) in 2001 and with the SEC as an investment adviser under the Investment Advisers Act of 1940 in 1986.

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, consultant partners, and retail investors 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 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 and services that help meet the needs of investors worldwide. Depending on the selected product or offering, 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.

We provide discretionary and non-discretionary investment management services and products to institutional clients and individual investors. We also advise clients on a discretionary and non-discretionary basis as to the appropriate allocation of assets among multiple separate accounts and/or

investment companies or other pooled vehicles that we advise (“asset allocation advice”). As a diversified global financial services firm that engages in a broad spectrum of activities including financial advisory services, investment management activities, sponsoring and managing private investment funds, and other activities, you should be aware that there will be occasions when Morgan Stanley encounters potential and actual conflicts of interest in connection with its investment management services.

MSIM Ltd 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 Ltd advises clients on a discretionary and non-discretionary basis as to the appropriate allocation of their assets among various separate accounts and/or investment companies advised by MSIM Ltd, including but not limited to the Morgan Stanley Institutional Fund, Inc. and the Morgan Stanley Institutional Fund Trust, each an open- end registered investment company, the Morgan Stanley Investment Funds a Societe d'Investissement a Capital Variable ("SICAV") which is a collective investment vehicle established in Luxemburg and the Morgan Stanley Funds UK which is an open ended investment company ("OEIC") in the UK. MSIM Ltd.'s asset allocation fee is in addition to fees it and its affiliates receive as adviser and administrator to such investment companies. Because MSIM Ltd. receives varying fee levels for its advisory services to the investment companies it recommends, it may be deemed to have a conflict of interest in rendering its asset allocation advice.

On March 1, 2021, Morgan Stanley completed its previously announced acquisition of Eaton Vance Corp., a publicly held company that was previously traded on the New York Stock Exchange (NYSE) under the ticker symbol EV (“EVC”), and its subsidiaries, including, but not limited to, Eaton Vance Management (“EVM”), Eaton Vance WaterOak Advisors (“WaterOak”), Calvert Research and Management (“Calvert”), Parametric Portfolio Associates, LLC (“Parametric”), Atlanta Capital Management Company LLC (“Atlanta Capital”), Boston Management and Research (“BMR”), and Eaton Vance Advisers International Ltd. (“EVAIL”). The foregoing acquisition is collectively referred to as the “Transaction”. Please refer to Item 10 for information on entities that are now affiliates of MSIM Ltd as a result of the Transaction.

Fund of Funds and Portfolio Solutions

MSIM Ltd.'s fund of funds advisory business consists primarily of identifying investment opportunities and making investments in diversified portfolios of traditional and non-traditional investment funds. Advisory services of this nature are provided to funds and separate accounts on a discretionary and non-discretionary basis. The underlying funds or accounts in which we invest are referred to throughout as the “Underlying Investment Funds” and the third party investment managers who manage the Underlying Investment Funds are referred to as the “Underlying Investment Managers”

In addition to providing advisory services as described above, we may also act as the adviser of certain other funds (or other similar vehicles) that are established to invest in co-Investments alongside Investment Funds in which the accounts may also invest or in other underlying private equity funds in connection with a specific investment (collectively, the "co-Investment Partnerships").

Our fund of funds advisory and portfolio solutions business focuses on the discretionary and in certain instances, non-discretionary investment management of accounts across three strategies: (1) fund of hedge funds; (2) private markets fund of funds; and (3) portfolio solutions.

The Portfolio Solutions business implements discretionary investment advice by integrating traditional and

non-traditional investments through a single portfolio construction, philosophy and approach.

We also act as a fiduciary adviser, a "manager of managers", for large pools of assets. In that role we assist the client in establishing the investment policy and guidelines and restrictions. In addition, we make and implement asset allocation decisions; and select, supervise and monitor the managers, which include affiliated and non-affiliated entities. As fiduciary adviser, we will report to the fiduciary or other person responsible for the overall management of the large pool of assets.

Institutional clients may also negotiate for a custom mandate through a separate account or fund of one structure.

Assets Under Management

As of December 31, 2020, MSIM Ltd managed, \$190,758,949,020 on a discretionary basis and \$10,526,161,926 on a non-discretionary basis totaling \$201,285,110,946 of assets under management.

ITEM 5 FEES AND COMPENSATION

Management Fees

MSIM Ltd.'s fees may vary from the applicable schedules, attached as Appendix A, due to the particular circumstances of the client or as otherwise negotiated with particular clients, including clients in certain funds and pooled investment vehicles. In certain instances, MSIM Ltd provides investment advisory services to clients for negotiated fixed fees based on the value of the services rendered and, from time to time, receive performance based fees from clients in accordance with the particular client's agreement, except in those jurisdictions that do not allow fees based on performance. 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 Ltd or a related person.

Fees are generally billed quarterly in arrears based on current or quarter-average market values. Certain accounts, however, 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 Ltd.'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 described herein are only the advisory fees charged by MSIM Ltd and do not reflect custodial or other fees that may be applicable to a client's account.

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

Asset Allocation

We provide asset allocation advice for fees that are negotiated and vary depending on your particular

circumstances. The fee we charge for asset allocation advice is in addition to the fees we and our affiliates receive as adviser and/or administrator to certain open and closed end mutual funds (the “Morgan Stanley Funds”) and other pooled vehicles in which we may invest your portfolio’s assets.

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 by you in certain portfolios, assets invested in such portfolios will be excluded from your total assets for purposes of calculating your separate account fee. In those instances, you will pay the advisory fee payable by the applicable Morgan Stanley Fund portfolio, which may be higher than the fee generally payable under your 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.

In certain instances, we may waive, reimburse or rebate all or a portion of certain fund level fees or expenses, including advisory fees or operating expenses, to eligible separately managed account clients that have invested in a Morgan Stanley Fund as part of a contractual arrangement with us or our affiliates, such as an investment management agreement, to the extent that we determine, in our discretion, that it is appropriate to allocate separately managed client assets to a designated share class of a Morgan Stanley Fund and waiver, reimbursement or rebate of such fund-level fees is permissible with respect to investment in such Morgan Stanley Fund. In such instances, fees and expenses attributable to a client’s separately managed account assets would still be assessed.

Clients receiving asset allocation services should refer to their advisory agreement for more information regarding their specific arrangement.

Fund of Hedge Funds

For advisory services rendered to the funds pursuing a fund of hedge funds investment strategy, we generally are entitled to a management fee in an amount (on an annualized basis) of up to (i) 1.50% of the net asset value of the applicable fund or SMA, or (ii) 1.50% of the aggregate capital commitment to the applicable fund or SMAs. In the case of certain funds, the fees we charge may decrease over time upon the occurrence of certain events, as described in the governing documents of such funds or SMA. In some cases, we or our affiliates are also entitled to and receive performance based fees or allocations which, depending on the particular arrangement, can be up to 10% of the investor’s net profits, and may be subject to a minimum hurdle rate and /or high water mark. In addition, for certain funds managed by us or an affiliate, we are generally entitled to carried interest with respect to each investor equal to 10% of such investor’s profits, subject to satisfaction of an 8% internal rate of return, compounded annually.

Funds pursuing a fund of hedge funds investment strategy generally book fees (and as applicable, incentive allocation estimates) on a monthly basis or quarterly basis. Clients or investors should refer to the governing documents for the applicable fund or the investment advisory agreement governing their SMA relationship, for additional information regarding services and fees associated with the fund or SMA.

Private Markets Fund of Funds

For investment advisory services rendered to the funds pursuing a private markets fund of funds investment strategy, we are generally entitled to a management fee in an amount (on an annualized basis) of up to 1.75% either (i) the investor's aggregate capital commitments to a fund, (ii) the investor's attributable share of the aggregate capital commitments made by the fund to its Underlying Investment Funds (based on the acquisition costs of such investments) or (iii) the investor's attributable share of the aggregate capital contributions made by the fund to its Underlying Investment Funds (excluding amounts constituting a return of a capital contribution by such underlying investments) or (iv) on the investor's aggregate contributions with respect to Underlying Investment Funds plus the investor's attributable share of the aggregate unfunded capital commitments made by the applicable fund to its Underlying Investment Funds. In the case of certain funds, the fees charged by us may decrease over time upon the occurrence of certain events, as described in the governing documents of such funds.

Funds that pursue a private markets fund of funds strategy, the management fee will be charged in addition to an investor's capital commitment. In most cases, AIP GP LP ("AIP") or one of its affiliates is also entitled to receive performance based fees, which vary.

We or our affiliates are generally entitled to carried interest with respect to each investor generally ranging from 5% - 15% of such investor's profits, subject to satisfaction of an internal rate of return ranging from 6% - 10%, compounded annually.

Funds pursuing a private markets investment strategy generally book fees on a quarterly basis and some of the funds are required to pay the management fee quarterly in advance. We do not provide refunds for such fees paid in advance.

Clients or investors should refer to the governing documents for the applicable fund for additional information regarding services and fees associated with the fund.

Portfolio Solutions Group

For discretionary services rendered to investors in commingled funds, we generally are entitled to a fee in an amount (on an annualized basis) of up to 0.90% of the net asset value of the applicable account. Fees are recorded monthly within a fund.

Separately Managed Accounts

The fees we charge for separate account management services vary based on the particular circumstances of the client or as otherwise negotiated. Our services are terminable by either party in accordance with the applicable contractual notice provision. Generally, fees on separate accounts are billed quarterly in arrears, however in some cases they are billed quarterly in advance. The timing of fee payments will vary in accordance with clients' preferences. In addition to being subject to the fees we charge, the portion of each client account that is invested in a fund will also bear a proportionate share of the advisory fees and other expenses of the fund; however such fees and expenses may be waived and/or rebated at our discretion. In certain circumstances, separately managed accounts are invested in products sponsored or advised by our affiliates that carry product level management fees and other expenses.

Expenses Charged to Clients/Fee Discounts

Fees and expenses investors in hedge fund of funds or private markets fund of funds strategies should expect to incur include, but are not limited to, the operating expenses and performance-based incentive fees or allocation of expenses of the Underlying Investment Funds in which the funds invest. Operating expenses typically consist of management fees, administration fees, professional fees (i.e., audit and legal fees), and other operating expenses. With respect to funds that pursue a private markets fund of funds strategy, the management fee will be in addition to an investor's capital commitment. Expenses vary depending on the particular fund. Accordingly, fund investors should refer to each particular fund's governing documents for a detailed discussion of the expenses the fund and its investors will or could bear.

Depending upon the terms of particular arrangements with clients, we may select or recommend that certain service providers (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, except where client instructions don't permit, 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, from time to time, 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.

Clients and investors in funds advised by us, are generally required to bear out-of-pocket costs and expenses incurred in connection with deals that are not ultimately completed. Typically, these expenses include (i) legal, accounting, advisory consulting or other third-party expenses in connection with making an investment that is not ultimately consummated, (ii) all fees (including commitment fees), costs and expenses of lenders, investment banks and other financing sources in connection with arranging financing for a proposed investment that is not ultimately made, and (iii) any break-up fees, deposits or down payments of cash or other property which are forfeited in connection with a proposed investment that is not ultimately made (in each case, to the extent such investment is not ultimately made by another advisory client).

Subject to applicable law and the relevant hedge fund of fund's or private markets fund of fund's governing documents, we enter into arrangements with certain investors that have the effect of altering or supplementing the terms of such investors' investments in a fund, including with respect to waivers or reductions of the management fee.

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 exists in situations where 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 does not impact individual compensation, in such instances, the portfolio manager has an incentive to favor these accounts over others. A conflict of interest also exists with regard to the allocation of investment opportunities across accounts that pay performance-based fees as opposed to accounts that do not pay performance-based fees.

If we manage accounts that establish short exposure to a security, as well as accounts that maintain long exposure to the same security, and the short exposure causes the market value of the security to fall, we could be seen as benefitting the accounts with short exposure at the expense of harming the performance of other accounts that maintain long exposure in the security.

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.

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

ITEM 7 TYPES OF CLIENTS

The Adviser provides advice to corporate pension and profit-sharing plans, corporate entities, insurance

companies, state, local and foreign government entities and pension plans (including foreign pension funds), funds of one, supra-national organizations, endowments, sovereign wealth funds, educational institutions, foundations, charitable institutions, registered mutual funds, unregistered funds and foreign regulated funds such as SICAVs, OEICs, QIFs and SIFs.

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

The Adviser manages a variety of investment strategies described in this section. For certain investment strategies, the Adviser will delegate portfolio management services to one or more affiliate of the Adviser. In these instances, clients should refer to the Form ADV brochure of each applicable affiliate for more information about the strategies discussed below.

The Adviser engages in the following significant Equity Investment Strategies:

International Equity

The Global Franchise Strategy is a concentrated portfolio of high quality, well managed companies at reasonable prices located throughout the world. Characterized by sustainable competitive advantages and powerful intangible assets, notably brands and networks, these companies have high and stable returns on operating capital which the team believes can be sustained for the long term. Utilizing fundamental analysis and bottom-up stock selection, the strategy seeks to generate attractive long-term performance with reduced downside participation in challenging markets.

The Global Quality Strategy is a concentrated, global equity strategy investing in a portfolio of high quality companies located throughout the world. The strategy seeks to generate attractive long-term absolute and relative returns while retaining a clear focus on reduced downside participation. The strategy uses fundamental analysis and bottom-up stock selection to identify companies characterized by resilient, high cross cycle, unlevered returns on capital, competitive advantages and strong free cash flow generation. The team aims to buy these stocks at reasonable prices relative to their cash flow-based valuation analysis. This strategy is also available excluding issuers which invest in, or derive income from, tobacco products.

The International Equity Strategy invests primarily in equity securities domiciled outside of the U.S. The strategy invests in a diversified portfolio of two types of stocks: attractively priced high quality compounders, companies characterized by high returns on capital and strong free cash flow generation and value opportunities, companies with reasonable and/or improving fundamentals; the mix of the two types of stocks varies over time based on attractive valuation and company prospects. The International Equity Strategy seeks to provide superior returns over the long term by providing attractive absolute returns in rising markets while offering a measure of reduced downside participation in challenging markets. This strategy is also available with limited US exposure.

The Global Sustain Strategy is an ESG-integrated global equity portfolio that is strong on engagement, light on carbon and built on quality. The strategy invests in high-quality companies at reasonable valuations that can sustain their high returns on operating capital over the long term. The portfolio has a low carbon footprint and a number of exclusions, including tobacco and fossil fuels. In addition, the investment team views long-term portfolio manager-led engagement as a critical underpinning to an active investment process. The Global Sustain Strategy seeks to provide attractive long-term returns with less long-term volatility than the broader market.

Counterpoint Global

The Advantage Strategy seeks long-term capital appreciation. To achieve its objective, the investment team emphasizes a bottom-up stock selection process, seeking attractive investments on an individual company basis. In selecting securities for investment, the investment team typically invests in companies it believes have strong name recognition and sustainable competitive advantages with above average business visibility, the ability to deploy capital at high rates of return, strong balance sheets and an attractive risk/reward. This strategy exists on a U.S., international and global basis (e.g., Advantage, Global Advantage, and International Advantage).

The Growth Strategy seeks long-term capital appreciation. To achieve its objective, the investment team seeks attractive investments on an individual company basis. In selecting securities for investment, the Adviser typically invests in unique companies it believes have sustainable competitive advantages with above average business visibility, the ability to deploy capital at high rates of return, strong balance sheets and an attractive risk/reward. The strategy exists across market capitalizations (e.g., Inception, Discovery, Insight, and Growth)¹.

The Permanence Strategy seeks long-term capital appreciation. To achieve its objective, the investment team emphasizes a bottom-up stock selection process, seeking attractive investments on an individual company basis. In selecting securities for investment, the investment team typically invests in companies it believes have strong name recognition and sustainable competitive advantages with above average business visibility, the ability to deploy capital at high rates of return, strong balance sheets and an attractive risk/reward. The strategy will make long-term investments in companies that the investment team believes have the most durable long-term competitive advantages. The strategy may also invest in more moderate growth companies, companies with lower earnings volatility and/or companies with some cyclicity in their end markets. This strategy exists on a U.S. and global basis (e.g., Permanence and Global Permanence).

The Opportunity Strategy seeks long-term capital appreciation by investing in high-quality established and emerging companies that the investment team believes are undervalued at the time of purchase. To achieve its objective, the investment team seeks companies with sustainable competitive advantages that can be monetized through growth. The investment process integrates analysis of sustainability with respect to disruptive change, financial strength, environmental and social externalities and governance (also referred to as ESG). This strategy exists on a Global, Regional and Customizable basis.²

Global Listed Real Assets

The Global Real Estate Securities Strategy seeks attractive long-term, risk-adjusted returns by utilizing internal proprietary research to invest in public real estate companies that we believe offer the best relative value relative to their underlying assets and earnings. The strategy utilizes a bottom up approach, valuing

¹ MSIM will close the Inception and Discovery Strategies to new investors, with limited exceptions, effective April 5, 2021 to preserve the ability of the investment team to manage the strategy for existing clients. With respect to Separately Managed Accounts, existing clients will be able to continue to invest in their accounts.

² MSIM closed the Global Opportunity Strategy to new investors, with limited exceptions, effective December 31, 2020 to preserve the ability of the investment team to manage the strategy for existing clients. With respect to Separately Managed Accounts, existing clients will be able to continue to invest in their accounts.

each security within our investment universe to arrive at an estimate of net asset value and forward cash flows. Analysts assess both real estate factors and equity factors in their fundamental bottom-up analysis in order to better appreciate the going concern valuation of the company as well as the liquidation value of the property portfolio. A top-down overlay is incorporated into the portfolio construction process. The top-down considerations seek to achieve diversified exposure across regions and/or sectors and integrate forecasted fundamental inflections, macroeconomic considerations, geopolitical and country risk assessments, among other factors. This strategy is available on a global, international and regional basis (e.g., U.S., North America, Europe, and Asia) and on a diversified and concentrated basis.

Global Multi-Asset

The Absolute Return Strategy seeks to achieve absolute returns by investing in a blend of equity and fixed income securities of U.S. and non-U.S. issuers. It is a global macro strategy that seeks to identify and exploit inefficiencies between markets, regions and sectors to deliver returns in excess of a customized financial benchmark. In seeking to achieve this investment objective, the strategy utilizes a global tactical approach to achieving total return, and to control risk and volatility.

The Global Tactical Asset Allocation Strategy seeks to achieve total return by investing in a blend of equity and fixed income securities of U.S. and non-U.S. issuers. It is a global macro strategy that seeks to identify and exploit inefficiencies between markets, regions, and sectors to deliver returns in excess of a customized financial benchmark. In seeking to achieve this investment objective, the strategy utilizes global tactical approach to achieving total return, and to control risk and volatility.

Global Balanced Risk Control (GBaR)

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).

Applied Equity Advisors

The Applied Equity Advisors team is an unconstrained, flexible global core equity manager seeking to drive excess returns, regardless of style or regional market leadership. The team believes that individual stock and overall portfolio performance can be maximized by using both

1) Style Positioning and 2) Stock Selection Engines. Regarding the Style Positioning engine, they believe the best outcomes are derived from a combination of quantitative output and qualitative overlay to determine whether the timing is right to bias the portfolio toward or away from a particular style (value, growth, quality) for any given region. The Stock Selection Engine begins its work once the desired factor positioning is understood, first looking for the stocks that are most representative of the desired style biases, then performing comprehensive fundamental research including a sustainability analysis.

The Applied Equity Advisors team believes in alpha generation through a limited number of positions relative to its core benchmarks. The strategies exist on a Global Concentrated, Global Concentrated ESG, Global Core and US Core basis. The Global Concentrated ESG portfolio is a concentrated portfolio seeking to outperform the MSCI World benchmark, with a negative screen for certain sectors and increased focus on the sustainability analysis.

Global Emerging Markets

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. The strategy exists on a global basis as well as within regional and country specific emerging markets.

The Emerging Markets Leaders Strategy is a benchmark agnostic concentrated strategy of 25-40 stocks that seeks to invest in companies operating in emerging and frontier markets with 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 China A-Shares 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.

The Adviser engages in the following significant Fixed Income Investment

Strategies: Global Fixed Income (includes US and non-US)

The Global Fixed Income Strategies combine a top-down assessment of the global bond universe with rigorous bottom-up fundamental and/or quantitative analysis:

The process begins with a top-down value assessment of the bond universe, including a consideration of macroeconomic conditions, business cycles, and relative valuations. The team seeks first to identify areas where implied market forecasts are out of line relative to historic trends and second, to identify what the catalyst will be for the market to adjust, and for the sector to re-value. From these assessments, the Asset Allocation team sets the broad overall investment direction. Portfolio managers subsequently work with our research analysts to implement these ideas across fixed income portfolios, in accordance with each portfolio's objectives and guidelines.

Macro Analysis - The team seeks to determine which themes are driving asset prices across rates, countries, and currencies and to evaluate the investment opportunity set based on a thematic investment thesis. The top-down process uses a combination of fundamental and quantitative analysis to identify and evaluate these investment opportunities.

Asset Allocation - The primary role of the Asset Allocation team is to identify the key drivers of fixed income markets and to determine the relative attractiveness of each sector of the fixed income market, together with interest rate and currency positions. The team seeks first to identify areas where implied market forecasts are out of line relative to historic trends and second, to identify the catalyst for the market to adjust. Internal debate is a key feature of the team's investment philosophy, ensuring investment ideas are tested thoroughly. The team debates relative value across sectors and recommends broad strategy. The team believes this creates a balanced and complete approach, ensuring that all fixed income asset classes are evaluated. Crucially, the team examines correlations and risks across fixed income markets. Ultimately, the

team aims to identify the investments with the best risk/reward profile to implement our investment themes.

Research - Research is conducted by dedicated teams specializing in a particular niche of the fixed income market. The research teams use in-depth fundamental analysis, complemented by quantitative tools, to generate bottom-up investment ideas and are responsible for security selection.

The teams' commitment to research is exemplified by the integration of their research and portfolio management teams, which ensures that their research findings are incorporated in their portfolio management activities. This provides a robust forum for debate, review and implementation of investment ideas. Research analysts provide support to the portfolio managers, as well as critical input to the investment decision-making process.

Portfolio Construction: Portfolio managers are responsible for implementing the investment strategies. They work to construct each portfolio in a way that conforms to individual client/strategy guidelines and objectives, while staying true to the broad strategy targets that are set by the Asset Allocation team. The portfolio managers achieve these targets by working with the research analysts to fill the sector buckets with bottom-up security selection ideas. This ensures that portfolios are both consistently benefiting from our best investment ideas and adhering to client guidelines and risk/return objectives.

Global

The Global Aggregate Strategy seeks attractive total returns from income and price appreciation by investing in a globally diversified portfolio of multicurrency debt issued by government and non-government issuers. To help achieve this objective, the strategy combines a top-down macroeconomic assessment, with rigorous bottom-up fundamental analysis and active currency management (where appropriate).

The Global Convertible Strategy seeks attractive total returns by investing in convertible bonds issued globally. The strategy is designed to take advantage of the attractive risk/return characteristics of convertible bonds by allowing meaningful participation in equity market growth while attempting to provide downside protection through fixed income.

The Global Credit Strategy seeks attractive total returns from income and price appreciation by investing in a globally diversified portfolio of multi-currency debt issued by corporations and non-government related issuers. To help achieve this objective, the strategy combines a top-down macroeconomic assessment to determine optimal beta positioning for the portfolio with rigorous bottom up fundamental analysis.

The Global Fixed Income Opportunities Strategy seeks attractive total return in any market cycle. The strategy maximizes the benefits of its global approach across all the sub-asset classes in Fixed Income to ensure "best ideas" are included. It focuses on absolute and risk-adjusted return over tracking error and benchmark, investing across currency, credit and interest rate markets. The strategy includes exposures to asset classes such as emerging markets, high yield, ABS/MBS, and convertibles.

The Global High Yield Strategy is an active, value-oriented fixed income strategy that seeks to maximize total returns from income and price appreciation by investing in a globally diversified portfolio of debt

issued by corporations and non-government issuers. The strategy utilizes a bottom-up credit intensive approach that looks for relative value opportunities, integrated with top-down macro analysis.

The Global Sovereign Strategy seeks attractive total returns from income and price appreciation by investing in a globally diversified portfolio of multicurrency debt issued by government issuers. To help achieve this objective, the strategy combines a top-down macroeconomic assessment, with rigorous bottom-up fundamental analysis and active currency management (where appropriate).

The Global Buy and Hold Strategy is an unconstrained fixed-income strategy that seeks income generation and price appreciation by investing in the most attractive sectors and a globally diversified portfolio of debt issued from various sectors of the fixed income universe. To help achieve this objective, the strategy combines a top-down proprietary quantitative model (bespoke for B&H portfolios) which screens through a large universe of eligible investments along with rigorous bottom-up fundamental analysis to build a portfolio to meet the criteria of the product.

European

The European Aggregate Core/Core Plus Strategy seeks attractive total returns from income and price appreciation by investing in a diversified portfolio of Government and non-government debt denominated in euro. To achieve this objective, the strategy combines a top-down assessment of the macroeconomic conditions to evaluate the government bond universe alongside rigorous bottom-up fundamental analysis in order to assess the non-government fixed income and corporate bonds.

The European Credit Strategy seeks attractive total returns from income and price appreciation by investing in a globally diversified portfolio of primarily euro denominated debt issued by corporations and non-government related issuers. To achieve this objective, the strategy combines a top-down macroeconomic assessment, to determine optimal beta positioning for the portfolio, with rigorous bottom-up fundamental analysis.

The European High Yield Bond Strategy seeks attractive returns through investing in a globally diversified portfolio of primarily high yielding fixed income securities. The team invests mainly in euro-denominated debt issued by corporations that offer a yield above that generally available on investment-grade debt securities. To achieve its objective, the strategy combines a top-down macroeconomic assessment, to determine optimal beta positioning for the portfolio, with rigorous bottom-up fundamental analysis.

The European Strategic Bond Strategy seeks attractive total returns from income and price appreciation by investing in a globally diversified portfolio of government, corporation, and non-government debt denominated in euro and non-euro currencies. To achieve this objective, the strategy combines a top-down assessment of macroeconomic conditions and the corporate bond universe with rigorous bottom-up fundamental analysis. The strategy has a broad investment universe and can purchase securities rated BB- and above.

The European Absolute Return Strategy seeks attractive total returns from income and price appreciation by investing in a globally diversified portfolio of government, corporation, and non-government debt

denominated in euro and non-euro currencies. To achieve this objective, the strategy combines a top- down assessment of macroeconomic conditions and the corporate bond universe with rigorous bottom-up fundamental analysis.

Sterling

The Sterling Credit Strategy seeks attractive total returns from income and price appreciation by investing in a globally diversified portfolio of primarily sterling denominated debt issued by corporations and non-government related issuers. To achieve this objective, the fund combines a top- down macroeconomic assessment, to determine optimal beta positioning for the portfolio, with rigorous bottom-up fundamental analysis.

Strategic Income

The Strategic Income Strategy invests in fixed income securities across a spectrum of asset classes including, investment-grade, emerging markets, high yield, ABS/MBS, and convertibles. The Portfolio's unconstrained approach provides the flexibility to allocate across these fixed income sectors and seek the best ideas through bottom-up security selection globally. It focuses on absolute and risk-adjusted return over tracking error and benchmark, investing across currency, credit and interest rate markets. The aim is also to construct a portfolio with less sensitivity to interest rate movements and the potential to capture positive returns across varying interest rate environments.

Alternative Investment Strategy

The core of our investment approach is a research intensive strategy and manager selection process intended to exploit market inefficiencies and other situations outside the mainstream of conventional investing while minimizing risk. Investments managed on a discretionary basis are selected opportunistically and managed dynamically from the complete range of liquid and private market strategies appropriate for each account. The offering documents and/or governing documents and, in applicable cases, the client's investment management agreement provide a fuller description of the types of Underlying Investment Funds in which we cause an account to invest. Our personnel use a wide range of resources to identify attractive Underlying Investment Funds and promising investment strategies for consideration in connection with investments by the accounts. Our main sources of information include contacts with industry executives, established business relationships, and research materials prepared by others.

Fund of Hedge Funds Strategy

Our fund of hedge funds investment process consists of (i) investing in funds managed by Underlying Investment Managers who employ a variety of non-traditional liquid market investment strategies; (ii) investing in certain investment funds managed in a traditional style; and (iii) making secondary market purchases of Underlying Investment Funds. Non-traditional investment strategies include a wide range of arbitrage (convertible bond, statistical, term structure, merger, mortgage backed security, global bond and capital structure), long-short equities and bonds, convergence, directional trading, distressed securities and options. These strategies allow Underlying Investment Managers the flexibility to use leverage or short-sale positions to take advantage of perceived inefficiencies across capital markets and are referred to as “alternative investment strategies”. “Traditional” investment companies are characterized generally by long-only investments and limits on the use of leverage. Underlying Investment Funds following alternative

investment strategies (whether hedged or not) are often described as “hedge funds”. We, from time to time, also seek to gain investment exposure, on behalf of an account, to certain Underlying Investment Funds or to adjust market or risk exposure by, among other things, entering into derivative transactions such as total return swaps, options and futures. In addition, as part of their investment strategy, certain funds of hedge funds may invest directly in privately held companies or publicly traded companies alongside an Underlying Investment Fund, typically an Underlying Investment Fund in which such fund invests directly.

For certain funds that employ a fund of hedge funds investment strategy we manage a portion of such fund's assets in overlay strategies related to portable alpha applications of its alternative investments. Portable alpha is the process whereby alpha (defined as the return in excess of the risk-free rate) is transported onto a traditional asset class return (such as equities or fixed income) to enhance the return of the monies allocated to the underlying asset class without necessitating an alteration in the investor's asset allocation. For example, we may enter into a total return swap (with an external counterparty) on behalf of the fund for the total return on the S&P 500 Index in exchange for payments of Libor + 50 basis points. The net return to the investor = (Fund of hedge funds return + S&P 500) - (Libor + 50 basis points).

In some situations, an Underlying Investment Manager will agree to accept direct investments from our clients or the clients of our affiliate into an Underlying Investment Fund. We provide investment recommendations and/or portfolio construction advisory services focusing on such Underlying Investment Funds in arrangements where the clients retain investment discretion. For these client-direct investments, we do not utilize leverage.

Private Market Fund of Funds

For our Private Market Funds of Funds strategies, consists of three primary investment approaches: primary commitments to Underlying Investment Funds; co-investments, primarily alongside our existing primary Underlying Investment Managers; and secondary market purchases of existing private markets Underlying Investment Funds and other private markets assets. Our Private Markets Fund of Funds strategies, in some cases, make investments in other Underlying Investment Funds (both on a primary or secondary basis) or Co-Investments, such as illiquid private assets sourced from other alternative investment vehicles and/or publicly traded securities of private markets businesses or funds (“Other Investments”).

The Private Markets Fund of Funds investment process generally consists of making primary or secondary commitments to and co-investing alongside private markets funds managed by Underlying Investment Funds who employ a variety of non-traditional private markets investment strategies, including buyouts, growth capital, venture capital, distressed companies, special situations, mezzanine, real assets, emerging markets and other categories. A Client's investment strategy may focus on one of the aforementioned strategies, or can include a mix of strategies. Certain Clients can opt to also include as a part of their investment strategy a focus on investments in Underlying Investment Funds or Co-investments that are expected to have positive social and/or environmental impact.

Portfolio Solutions Group

The Portfolio Solutions Group (“PSG”) has developed proprietary approaches for measuring the risk and return of alternative investments and incorporating them within a broader portfolio. PSG designs and manages highly customized multi-asset investment portfolios and advises its clients on all aspects of

portfolio construction, including: (i) analyzing manager performance (both hedge funds and traditional managers); (ii) creating strategic portfolios that include equities, fixed income, alternative investments; and (iii) developing commitment strategies for private equity and real estate investments and portfolio transition plans.

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, Geopolitical, and Market Risks.** The success of our investment strategies, processes, and methods of analysis, as well as any account's activities, may be affected by general economic, geopolitical, and market conditions, such as changes in interest rates, availability of credit, inflation rates, global demand for particular products or resources, natural disasters, economic uncertainty, pandemics, epidemics (e.g. COVID-19), terrorism, social and political discord, debt crises and downgrades, regulatory events, governmental or quasi-governmental actions, changes in laws, and national and international political circumstances.

These factors create uncertainty, and can ultimately result in, among other things: increased volatility in the financial markets for securities, derivatives, loans, credit and currency; a decrease in the reliability of market prices and difficulty in valuing assets, greater fluctuations in spreads on debt investments and currency exchange rates; increased risk of default (by both government and private obligors and issuers); further social, economic, and political instability; nationalization of private enterprise; greater governmental involvement in the economy or in social factors that impact the economy; changes to governmental regulation and supervision of the securities, loan, derivatives and currency markets and market participants, and decreased or revised monitoring of such markets by governments or self-regulatory organizations and reduced enforcement of regulations; limitations on the activities of investors in such markets; controls or restrictions on foreign investment, capital controls and limitations on repatriation of invested capital; the significant loss of liquidity and the inability to purchase, sell and otherwise fund investments or settle transactions (including, but not limited to, a market freeze); unavailability of currency hedging techniques; substantial, and in some periods extremely high, rates of inflation, which can

last many years and have substantial negative effects on credit and securities markets as well as the economy as a whole; recessions; and difficulties in obtaining and/or enforcing legal judgments. Any of these conditions may adversely affect the level and volatility of prices and liquidity of an account's investments. Unexpected volatility or lack of liquidity, such as the general market conditions that have prevailed recently, could impair an 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. These impacts can be exacerbated by failures of governments and societies to adequately respond to an emerging event or threat. It is difficult to predict when similar events or conditions affecting the U.S. or global financial markets may occur, the effects that such events or conditions may have, and the duration of those events. Any such events or conditions could have a significant adverse impact on the value and risk profile of client portfolios.

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, SARS-CoV-2, and related respiratory disease ("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, and could continue to result, in illness and deaths, adversely impact global commercial activity and contribute to significant volatility in certain equity, debt, derivatives and commodities markets. The global impact of the outbreak is continuing to develop, and many countries, cities, and other local municipalities 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, and could continue to create, 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 may continue to take aggressive measures to help slow its spread. Also, variations of COVID-19 have (i) increased the rate at which the virus spreads and, in some cases, the severity of infections and (ii) impacted the efficacy of vaccines that have been developed, prolonging and in some cases increasing economic disruption. For these reasons, among others, as COVID-19 continues to spread, the potential impacts, including a global, regional or other economic recession, are uncertain and difficult to assess.

This outbreak has resulted in, and until fully resolved is likely to continue to result in, the following among other things: (i) government imposition of various forms of "stay at home" orders and the closing of "non-essential" businesses, resulting in significant disruption to the businesses of many portfolio companies, including supply chains, demand, and practical aspects of their operations, as well as in lay-offs of employees, and, while these effects are hoped to be temporary, some effects could be persistent or even permanent; (ii) increased demand for liquidity by investors; (iii) with respect to debt issuances, increased requests by borrowers for amendments and waivers of their credit agreements to avoid default, increased defaults by such borrowers and/or increased difficulty in obtaining refinancing at the maturity dates of their loans; (iv) volatility and disruption of financial

markets including greater volatility in pricing and spreads and difficulty in valuing investments during periods of increased volatility, and liquidity issues; and (v) rapidly evolving proposals and/or actions by local, state and federal governments to address problems being experienced by the markets and by businesses and the economy in general, which will not necessarily adequately address the problems facing financial markets and businesses broadly.

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 material and adverse impact on the value and performance of the portfolios we manage, our ability to source, manage, and divest investments, and our ability to fulfill the investment objectives of the portfolios we manage, all of which could result in significant losses to a client.

The extent of the impact of any public health emergency on a portfolio'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. In addition, the operations of MSIM Ltd., as well as those of any investment vehicles we manage and their underlying portfolio companies and Underlying Investment Funds, 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 and Underlying Investment Funds 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 or Underlying Investment Fund 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 and risk management systems seeking to address system breaches or failures, there are inherent limitations in such plans and systems.

Legal and Regulatory Risks

- U.S. and non-U.S. governmental agencies and other regulators regularly implement additional regulations and legislators pass new laws that affect the investments held by MSIM's clients, the strategies used by MSIM, or the level of regulation or taxation applying to a client (such as regulations related to investments in derivatives and other transactions). These regulations and laws impact the investment strategies, performance, costs, operations or taxation of MSIM and its clients.

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

- Departure of the United Kingdom (UK) from the European Union (EU). In an advisory referendum held in June 2016, the United Kingdom (“UK”) electorate voted to leave the EU, an event widely referred to as “Brexit”. On January 31, 2020, the UK officially withdrew from the EU and the UK entered a transition period which ended on December 30, 2020. The EU and UK entered into the EU UK Trade and Cooperation Agreement (“TCA”), an agreement governing certain aspects of the EU’s and the UK’s relationship following the end of the transition period. Notwithstanding the TCA, there is likely to be considerable uncertainty as to the UK’s post-transition framework.

The impact on the UK and the EU and the broader global economy is still unknown, but could be significant and could result in increased volatility and illiquidity and potentially lower economic growth. Brexit may have a negative impact on the economy and currency of the UK and the EU as a result of anticipated, perceived or actual changes to the UK’s economic and political relations with the EU. The impact of Brexit, and its ultimate implementation, on the economic, political, and regulatory environment of the UK and the EU could have global ramifications. Any of the foregoing or similar risks could have a material adverse effect on the operations, financial condition or investment returns of the MSIM Ltd. clients and/or MSIM Ltd. in general. These events, subsequent developments and future consequences of Brexit lie outside of the control of MSIM Ltd. and their impact cannot be reliably predicted.

Accounts and pooled investment vehicles advised by MSIM Ltd., as well as the Underlying

Investment Funds, may make investments in the UK, 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 Ltd. 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 Ltd. client's prospects and/or returns. Potential consequences to which an MSIM Ltd. 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 Ltd. 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 Ltd. client, MSIM Ltd. 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 Ltd. 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.

- Certain countries and regulatory bodies use negative interest rates as a monetary policy tool to encourage economic growth during periods of deflation. In a negative interest rate environment, debt instruments may trade at negative yields, which means the purchaser of the instrument may receive at maturity less than the total amount invested. In addition, in a negative interest rate environment, if a bank charges negative interest rates, instead of receiving interest on deposits, a depositor must pay the bank fees to keep money with the bank. To the extent an investor holds a debt instrument or has a bank deposit with a negative interest rate, the investor would generate a negative return on that investment.

In light of current market conditions, interest rates and bond yields in the United States and many other countries are at or near historic lows, and in some cases, such rates and yields are negative. During periods of very low or negative interest rates, a client's susceptibility to interest rate risk (i.e., the risks associated with changes in interest rates) may be magnified, its yield and income may be diminished and its performance may be adversely affected (e.g., during periods of very low or negative interest rates, a client may be unable to maintain positive returns). These levels of interest rates (or negative interest rates) may magnify the risks associated with rising interest rates. Changing interest rates, including rates that fall below zero, may have unpredictable effects on markets, including market volatility and reduced liquidity, and may adversely affect a portfolio's yield, income and performance.

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, pooled investment vehicles we advise and Underlying Investment Funds. 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.

- **Foreign and Emerging Market Securities Risks.** 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, an investment by an account or Underlying Investment Fund 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 an account's investments.

Investments in foreign markets may also be adversely affected by governmental actions such as the imposition of capital controls, nationalization of companies or industries, expropriation of assets or the imposition of punitive taxes. The governments of certain countries may prohibit or impose substantial restrictions on foreign investing in their capital markets or in certain sectors or industries. In addition, a foreign government may limit or cause delay in the convertibility or repatriation of its currency which would adversely affect the U.S. dollar value and/or liquidity of investments denominated in that currency. Certain foreign investments may become less liquid in response to market developments or adverse investor perceptions, or become illiquid after purchase by an investor, particularly during periods of market turmoil. When an investor holds illiquid investments, its portfolio may be harder to value.

Investments in foreign companies and countries are subject to economic sanction and trade laws in the United States and other jurisdictions. These laws and related governmental actions may, from time to time, prohibit an investor from investing in certain countries and in certain companies. Investments in certain countries and companies may be, and have in the past been, restricted as a result of the imposition of economic sanctions. In addition, economic sanction laws in the United States and other jurisdictions may prohibit an investor from transacting with a particular country or countries, organizations, companies, entities and/or individuals. These types of sanctions may significantly restrict or completely prohibit investment activities in certain jurisdictions. In addition, such economic sanctions or other government restrictions may negatively impact the value or liquidity of a portfolio of investments, and could impair the MSIM Ltd.'s ability to meet a client's investment objective or invest in accordance with a client's investment strategy.

- **Growth Investing Risks.** Growth investing attempts to identify companies that we believe will experience rapid earnings growth relative to value or other types of stocks, Growth stocks may trade at higher multiples of current earnings compared to value or other stocks, leading to inflated prices and thus potentially greater declines in value. The performance of growth strategies may be better or worse than the performance of equity strategies that focus on value stocks or that have a broader investment style.
- **Control Position Risks.** Certain accounts may directly, or indirectly through Underlying Investment Funds, take control positions in companies. The exercise of control over a company imposes additional risks of liability for environmental damage, product defects, failure to supervise and other types of related liability. If such liabilities were to arise, such Underlying Investment

Fund would likely suffer a loss, which may be complete, on its investment.

- **Hedging Strategy Risks.** Certain client accounts, pooled investment vehicles, and Underlying Investment Funds 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 below under “Risk Considerations Associated with Security Types - 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 or the Underlying Investment Funds, the transactions themselves entail risks that are different from those of the investments of the accounts or Underlying Investment Funds. 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 and Underlying Investment Funds 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 and Underlying Investment Funds than if they had not used such Hedging Instruments.
- **Short Sale Risks.** In a short sale transaction, an account sells a security that it owns or has the right to acquire at no added cost (i.e., “against the box”) or does not own (but has borrowed) in anticipation of a decline in the market value of that security. To deliver the securities to the buyer, an account arranges through a lender (e.g., a broker) to borrow the security and, in so doing, the account becomes obligated to replace the security borrowed at its market price at the time of replacement. An account may have to pay a premium to borrow the security and must pay any dividends or interest payable on the security until it is replaced. An account’s obligation to replace the security borrowed in connection with a short sale will be secured by collateral deposited with the lender that consists of cash or other liquid securities. If we incorrectly predict that the price of a borrowed security will decline, an account will have to replace the security with a security with a greater value than the amount received from the sale, thus, resulting in a loss. 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 because the price of the borrowed security may rise indefinitely, whereas losses from purchases can equal only the total amount invested. Purchasing a security to close out the short position can itself cause the price of the security to rise further, thereby exacerbating the loss. Short selling also involves the risks of: increased leverage, and its accompanying potential for losses; the potential inability to reacquire a security in a timely manner, or at an acceptable price; the possibility of the lender terminating the loan at any

time, forcing an account to close the transaction under unfavorable circumstances; the additional costs that may be incurred; and the potential loss of investment flexibility caused by an account's obligation to provide collateral to the lender and set aside assets to cover the open position.

- **Small Capitalization Company Investment Risks.** Investments in small cap companies entail greater risks than those associated with larger, more established companies. Often the securities issued by small cap companies may be less liquid, and such companies may have more limited markets, financial resources and product lines, and may lack the depth of management of larger companies.
- **Venture Capital Investment Risks.** Certain accounts may directly, or indirectly through Underlying Investment Funds, make venture capital investments. Such investments involve a high degree of business and financial risk that can result in substantial losses. The most significant risks are the risks associated with investments in: (i) companies in an early stage of development or with little or no operating history; (ii) companies operating at a loss or with substantial fluctuations in operating results from period to period; and (iii) companies with the need for substantial additional capital to support or to achieve a competitive position.
- **Special Situations Investment Risks.** Certain of the companies in whose securities an account or the Underlying Investment Funds 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 or an Underlying Investment Fund in any instrument is subject to no minimum credit standard and a significant portion of the obligations and preferred stock in which an account or Underlying Investment Fund may invest may be less than investment grade (commonly referred to as junk bonds), which may result in greater risks experienced by the account or Underlying Investment Fund, as applicable, than it would if investing in higher rated instruments.
- **Buy-Out Transaction Risks.** Certain accounts may invest directly or indirectly through Underlying Investment Funds, in leveraged buyouts that by their nature require companies to undertake a high ratio of leverage to available income. Leveraged investments are inherently more sensitive to declines in revenues and to increases in expenses.
- **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.

- **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 overtime.

Cryptocurrency. Cryptocurrencies (also referred to as “virtual currencies” and “digital currencies”), including bitcoin, are digital assets designed to act as a medium of exchange. From time to time, certain of MSIM's clients will obtain indirect exposure to cryptocurrencies through funds, futures, and other investment products. The value of these products is often intended to reflect the value of one or more cryptocurrencies, and the risks of investing in these products are similar to the risks of investing in cryptocurrencies generally (discussed further below), as well as the risks specific to investing in the applicable investment product (e.g., if an investment is made through a private fund, the risks of investing in a private fund will apply).

Cryptocurrency facilitates decentralized, peer-to-peer financial exchange and value storage that is used like money, without the oversight of a central authority or banks. The value of cryptocurrency is not backed by any government, corporation, or other identified body. Similar to fiat currencies, cryptocurrencies are susceptible to theft, loss and destruction.

The value of investments in cryptocurrency is subject to fluctuations in the value of the cryptocurrency, which have been and may in the future be highly volatile. The value of cryptocurrencies is determined by the supply and demand for cryptocurrency in the global market for the trading of cryptocurrency. The price of a cryptocurrency could drop precipitously for a variety of reasons, including, but not limited to, regulatory changes, a crisis of confidence, flaw or operational issue in the cryptocurrency's network or a change in user preference to competing cryptocurrencies. A client's exposure to cryptocurrency could result in substantial losses.

Cryptocurrencies trade on exchanges, which are largely unregulated and, therefore, are more exposed to fraud and failure than established, regulated exchanges for securities, derivatives and other currencies. These exchanges have in the past, and may in the future, cease operating temporarily or even permanently, resulting in the potential loss of users' cryptocurrency or other market disruptions. Cryptocurrency exchanges that are regulated typically must comply with minimum net capital, cybersecurity, and anti-money laundering

requirements, but are not typically required to protect customers or their markets to the same extent that regulated securities exchanges or futures exchanges are required to do so. Furthermore, many cryptocurrency exchanges lack certain safeguards established by traditional exchanges to enhance the stability of trading on the exchange and, as a result, the prices of cryptocurrencies on these exchanges may be subject to larger and more frequent sudden declines than assets traded on traditional exchanges. In addition, cryptocurrency exchanges are also subject to the risk of cybersecurity threats and breaches, resulting in the theft and/or loss of cryptocurrencies, and/or an adverse effect on value of cryptocurrencies. Factors affecting the further development of cryptocurrency include, but are not limited to: continued worldwide growth or possible cessation or reversal in the adoption and use of cryptocurrency and other digital assets; government and quasi-government regulation or restrictions on or regulation of access to and operation of digital asset networks; changes in consumer demographics and public preferences; maintenance and development of open-source software protocol; availability and popularity of other forms or methods of buying and selling goods and services; the use of the networks supporting digital assets, such as those for developing smart contracts and distributed applications; general economic conditions and the regulatory environment relating to digital assets; negative consumer or public perception; and general risks tied to the use of information technologies, including cyber risks.

Currently, there is relatively limited use of cryptocurrency in the retail and commercial marketplace, which contributes to price volatility. Cryptocurrency is a new technological innovation with a limited history; it is a highly speculative asset and future regulatory actions or policies may limit, perhaps to a materially adverse extent, the value of a client's direct or indirect investment in cryptocurrency and the ability to exchange a cryptocurrency or utilize it for payments.

Risk Considerations Associated with Equity Securities – In General. 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 an account 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.

Risk Considerations Associated with Fixed Income Securities – In General. 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.

- **Interest Rate Risk.** Portfolio investments, payment obligations and financing items may be based on floating rates such as London Interbank Offer Rate ("LIBOR"), Euro Interbank Offered Rate and other similar types of reference rates (each a "Reference Rate"). These Reference Rates are generally intended to represent the rate at which contributing banks may obtain short-term borrowings from each other within certain financial markets. On July 27, 2017, the Chief Executive of the UK Financial Conduct Authority ("FCA"), which regulates LIBOR, announced that the FCA will no longer persuade nor require banks to submit rates for the calculation of LIBOR and certain other Reference Rates after 2021. Such announcement indicates that the continuation of LIBOR and other Reference Rates on the current basis cannot be guaranteed after 2021. However, subsequent announcements by the FCA, the LIBOR administrator and other regulators indicate that it is possible that certain Reference Rates may continue beyond 2021. This announcement and any additional regulatory or market changes may have an adverse impact on client portfolio investments.

It is expected that banks will not be compelled to submit rates for the calculation of LIBOR benchmark reference rate beyond 2021. In advance of 2022, regulators and market participants are currently engaged in identifying successor Reference Rates ("Alternative Reference Rates"). Additionally, prior to the end of 2021 (or a later date, if a particular Reference Rate is expected to continue beyond 2021), it is expected that market participants will focus on the transition mechanisms by which the Reference Rates in existing contracts or instruments may be amended, whether through marketwide protocols, fallback contractual provisions, bespoke negotiations or amendments or otherwise. At this time, it is not possible to completely identify or predict the effect of any such changes, any establishment of Alternative Reference Rates or any other reforms to Reference Rates that may be enacted in the UK or elsewhere. While market participants are endeavoring to minimize the economic impact of the transition from Reference Rates to Alternative Reference Rates, the transition away from LIBOR and certain other Reference Rates could have a number of negative consequences. In connection with discontinuing LIBOR as a benchmark reference rate, one or more of the following could occur: (i) increased volatility and illiquidity in markets that currently rely on LIBOR to determine interest rates; (ii) a reduction in the value of some Reference Rate-based investments and our ability to effectively mitigate interest rate risks in client portfolios.; (iii) extensive negotiations of and/or amendments to agreements and other documentation governing Reference Rate-linked investments products; (iv) disputes, litigation or other actions with counterparties or portfolio companies regarding the interpretation and enforceability of "fallback" provisions that provide for an alternative reference rate in the event of Reference Rate unavailability; and/or (v) additional costs incurred in relation to any of the above factors.

If no widely accepted conventions develop, it is uncertain what effect broadly divergent interest rate calculation methodologies in the markets and differing times of adopting new benchmarks will have on the price and liquidity of debt obligations and our ability to effectively mitigate interest rate risks in client portfolios. To the extent interest rates increase, periodic interest obligations owed by the related obligors will also increase. As prevailing interest rates increase, some obligors might not be able to make the increased interest payments on, or refinance, their debt obligations, resulting in payment defaults and defaulted obligations. Conversely, if interest rates decline, obligors might refinance their debt obligations at lower interest rates, which could shorten the average life of the securities and expose client portfolios to reinvestment risk.

The risks associated with the above factors, including decreased liquidity, are heightened with respect to investments in Reference Rate based products that do not include a fallback provision that addresses how interest rates will be determined if LIBOR and certain other Reference Rates stop being published. Even with some Reference Rate-based instruments that may contemplate a scenario where Reference Rates are no longer available by providing for an alternative rate-setting methodology and/or increased costs for certain Reference Rate-related instruments or financing transactions, there may be significant uncertainty regarding the effectiveness of any such alternative methodologies, resulting in prolonged adverse market conditions. There also remains uncertainty and risk regarding the willingness and ability of issuers to include enhanced provisions in new and existing contracts or instruments. In addition, when a Reference Rate is discontinued, the substitute Reference Rate may be lower than market expectations, which could have an adverse impact on the value of preferred and debt securities with floating or fixed-to-floating rate coupons. Furthermore, any substitute Reference Rate and any pricing adjustments imposed by a regulator or counterparties or otherwise may adversely affect the value or performance of certain portfolio investments or the portfolios we manage.

- **Inflation Risk.** Certain investments are subject to inflation risk, which is the risk that the value of assets or income from investments will be less in the future as inflation decreases the value of money (i.e., as inflation increases, the values of assets can decline). Inflation rates may change frequently and significantly as a result of various factors, including unexpected shifts in the domestic or global economy and changes in economic policies, and investments may not keep pace with inflation, which may result in losses to investors. This risk is greater for fixed-income instruments with longer maturities.

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, pooled investment vehicles that we advise and Underlying Investment Funds. 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.

- **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.
- **Municipal Securities Risks.** Municipal obligations may be general obligations or revenue bonds and may include Build America Bonds. General obligation bonds are secured by the issuer’s full faith and credit as well as its taxing power for payment of principal or interest. Revenue bonds are payable solely from the revenues derived from a specified revenue source, and therefore involve the risk that the

revenues so derived will not be sufficient to meet interest and or principal payment obligations. Municipal securities involve the risk that an issuer may call securities for redemption, which could force the account to reinvest the proceeds at a lower rate of interest.

- **Derivatives Risks.** 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, currencies, indices or interest rates to which they relate and risks that the instruments may not be liquid and could be difficult to value. 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 or Underlying Investment Fund 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 or Underlying Investment Fund. If an account or an Underlying Investment Fund invests in derivatives at an inopportune time or incorrectly judges market conditions, the investments may lower the return of the account or Underlying Investment Fund or result in a loss. An account or an Underlying Investment Fund also could experience losses if derivatives are poorly correlated with their other investments, or if the account or Underlying Investment Fund is unable to liquidate the position because of an illiquid secondary market.
- **Asset-Backed Securities Risks (Generally).** Asset-backed securities are subject to the risk that consumer laws, legal factors or economic and market factors may result in the collateral backing the securities being insufficient to support payment on the securities. Some asset-backed securities also entail prepayment risk, which may vary depending on the type of asset.
- **Mortgage-Backed Securities.** Mortgage-backed securities entail prepayment risk, which generally increases during a period of falling interest rates. Certain mortgage-backed securities may be more volatile and less liquid than other traditional types of debt securities. In addition, an unexpectedly high rate of defaults on the mortgages held by a mortgage pool may adversely affect the value of a mortgage-backed security and could result in losses to the account. The risk of such defaults is generally higher in the case of mortgage pools that include subprime mortgages. Leverage may cause an account to be more volatile than if an account had not been leveraged.
- **Collateralized Mortgage Obligations (“CMOs”) Risks.** CMOs are comprised of various tranches, the expected cash flows on which have varying degrees of predictability as compared with the underlying mortgage assets. The less predictable the cash flow, the higher the yield and the greater the risk. In addition, if the collateral securing CMOs or any third party guarantees are insufficient to make payments, an account could sustain a loss.
- **U.S. Government Securities Risks.** With respect to U.S. government securities that are not backed by the full faith and credit of the U.S. Government, there is the risk that the U.S. Government will not provide financial support to such U.S. government agencies, instrumentalities or sponsored enterprises if it is not obligated to do so by law.
- **Bank Obligation Risks.** The activities of U.S. banks, including Morgan Stanley, and most foreign banks, are subject to comprehensive regulations. The enactment of new legislation or regulations, as

well as changes in interpretation and enforcement of current laws, may affect the manner of operations and profitability of domestic and foreign banks. In addition, banks, including Morgan Stanley, may be particularly susceptible to certain economic factors.

- **Bank Loan Risks.** Bank loans are subject to the risk of default. Default in the payment of interest or principal on a loan will result in a reduction of income to the account, a reduction in the value of the loan, and a potential decrease in the account's balance. The risk of default will increase in the event of an economic downturn or a substantial increase in interest rates. Bank loans are subject to the risk that the cash flow of the borrower and property securing the loan or debt, if any, may be insufficient to meet scheduled payments. As discussed above, however, because bank loans reside higher in the capital structure than high yield bonds, default losses have been historically lower in the bank loan market. Bank loans that are rated below investment grade share the same risks of other below investment grade securities
- **Repurchase Agreement Risks.** Repurchase agreements are subject to risks associated with the possibility of default by the seller at a time when the collateral has declined in value, or insolvency of the seller, which may affect an account's right to control the collateral.
- **Reverse Repurchase Agreements Risks.** Reverse repurchase agreements involve a sale of a security to a bank or securities dealer and a simultaneous agreement to repurchase the security for a fixed price (reflecting a market rate of interest) on a specific date. These transactions involve a risk that the other party to a reverse repurchase agreement will be unable or unwilling to complete the transaction as scheduled, which may result in losses to an investment portfolio. Reverse repurchase transactions are a form of leverage that may also increase the volatility of investment portfolios.
- **Special Purpose Acquisition Companies.** A special purpose acquisition company ("SPAC") is a publicly traded company that raises investment capital for the purpose of acquiring or merging with an existing company. Typically, the acquisition target is an existing privately held company that wants to trade publicly, which it accomplishes through a combination with a SPAC rather than by conducting a traditional initial public offering ("IPO"). SPACs and similar entities are blank check companies and do not have any operating history or ongoing business other than seeking acquisitions. The long term value of a SPAC's securities is particularly dependent on the ability of the SPAC's management to identify a merger target and complete an acquisition. Some SPACs pursue acquisitions only within certain industries or regions, which may increase the time horizon for an acquisition as well as other risks associated with these investments, including price volatility. In addition, certain securities issued by a SPAC, particularly in private placements conducted by the SPAC after its IPO, may be classified as illiquid and/or be subject to restrictions on resale, which restrictions may be imposed for at least a year or possibly a more extended time, and may potentially be traded only in the over-the-counter market.

Until an acquisition or merger is completed, a SPAC generally invests its assets, less a portion retained to cover expenses, in U.S. government securities, money market securities and cash and does not typically pay dividends in respect of its common stock. If an acquisition or merger that meets the requirements of the SPAC is not completed within a pre-established period of time (typically, two years), the funds invested in the SPAC plus any interest paid on such funds while held in trust (less any permitted expenses and any losses experienced by the SPAC) are returned to its shareholders. As a result, a Fund may be subject to opportunity costs to the extent that alternative investments would

have produced higher returns. Any warrants or other rights with respect to a SPAC held by a client may expire worthless or may be repurchased or retired by the SPAC.

In connection with a proposed acquisition, a SPAC may raise additional funds in order to fund the acquisition, post-acquisition working capital, redemptions or some combination of those purposes. This additional fundraising may be in the form of a private placement of a class of equity securities or debt. The debt could be secured by the assets of the SPAC or the operating company existing after the acquisition or it could be unsecured. The debt may also be investment grade debt or below investment grade debt.

A client may invest in stock, warrants, rights and other securities of SPACs or similar special purpose entities in a private placement transaction or as part of a public offering. If the client purchases securities in the SPAC's IPO, typically it will receive publicly-traded securities called "units" that include one share of common stock and one right or warrant (or partial right or warrant) conveying the right to purchase additional shares of common stock. At a specified time, the rights and warrants may be separated from the common stock at the election of the holder, after which each security typically is freely tradeable. An investment in the IPO securities of a SPAC may be diluted by additional, later offerings of securities by the SPAC or by other investors exercising existing rights to purchase securities of the SPAC. If a client invests in equity securities issued in a private placement after the IPO, those shares will not be publicly tradable unless and until there is a registration statement filed by the SPAC and approved by the SEC or if an exemption from registration is available, which exemptions typically become available at least a year after the date of the business combination. Equity investments in the SPAC made in connection with a proposed business combination will be diluted by the acquisition itself and further fundraising by the ongoing operating business.

If there is no market for the shares of the SPAC or only a thinly traded market for shares or interests in the SPAC develops, a client may not be able to sell its interest in a SPAC or it may only sell its interest at a price below what the client believes is the SPAC interest's value. If not subject to a restriction on resale, a client may sell its investments in a SPAC at any time, including before, at or after the time of an acquisition or merger. Generally, SPACs provide the opportunity for common shareholders who hold publicly traded shares to have some or all of their shares redeemed by the SPAC at or around the time of a proposed acquisition or merger. However, there is often a limit to the number of shares that can be redeemed in connection with a business combination. If a client holds shares of publicly traded SPAC stock, this means that a client may not be able to redeem those shares prior to an acquisition and may have to hold those shares until after the completion of the acquisition. If a client purchases shares in a private placement, those shares will not be redeemable in connection with a transaction. In addition, a client may elect not to participate in a proposed SPAC transaction or may be required to divest its interests in the SPAC due to regulatory or other considerations.

An investment in a SPAC is subject to the risks that any proposed acquisition or merger may not obtain the requisite approval of SPAC shareholders, may require governmental or other approvals that it fails to obtain or that an acquisition or merger, once effected, may prove unsuccessful and lose value. In addition, among other conflicts of interest, the economic interests of the management, directors, officers and related parties of a SPAC can differ from the economic interests of public shareholders, which may lead to conflicts as they evaluate, negotiate and recommend business combination transactions to shareholders. This risk may become more acute as the deadline for the completion of a business combination nears or in the event that attractive acquisition or merger targets become scarce.

An investment in a SPAC is also subject to the risk that a significant portion of the funds raised by the SPAC may be expended during the search for a target acquisition or merger. The value of investments

in SPACs may be highly volatile and may depreciate over time.

In addition, investments in SPACs may be subject to the same risks as investing in any initial public offering, including the risks associated with companies that have little operating history as public companies, including unseasoned trading, small number of shares available for trading and limited information about the issuer. In addition, the market for IPO issuers may be volatile, and share prices of newly-public companies have fluctuated significantly over short periods of time. Although some IPOs may produce high returns, such returns are not typical and may not be sustainable.

- **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. There may be a lack of liquidity in certain ETFs which can lead to a large difference between the bid-ask prices (increasing the costs of buying or selling the ETF). A lack of liquidity also may cause an ETF to trade at a large premium or discount to its net asset value. Additionally, an ETF may suspend issuing new shares and this may result in an adverse difference between the ETF's publicly available share price and the actual value of its underlying investment holdings. At times when underlying holdings are traded less frequently, or not at all, an ETF's returns also may diverge from the benchmark it is designed to track.
- **Foreign Money Market Securities Risks.** Investing in money market securities of foreign issuers involves some risks additional to those involved in investing in comparable US money market securities, including higher cost of investing and the possibility of adverse political, economic or other developments affecting the issuers of these 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.

- **REITs, Real Estate Operating Companies (“REOCs”) and Foreign Real Estate Company Risks.** 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 Underlying Investment Funds

- Certain of the Underlying Investment Funds are not registered as investment companies under the Investment Company Act of 1940, as amended (the “1940 Act”). Investors in the Underlying Investment Funds do not have the benefit of the protections afforded by the 1940 Act to investors in registered investment companies. In addition, the investment managers of the Underlying Investment Funds may not be registered as investment advisers under the Advisers Act. Although we periodically receive information from each Underlying Investment Fund regarding its investment performance and investment strategy, we may have little or no means of independently verifying this information. An Underlying Investment Fund may use proprietary investment strategies that are not fully disclosed to us, which may involve risks under some market conditions that are not anticipated by us. Underlying Investment Managers may change their investment strategies (i.e., may experience style drift) at any time. In addition, we have no direct control over any Underlying Investment Funds’ investment management, brokerage, custodial arrangements or operations and must rely on the experience and competency of the Investment Manager in these areas. The performance of our funds depends on our success in selecting Underlying Investment Funds for investment by the funds and the allocation and reallocation of assets among those Underlying Investment Funds.

The Underlying Investment Funds typically do not maintain their securities and other assets in the custody of a bank or a member of a securities exchange, as generally required of registered investment companies. It is anticipated that the Underlying Investment Funds in which the Funds invest generally will maintain custody of their assets with brokerage firms that do not separately segregate such customer assets as required in the case of registered investment companies. Under the provisions of the Securities Investor Protection Act of 1970, as amended, the bankruptcy of any such brokerage firm could have a greater adverse effect on the funds than would be the case if custody of assets were maintained in accordance with the requirements applicable to registered investment companies. There is also a risk that an Investment Manager could convert assets committed or paid to it by the Funds for its own use or that a custodian could convert assets committed to it by an Investment Manager to its own use.

Each Investment Manager may receive any incentive-based fees to which it is entitled irrespective of the performance of the other Underlying Investment Funds and a fund generally. As a result, an Investment Manager with positive performance may receive compensation from the fund, in the form

of the asset-based fees, incentive-based fees and other expenses payable by you as an investor in the relevant Investment Fund, even if the fund's overall returns are negative. The investment decisions of the Underlying Investment Funds are made by the Underlying Investment Managers independently of each other so that, at any particular time, one Investment Fund may be purchasing shares in an issuer that at the same time are being sold by another Investment Fund. Transactions of this sort could result in an account directly or indirectly incurring certain transaction costs without accomplishing any net investment result, which may result in the pursuit of opposing investment strategies or result in performance that correlates more closely with broader market performances. Because an account may make additional investments in or redemptions from Underlying Investment Funds only at certain times according to limitations set out in the governing documents of each such fund, an account from time to time may have to invest some of its assets temporarily in money market securities or money market funds, among other similar types of investments.

Underlying Investment Funds may permit or require that redemptions of interests be made in kind. Upon its redemption of all or a portion of its interest in an Investment Fund, an account may receive securities that are illiquid or difficult to value. In such a case, we would seek to cause the account to dispose of these securities in a manner that is in the best interest of the account. An account may not be able to withdraw from an Investment Fund except at certain designated times (if at all), limiting our ability to redeem assets from an Investment Fund that may have poor performance or for other reasons.

By investing in the Underlying Investment Funds indirectly through the accounts, you bear asset-based fees and performance-based fees or allocations at the Underlying Investment Fund level, in addition to those payable to us in our capacity as investment adviser to each account. Similarly, you bear a proportionate share of the other operating expenses of (i) the Underlying Investment Funds in which the accounts are invested; and (ii) of the accounts themselves. If you meet the conditions imposed by the Underlying Investment Managers, you could invest directly with such Underlying Investment Managers.

Private Equity Real Assets Generally

- **Real Estate Market Conditions Risk.** Some of the Underlying Investment Funds' real estate investment strategies may be based, in part, upon the premise that real estate businesses and assets will become available for purchase by such Underlying Investment Fund at prices that the investment manager of the Underlying Investment Fund considers more favorable. Further, the strategy of certain Underlying Investment Funds for its real estate investments may rely, in part, upon the continuation of existing market conditions (including, for example, supply and demand characteristics) or, in some circumstances, a recovery or improvement in market conditions over the projected holding period for the real estate investments. No assurance can be given that real estate investments can be acquired or disposed of at favorable prices or that the market for such investments will remain stable or, as applicable, recover or improve, since this will depend upon events and factors outside the control of the managers of the Underlying Investment Funds.
- **Acquisition and Development Risk.** Acquisitions entail risks that investments may not perform in accordance with expectations and that anticipated costs of improvements to bring an acquired property up to the necessary standard for the market position intended for that property may exceed budgeted

amounts, as well as general investment risks associated with any new real estate investment. Certain Underlying Investment Funds may not be successful in identifying suitable real estate properties or other assets that meet their investment criteria or in consummating acquisitions or investments on satisfactory terms.

- **Effecting Operating Improvements Risk.** In some cases, the success of an Underlying Investment Fund's real estate investment strategy will depend, in part, on the ability of such Underlying Investment Fund to restructure and effect improvements in the operations of a portfolio company or its properties. The activity of identifying and implementing restructuring programs and operating improvements at portfolio companies entails a high degree of uncertainty. There can be no assurance that such Underlying Investment Fund will be able to successfully identify and implement such restructuring programs and improvements.
- **Commercial/Business Risk.** It is anticipated that certain of our private equity real estate fund of funds will make investments in some Underlying Investment Funds, including MII, that have a limited operating history, a manager with limited private equity real estate fund management experience, or both. Such investments have inherently greater risk than more established private equity real estate funds. Accordingly, the growth of these Underlying Investment Funds may require significant time and effort resulting in a longer investment horizon than can be expected with lower risk investment alternatives. Such investments can experience failure or substantial declines in value at any stage. There is no assurance that such investments by the accounts will be successful.
- **Ability of Underlying Funds to Finance, Consummate and Dispose of Investment Risk.** The Underlying Investment Funds' ability to generate attractive investment returns for their investors may be adversely affected to the extent the Underlying Investment Funds are unable to obtain favorable financing terms for their real estate investments and may also affect certain of our accounts' and the Underlying Investment Funds' ability to exit the investment. Certain marketplace events may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the global economies. Certain economic downturns could adversely affect the financial resources of corporate borrowers in which the Underlying Investment Funds have invested, in addition to the resources of operating partners and investment projects in which the Underlying Investment Funds participate, and result in the inability of such borrowers, partners and projects to make principal and interest payments on outstanding debt when due. In the event of such defaults, the Underlying Investment Funds may suffer a partial or total loss of capital invested in such companies, which could, in turn, have an adverse effect on the Underlying Investment Funds' and of the accounts' returns. Such marketplace events also may restrict the ability of the Underlying Investment Funds to sell or liquidate real estate investments at favorable times or for favorable prices.

ITEM 9 DISCIPLINARY INFORMATION

The Adviser has no information applicable to this Item.

ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

MSIM Ltd is an indirect subsidiary of Morgan Stanley ("Morgan Stanley Parent"), a corporation whose

shares are publicly held and traded on the New York Stock Exchange under the symbol “MS”. Morgan Stanley Parent is a financial holding company under the Bank Holding Company Act of 1956, as amended. As a result, MSIM Ltd is part of a large global financial services and banking group and clients may have relationships with MSIM Ltd.’s affiliates beyond their relationships with us. These relationships can cause conflicts of interest.

To address conflicts of interest upon the closing of the Transaction, it is expected that there will be certain limitations on our ability to invest, on behalf of our clients, in products sponsored, distributed or advised by an entity that became a MSIM affiliate as a result of the Transaction, including pooled investment vehicles sponsored or advised by such an entity (“EV Funds”).

Broker-Dealer Affiliates:

MSIM Ltd 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 broker dealer registered with the SEC and a FINRA member firm. In addition, following the Transaction, MSIM Ltd became affiliated with Eaton Vance Distributors, Inc. (“EVD”), a broker-dealer registered with the SEC and a FINRA member firm. EVD was formerly a wholly owned subsidiary of EVC and, following the Transaction, is now a wholly owned subsidiary of Morgan Stanley. EVD is the principal underwriter and distributor of certain EV Funds. MSIM Ltd 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., Morgan Stanley Capital Group Inc., Morgan Stanley Senior Funding Inc., and following the Transaction, Eaton Vance (International) Ltd., and Eaton Vance (Asia) Pte Ltd. (hereinafter, together with affiliated broker-dealers registered with the SEC, 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 Ltd 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 Ltd utilizes Affiliated Broker-Dealers to effect client transactions and the 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 Ltd acts as investment adviser.

MSIM Ltd is the investment adviser of the Morgan Stanley Investment Funds a Societe d’Investissement a Capital Variable (“SICAV”). Morgan Stanley Investment Management Inc. (“MSIM”), an affiliate of Registrant and registered adviser acts as sub-adviser to certain sub-funds of the Morgan Stanley Investment Funds.

Investment Adviser Affiliates:

MSIM Ltd 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 Company;

(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; (11) MSRESS III Manager, LLC; (12) MS 522 CLO Manager LLC; and (13) MS CLO CM LLC (the “MS Advisers”), as well as (1) Eaton Vance Management; (2) Eaton Vance WaterOak Advisers; (3) Calvert Research and Management; (4) Parametric Portfolio Associates LLC; (5) Atlanta Capital Management Company LLC, (6) Boston Management and Research, and (7) Eaton Vance Advisers International Ltd. (the “EV Advisers,” and together with the MS Advisers, “Affiliated Advisers”).

MSIM Ltd is also affiliated with Morgan Stanley Investment Management (Japan) Co., Ltd., Morgan Stanley Investment Management Private Limited, Morgan Stanley Investment Management (Australia) Pty Limited Morgan Stanley Asia Limited, and MSIM Fund Management (Ireland) Limited which are investment advisers not required to be registered under the Advisers Act.

Certain employees of Morgan Stanley may perform functions for MSIM Ltd and MS Advisers (“dual officers”) and may be involved in the investment decision making process of accounts managed by an MS Adviser as well as accounts managed by the MSIM Ltd. Procedures have been put in place to provide for the supervision of these employees and compliance with record keeping and other requirements under the Advisers Act in connection with these employees.

From time to time and with prior client consent, MSIM Ltd delegates some or all of its responsibilities, duties and authority under an investment management agreement to one or more of the MS Advisers to the extent permitted by applicable law. MSIM Ltd.'s affiliated advisers may likewise delegate some or all of their responsibilities, duties and authority to MSIM Ltd.

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

Certain of MSIM Ltd.'s affiliates are commodity pool operators and/or commodity trading advisers.

MSIM Ltd 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.

In certain instances MSIM Ltd or our related persons act as general partner or special limited partner of a limited partnership or managing member or special member of a limited liability company to which we serve as adviser or sub- adviser and in which our clients have been solicited to invest. In some cases, the general partner of a limited partnership is entitled to receive an incentive allocation from a partnership. 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. MSIM Ltd has additionally in place a Board delegated Conflicts Committee (Chaired

by the entity's conflicts management officer). The Committee's role is to identify and decide upon local conflicts matters and escalate and report to the Board accordingly. Where appropriate the MSIM group wide Franchise and Conflicts Committee will also be consulted to ensure that the local entity remains consistent with the group wide strategy on management of conflicts.

Banking Affiliates:

As mentioned above, we are a wholly owned subsidiary of Morgan Stanley. MSIM Ltd is also affiliated with Morgan Stanley Bank, N.A., an insured depository institution headquartered in Salt Lake City, Utah, which has businesses concentrated in institutional lending and securities-based lending for clients of its affiliated broker-dealers. In addition, MSIM Ltd is affiliated with Morgan Stanley Private Bank, N.A., a U.S. insured depository institution and a federally chartered national association whose activities are subject to regulation and examination by the Office of the Comptroller of the Currency.

Following the Transaction, we also became affiliated with Eaton Vance Trust Company, a limited purpose non-depository trust company, organized and operating under the laws of Maine, which serves as trustee to common trust funds and collective investment trusts.

Electronic Communication Networks and Alternative Trading Systems

MSIM Ltd.'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 our 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) Euroclear Holding SA/NV, (ii) Turquoise Global Holdings Ltd., (iii) MEMX Holdings LLC, (iv) OTC Deriv Limited, (v) Creditderiv Limited, (vi) Equilend, (vii) LCH Group Holdings Limited, (viii) Chi-X Global Holdings LLC (CXG), (ix) FXGLOBALCLEAR, and (x) EOS Precious Metals Limited.

Our affiliates may acquire interests in and/or take Board seats on other ECNs or other ATs (or increase ownership in the ATs listed above) in the future.

Our affiliates receive cash credits from certain ECNs and ATs for certain orders that provide liquidity to their books. In certain circumstances, such ECNs and ATs 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 receive an indirect benefit from State Street's use of EquiLend's services.

Miscellaneous

MSIM Ltd 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 investment management.

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

Code of Ethics

MSIM Ltd has adopted a Code of Ethics (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 Ltd.'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 Ltd employees are subject to firm-wide policies and procedures found in the Morgan Stanley Code of Conduct (the "Code of Conduct") that sets 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 Ltd 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 Ltd 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 Ltd 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 Ltd will provide a copy of the Code.

Investment Restrictions Arising from Possession of Material Non-Public Information

We are not permitted to use material non-public information ("MNPI") in effecting purchases and sales in public securities transactions. In the ordinary course of our operations, we obtain access to MNPI. At times, the acquisition of MNPI prohibits us from rendering investment advice to clients regarding the securities of an issuer of which we have MNPI, and thereby limits the universe of securities that we may purchase or sell. Similarly, where we decline access to or otherwise does not receive or share MNPI regarding an issuer, we may base our investment decisions with respect to assets of such issuer solely on public information, thereby limiting the amount of information available to us in connection with such investment decisions.

Participation or Interest in Client Transactions

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

Broker-Dealer Affiliations

MSIM Ltd does not act as principal or broker in connection with client transactions. MSIM Ltd 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 affiliated (“Affiliated Broker-Dealers”) which perform all of the activities set forth below.

In connection with transactions in which Affiliated Broker-Dealers will act as principal, MSIM Ltd 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 Ltd 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 Ltd.'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 Ltd recommends to its clients.

If permitted by a client's investment objectives and guidelines, applicable law, and MSIM Ltd.'s policies and procedures concerning conflicts of interest, MSIM Ltd 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 Ltd 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 Ltd 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.

MSIM Ltd or its affiliates may pursue acquisitions of assets and businesses and identify an investment opportunity in connection with its existing businesses or a new line of business without first offering the opportunity to fund of funds client. Such an opportunity could include a business that competes with a fund of funds or an investment fund or a Co-Investment in which a fund of funds client has invested or proposes to invest.

From time to time, MSIM Ltd 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 Ltd 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 Ltd, unless MSIM Ltd 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 Ltd or its affiliates. Further, in the event that MSIM Ltd or its affiliates acquires a business or investment manager that is a manager of any investment fund, MSIM Ltd 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 applicable law, MSIM Ltd will effect portfolio transactions through an Affiliated Broker-Dealer on an agency basis, including over-the-counter ("OTC") securities, where the Affiliated Broker-Dealer will act as agent in connection with the purchase and sale of OTC securities from market participants and will charge MSIM Ltd.'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 Ltd will effect client transactions through an Affiliated Broker-Dealer when, in MSIM Ltd.'s judgment, the client may thereby obtain the best execution of the transaction. Subject to MSIM Ltd.'s duty to seek best execution, MSIM Ltd 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

From time to time, and where permitted by applicable law and the relevant client agreements, MSIM Ltd will effect "agency cross transactions" in which an Affiliated Broker-Dealer acts as agent for both the buyer or seller in the transaction. MSIM Ltd 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 Ltd.'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 Ltd.'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.

From time to time, MSIM Ltd effects 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 Ltd deems the transaction to be in the best interests of both clients and at a price MSIM Ltd has determined by reference to independent market indicators and which MSIM Ltd believes to constitute "best execution" for both parties.

MSIM Ltd will not engage in cross-trade transactions for an advisory client whose investment management agreement does not explicitly permit the account to engage in cross trades and, as a result, such clients will generally pay higher transaction costs and may not receive the most favorable execution than had a cross-trade been effected for a particular portfolio trade.

While we will seek to ensure that the terms of cross trades are fair and reasonable, and the transactions are executed in a manner that is in the best interest of the clients involved in the cross trade, clients should be aware that the price of a security bought or sold through a cross trade, in some cases, will not be as favorable as it might have been had the trade been executed on the open market. Neither we nor any related party receives any compensation in connection with such "cross" transactions.

MSIM Ltd and related persons of MSIM Ltd will effect portfolio transactions through an Affiliated Broker-

Dealer on behalf of clients in respect of which MSIM Ltd 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 applicable law.

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 (including Wrap Fee Program clients) will bear the implicit trading costs reflected in these spreads

MSIM Ltd is generally permitted to 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 Ltd and the MS Advisers, from time to time, execute client transactions with broker/dealers that do not have their own clearing facilities and who clear such transactions through an Affiliated Broker- Dealer. In such instances, the Affiliated Broker-Dealer will receive a clearing fee for these transactions.

We or our affiliates, in certain circumstances, and where permitted by applicable law, will engage in principal transactions with a Collateralized Loan Obligation vehicle that is managed by an affiliate. In such instances, MSIM Ltd. will comply with any disclosure and consent requirements applicable under the Advisers Act.

Services to Issuers Activities

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

Investment Banking Activities

Morgan Stanley advises its clients on a variety of mergers, acquisitions and financing transactions. Morgan Stanley may act as an advisor to clients that may compete with our clients and with respect to our clients' investments. In certain instance, Morgan Stanley gives advice and takes action with respect to its clients or proprietary accounts that may differ from the advice MSIM Ltd provides, or involves an action of a different timing or nature than the action taken advised by MSIM Ltd. At times, Morgan Stanley will give advice and provide recommendations to persons competing with our clients and/or any of our clients' investments, contrary to the client's best interests and/or the best interests of any of its investments.

Morgan Stanley could be engaged in financial advising, whether on the buy-side or sell-side, or in financing or lending assignments that could result in Morgan Stanley's determining in its discretion or being required to act exclusively on behalf of one or more third parties, which could limit our clients' ability to transact with respect to one or more existing or potential investments. Morgan Stanley may have relationships with third-party funds, companies or investors who may have invested in or may look to invest in portfolio companies, and there could be conflicts between our clients' best interests, on the one hand, and the interests of a Morgan Stanley client or counterparty, on the other hand. To the extent that Morgan Stanley advises creditor or debtor companies in the financial restructuring of companies either prior to or after filing for protection under Chapter 11 of the Bankruptcy Code or similar laws in other jurisdictions, our flexibility in making investments in such restructurings on a client's behalf may be limited.

From time to time, different areas of Morgan Stanley will come into possession of MNPI as a result of providing investment banking services to issuers of securities. In an effort to prevent the mishandling of MNPI, Morgan Stanley will, at times, restrict trading of these issuers' securities by MSIM Ltd. and our clients during the period such MNPI is held by Morgan Stanley, which period may be substantial. In instances where trading of an investment is restricted, our clients may not be able to purchase or sell such investment, in whole or in part, resulting in our clients' inability to participate in certain desirable transactions and/or a lack of liquidity concerning our clients' existing portfolio investments. This inability to buy or sell an investment could have an adverse effect on our client's portfolio due to, among other things, changes in an investment's value during the period its trading is restricted.

Morgan Stanley could provide investment banking services to competitors of our clients' portfolio companies, as well as to private equity and/or private credit funds, and such activities could present Morgan Stanley with a conflict of interest vis-a-vis a client's investment and also result in a conflict in respect of the allocation of investment banking resources to portfolio companies. To the extent permitted by applicable law, Morgan Stanley can provide a broad range of financial services to companies in which a client invests, including strategic and financial advisory services, interim acquisition financing and other lending and underwriting or placement of securities, and Morgan Stanley generally will be paid fees (that may include warrants or other securities) for such services. Morgan Stanley will not share any of the foregoing interest, fees and other compensation received by it (including, for the avoidance of doubt, amounts received by us) with our client, and any advisory fees payable will not be reduced thereby.

Morgan Stanley could be engaged to act as a financial advisor to a company in connection with the sale of such company, or subsidiaries or divisions thereof, may represent potential buyers of businesses through its mergers and acquisition activities and could provide lending and other related financing services in connection with such transactions. Morgan Stanley's compensation for such activities is usually based upon realized consideration and is usually contingent, in substantial part, upon the closing of the transaction. Our clients may be precluded from participating in a transaction with or relating to the company being sold under these circumstances.

MSIM Ltd 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 Ltd 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 Ltd, 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 Ltd 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 Ltd 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 Ltd to place orders for specific securities transactions in a client account. In addition, MSIM Ltd generally will not initiate or recommend transactions in the securities of companies with respect to which affiliates of MSIM Ltd 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 Ltd may invest, limit the percentage of an issuer's securities that may be owned by MSIM Ltd and its affiliates. MSIM Ltd 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 Ltd.'s holdings on behalf of clients 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 Ltd.'s holdings in that issuer should MSIM Ltd and its affiliates exceed the threshold; (iii) provisions that would cause MSIM Ltd and its affiliates to be considered "interested stockholders" of an issuer if MSIM Ltd and its affiliates exceed the threshold; and (iv) provisions that may cause MSIM Ltd and its affiliates to be considered an "affiliate" or "control person" of the issuer. MSIM Ltd will generally avoid exceeding the threshold in these situations. With respect to situations in which MSIM Ltd and its affiliates may be considered "interested stockholders" (or a similar term), MSIM Ltd will generally avoid exceeding the threshold because if MSIM Ltd were considered an interested stockholder, MSIM Ltd 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 Ltd will also generally avoid exceeding a threshold in situations in which MSIM Ltd may be considered an affiliate of the issuer for the reasons set forth above, as well as the fact that should MSIM Ltd be considered an affiliate of an issuer, MSIM Ltd.'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 Affiliated Investment Funds

When permitted by applicable law and the investment guidelines applicable to individual client accounts,

and considered by MSIM Ltd to be in the best interests of a client, MSIM Ltd 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 Ltd 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 Ltd 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 Ltd and its affiliates for services rendered with respect to such pooled investment vehicles. We do not, in all instances, waive such investment management fees.

To address conflicts of interest upon the closing of the Transaction, it is expected that there will be certain limitations on our ability to invest, on behalf of our clients, in products sponsored or advised by an entity that became a MSIM affiliate as a result of the Transaction, including the EV Funds.

Investment Management Activities

It is possible that MSIM Ltd's officers or employees buy or sell securities or other instruments that MSIM Ltd has purchased on behalf of or recommended to clients. Moreover, MSIM Ltd from time to time will purchase and sell on behalf of or 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 Ltd.'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 Ltd.'s policies and procedures, the Advisers Act and the 1940 Act require that MSIM Ltd puts its clients' interests before its own.

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

The Advisory Affiliates manage long and short portfolios. The simultaneous management of long and short portfolios creates 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 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 Advisory Affiliates have adopted policies and procedures that are reasonably designed to mitigate these potential conflicts. In certain circumstances, Advisory Affiliates 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"). At times, the Advisory Affiliates will give advice or take action for their own accounts that differs from, conflicts with, or is adverse to advice given or action taken for any of the Advisory Clients.

From time to time, conflicts also 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 pay different levels of fees to MSIM Ltd. In addition, an Advisory Affiliate will give advice or take action with respect to the investments of one or more Advisory Clients that is not given or taken with respect to other Advisory Clients with similar investment programs, objectives, and strategies. Accordingly, Advisory Clients with similar strategies will not always hold the same securities or instruments or achieve the same performance. Advisory Affiliates

also 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 Ltd 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 Ltd, including funds advised by MSIM Ltd 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 Ltd 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 Ltd 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, in such situations, the actions taken on behalf of one client can negatively impact securities held by another client. MSIM Ltd 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 Ltd.'s employees through information barriers and other practices.

We, or our affiliates, from time to time will pursue acquisitions of assets and businesses and identify an investment opportunity in connection with its existing businesses or a new line of business without first offering the opportunity to fund of funds clients. Such an opportunity could include a business that competes with a fund of funds or an investment fund or a co-investment in which a fund of funds client has invested or proposes to invest.

From time to time, we may be retained to manage assets on behalf of a client that is a public or private company in which we have invested or may invest on behalf of our mutual funds and other client accounts.

Following the Transaction, it is anticipated that MSIM's investment departments and the investment departments of certain entities formerly owned by EVC will be permitted to collaborate together and to share resources and knowledge including, but not limited to: research; views on specific issuers and securities; and investment hypotheses. The respective investment departments will, unless otherwise disclosed, maintain separate trading desks and portfolio managers from one investment department will not be able to make investment decisions for the clients of the other. This collaboration can create conflicts of interest, including the ability of one investment department to trade ahead of the other, one investment department taking different positions or views from the other despite sharing the same research, or investment departments seeking to engage in similar transactions for which there may be limited buyers or sellers on specific securities. As such, it is anticipated MSIM Ltd will adopt policies and procedures or practices designed to monitor or mitigate conflicts of interest arising from investment department collaboration.

General Process with Potential Conflicts

All of the transactions described above involve the potential for conflicts of interest between MSIM Ltd or related persons of a MSIM Ltd 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. In addition, MSIM Ltd 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 Ltd seeks to ensure that potential or actual conflicts of interest are appropriately resolved taking into consideration the overriding best interest of the client.

We have 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

When we have the authority to select brokers for client accounts, we select broker-dealers for the execution of transactions 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; or (ii) 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.

With certain exceptions, when effecting transactions on behalf of clients, we can select 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 considers some or all of the following factors:

- Best available price;
- Reliability, integrity, financial responsibility, and reputation in the industry (which may include a review of financial information and creditworthiness);
- Trade limitation and/or execution capabilities, including block positioning, speed of execution and quality and responsiveness of its trading desk;
- Knowledge of and access to the relevant markets for the securities being traded;
- Potential ability to obtain price improvement;
- Ability to maintain confidentiality;
- Ability to handle non-traditional or complex trades;
- Commission and commission-equivalent trades;
- Proprietary and third party research (but only to the extent permissible under applicable law and under

- applicable agreements);
- Technology infrastructure;
- Clearance and settlement capabilities;
- The size of the trade relative to other trades in the same instrument;
- Ability of the counterparty to commit its capital and its access to liquidity, including product liquidity;
- Counterparty restrictions associated with a portfolio, including regulatory trading, documentation requirement, or any specific clearing requirements;
- Client directed execution;
- Client specific restrictions;
- Assignment fees;
- Agent bank considerations (i.e., whether to trade with or away from the administrative agent); and
- Such other factors as may be appropriate.

Payments for Research

We are subject to the European Union’s Markets in Financial Instruments Directive II (“MiFID II”), which is a European regulation governing conduct by investment advisers, among others. MiFID II prohibits investment advisers from receiving “inducements,” including receiving research (other than research that qualifies as an “Acceptable Minor Non-Monetary Benefit” under MiFID II), from a third party in connection with providing a service to a client. Under MiFID II, we can receive research without it constituting an unlawful inducement if we pay for the research directly from our own resources or from research payment accounts funded by clients. We have decided to pay for any research we receive with respect to our client accounts (other than research that qualifies as an “Acceptable Minor Non-Monetary Benefit” under MiFID II) from our own resources. Our client accounts will not participate in any commission sharing arrangements (“CSAs”) utilized by the MS Advisers in accordance with the safe harbor of Section 28(e) of the Securities Exchange Act of 1934 Act or otherwise as permitted under applicable law, rules, and regulations of the relevant jurisdictions in which the MS Advisers operate.

Additionally, we may engage certain of the MS Advisers as sub-advisers or otherwise delegate to them authority to manage client accounts, and pursuant to those arrangements we will contractually obligate the MS Advisers to operate in substantive compliance with MiFID II in connection with their management of those accounts (“Delegated MiFID II Accounts”). In particular our Affiliated Advisers will pay for equity research they receive with respect to Delegated MiFID II accounts (other than research that qualifies as an Acceptable Minor Non-Monetary Benefit) out of their own resources. Delegated MiFID II Accounts will not participate in CSAs, although other accounts managed by the MS Advisers may participate in CSAs. In this connection, the MS Advisers will make a reasonable valuation and allocation of the cost of the research as between Delegated MiFID II Accounts and other accounts that participate in CSAs. The MS Advisers will payout of their own resources for the portion of the cost of equity research allocated to Delegated MiFID II Accounts.

We and the MS 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 initially reviewed and approved by our Research Committee, allocated across all accounts managed by the PM team in accordance with our policies and procedures and reviewed on a regular basis.

To the extent permitted under applicable law, rules, and regulations of the relevant jurisdictions in which we operate (collectively, “Applicable Law”), we may share research with the MS Advisers. We will bear all costs of any research we share with the MS Advisers or that the MS Advisers share with us. We will make a good faith effort to value such research, and the relative cost of such research in order to appropriately allocate that cost, among ourselves and the MS. Potential conflicts that may arise from research sharing arrangements with the MS Advisers are mitigated because we pay for any such research from our own resources and operate controls designed to support our policy on inducements and research.

For information about the EV Advisers’ practices with respect to payments for research, please refer to the disclosure brochure of the applicable EV Adviser.

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 the MS 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, at times and where we deem appropriate, 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 are times that we are not able to aggregate orders because of applicable law or other considerations when doing so might otherwise be advantageous.

We and the MS 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 our accounts and Delegated MiFID II Accounts are permitted to pay for research. As a result, MiFID II Accounts at times will pay commission rates that are below the total commission rates paid by other client accounts included in the order.

Directed, Restricted or Constrained Brokerage Arrangements

Depending on the particular program selected or contractual arrangement, 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;
- (3) seeking to require a designated broker-dealer (“Designated Broker”) to execute all or a portion of their

transactions (“Directed Trades”), which may be structured as “directed brokerage” arrangements or “brokerage recapture”; and/or

- (4) restricting us from executing transactions through a particular broker-dealer and/or imposing restrictions, conditions or other constraints on the terms of a trade or broker arrangement to which a particular broker-dealer may not agree (“Restricted/Constrained Trades”).

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

- A client direction, restriction or constraint will frequently restrict our ability to obtain as favorable a transaction price or commission rate as we might otherwise be able to obtain on an unconstrained 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 from those to which the client has agreed;
- A Directed Trade or Restricted/Constrained 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 Directed Trade or a Restricted/Constrained 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, restrict, or otherwise constrain trades.

Notwithstanding the foregoing, when a client has directed brokerage for its account and maintains that we remain subject to best execution, if eligible, we may aggregate those Directed Trades or Restricted/Constrained 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, in the case of a directed brokerage arrangement instruct such executing broker-dealer to “step-out” or allocate a portion of the trades to the client’s Designated Broker to perform other non-execution portions of the trade.

ITEM 13 REVIEW OF ACCOUNTS

MSIM Ltd's portfolio managers 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 Ltd.'s investment policies and strategies and specific security ownership, all within the context of client guidelines and objectives.

If MSIM Ltd managed client money as a separate account, the client is 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 Ltd will meet with clients quarterly, annually or as requested to discuss the performance of the client's account, MSIM Ltd.'s management of the client's account, and any other issues of concern to the client. MSIM Ltd will provide additional reports or information to the client upon request.

ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

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

MSIM Ltd is also referred advisory clients by affiliated and unaffiliated parties/consultants that are retained by clients or prospective clients. While MSIM Ltd does not make payments for solicitations or client referrals to these consultants, MSIM Ltd makes cash payments to participate in conferences sponsored by such consultants to obtain information about industry trends and client investment needs. MSIM Ltd may also purchase products or services from the consultants and/or their affiliates.

These arrangements may cause referrals to MSIM Ltd by these affiliates and other third parties for reasons other than the client's best interest.

ITEM 15 CUSTODY

MSIM Ltd 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 Ltd has custody of client assets any time that we have authority or ability to obtain possession of client assets. MSIM Ltd 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 Ltd 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, “Brokerage Practices” in this Brochure, clients may impose certain limitations on MSIM Ltd.’s use of broker-dealers.

For registered investment companies, MSIM Ltd.’s authority to trade securities is limited, in certain circumstances, by certain federal securities and tax laws that require, among other things, diversification of investments.

ITEM 17 VOTING CLIENT SECURITIES

Voting Proxies for Equity 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 for equity securities and corporate actions under the MSIM Equity 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 at times also engages 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.

Voting Consents for Fixed Income Instruments

While loans, bonds and other fixed income or debt investments ("Fixed Income Instruments") held by MSIM's clients are not expected to solicit proxies, a client could, from time to time, own interests in Fixed Income Instruments that grant other voting rights or solicit consents. Unless otherwise stated under the terms of our agreements with our clients, MSIM has authority to exercise certain decision-making rights associated with Fixed Income Instruments ("Consents"). In these cases, we could be called upon to provide or withhold consent to proposed modifications to the terms and covenants of a Fixed Income Instrument. We have adopted a "Policy for exercising Consents related to Fixed Income Instruments (the "Consents Policy"), which is reasonably designed to promote the exercise (or withholding) of consents in a manner that is consistent with our fiduciary duties. To the extent that a client grants us authority to act in these circumstances, we will seek to make consent decisions in a prudent and diligent manner, and in the best interest of the client from which consent is sought (the "Consents Standard"), subject at all times to each such client's investment objectives. In some cases, we could determine that refraining from exercising a consent is appropriate in light of the Consents Standard.

Although we aim to exercise Consents in a manner consistent with the Consents Standard, the details or the circumstances of a particular Consent may present potential conflicts of interest, as described further below. If a conflict of interest is identified, we will not make Consent decisions until it has been determined that the conflict of interest has been appropriately addressed, in accordance with our applicable policies and procedures, and consistent with the Client Consent Standard. Conflicts of interest regarding our decision to exercise or withhold Consents currently exist and can arise under a wide range of scenarios. For example, we face conflicts of interest in making a Consent decision as to a loan where Morgan Stanley has a business relationship with or interests in the obligor, a related sponsor, or another party with an interest in the outcome of a Consent request. In addition, conflicts exist where one or more clients hold or acquire interests in an obligor that are of a different class than, are junior or senior to or otherwise have different rights than interests in the same obligor that are held by one or more other clients or accounts. In these situations, the interests of one or more clients could diverge from those of other clients or accounts with respect to the voting of proxies or exercise of Consents to the extent the different rights and features of the interests held by one or more clients or other accounts create an interest in obtaining an outcome that is contrary to the interests of others. Conflicts also can arise if a senior executive of, or other person connected with, the obligor or another party with an interest in the outcome of a Consent request has a significant relationship with our personnel or those of Morgan Stanley. We also face conflicts of interest to the extent that we hold

Fixed Income Instruments and are called upon to exercise rights under those Fixed Income Instruments where the outcome of the exercise of such rights could benefit us or an affiliate or operate to the detriment of other holders of the Fixed Income Instruments. Investors should understand that we can exercise our rights under any Fixed Income Instruments in which we hold an interest in such a manner as we determine to be in our best interest (which could be contrary to the interests of other investors in the instrument), except to the extent limited by the governing documents of the instrument. In some cases, we might determine to exercise (or withhold) a consent on behalf of one or more clients while taking the opposite action (or no action) on behalf of one or more other clients, when we believe that doing so reflects the particular best interest of each party holding such right.

Under the Consents Policy, portfolio managers are generally responsible for identifying Consent solicitations and for making decisions as to the exercise of Consents. Prior to exercising a consent, a determination is made as to whether there is a material conflict of interest. In the event that a conflict of interest is identified with respect to exercising a Consent, we will take such steps as we believe to be necessary in order to determine how to exercise the related Consent in good faith and in accordance with our fiduciary duties, which could include, but is not limited to, consulting internally with investment professionals, risk management professionals, business unit heads, our compliance and/or legal department, as appropriate under the particular circumstances, exercising the consent in accordance with instructions from, or following consent of, the client after providing disclosure regarding the conflict, or taking other actions that we believe appropriate under the circumstance in furtherance of the client's best interest.

Further Information: You may contact your Client Representative or Financial Advisor for information on how to obtain a copy of relevant policies and procedures or information regarding how we exercised Consents on your behalf.

ITEM 18 FINANCIAL INFORMATION

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

Fee Schedule

Investment Team	Strategy	Attribute	Schedule
Active International Allocation	Global Equity Allocation	Minimum Initial Investment	USD \$25M
		Management Fee	0.650% on the first \$100 M of assets under management 0.600% on the next \$100 M of assets under management 0.550% in excess of \$200 M of assets under management
Counterpoint Global	Advantage	Minimum Initial Investment	USD \$50M
		Management Fee	0.750% on the first \$50 M of assets under management 0.650% on the next \$50 M of assets under management 0.500% in excess of \$100 M of assets under management
	Global Advantage	Minimum Initial Investment	USD \$50M
		Management Fee	0.750% on the first \$100 M of assets under management 0.650% in excess of \$100 M of assets under management
	Discovery³	Minimum Initial Investment	USD \$50M
		Management Fee	0.750% on the first \$50 M of assets under management 0.650% on the next \$50 M of assets under management 0.550% in excess of \$100 M of assets under management
	Growth	Minimum Initial Investment	USD \$50M
		Management Fee	0.750% on the first \$50 M of assets under management 0.650% on the next \$50 M of assets under management 0.500% in excess of \$100 M of assets under management
	Inception³	Minimum Initial Investment	USD \$50M
		Management Fee	1.000% on the first \$50 M of assets under management 0.900% on the next \$50 M of assets under management 0.850% in excess of \$100 M of assets under management
	Insight	Minimum Initial Investment	USD \$50M
		Management Fee	Asset Based Fee: 1.00% on total assets under management or Performance Based Fee: 0.80% on all assets plus 10% of alpha over benchmark per annum, no high water mark
	Global Permanence	Minimum Initial Investment	USD \$50M
		Management Fee	0.750% on the first \$100 M of assets under management 0.650% in excess of \$100 M of assets under management
	Permanence	Minimum Initial Investment	USD \$50M
		Management Fee	0.750% on the first \$50 M of assets under management 0.650% on the next \$50 M of assets under management

³ MSIM will close the Inception and Discovery Strategies to new investors, with limited exceptions, effective April 5, 2021 to preserve the ability of the investment team to manage the strategy for existing clients.

Emerging Markets	Asia Opportunity	Minimum Initial Investment	0.500% in excess of \$100 M of assets under management USD \$100M
		Management Fee	0.750% on the first \$200 M of assets under management 0.700% in excess of \$200 M of assets under management
	Developing Opportunity	Minimum Initial Investment	USD \$100M
		Management Fee	0.750% on the first \$200 M of assets under management 0.700% in excess of \$200 M of assets under management
	Established Opportunity	Minimum Initial Investment	USD \$100M
		Management Fee	0.750% on the first \$200 M of assets under management 0.700% in excess of \$200 M of assets under management
	Global Change	Minimum Initial Investment	USD \$100M
		Management Fee	0.750% on the first \$200 M of assets under management 0.700% in excess of \$200 M of assets under management
	Global Opportunity⁴	Minimum Initial Investment	USD \$200M
		Management Fee	0.750% on the first \$200 M of assets under management 0.700% in excess of \$200 M of assets under management
	International Opportunity	Minimum Initial Investment	USD \$100M
		Management Fee	0.750% on the first \$200 M of assets under management 0.700% in excess of \$200 M of assets under management
	Europe Opportunity	Minimum Initial Investment	USD \$100M
		Management Fee	0.750% on the first \$200 M of assets under management 0.700% in excess of \$200 M of assets under management
	International Advantage	Minimum Initial Investment	USD \$100M
		Management Fee	0.750% on the first \$200 M of assets under management 0.700% in excess of \$200 M of assets under management
	Global Emerging Markets Equity	Minimum Initial Investment	USD \$100M
		Management Fee	0.950% on the first \$100 M of assets under management 0.900% on the next \$100 M of assets under management 0.850% on the next \$100 M of assets under management 0.800% in excess of \$300 M of assets under management
		Minimum Initial Investment	USD \$100M
		Management Fee	0.750% on total assets
	Asia Ex Japan Equity	Minimum Initial Investment	USD \$50M
		Management Fee	0.750% 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

⁴ MSIM closed the Global Opportunity Strategy to new investors, with limited exceptions, effective December 31, 2020 to preserve the ability of the investment team to manage the strategy for existing clients.

International Equity	Emerging Europe, Middle East and Africa Equity	Management Fee	0.900% on total assets
		Minimum Initial Investment	USD \$50M
		Management Fee	0.950% on the first \$50 M of assets under management 0.900% on the next \$50 M of assets under management 0.850% in excess of \$100 M of assets under management
	India Equity	Minimum Initial Investment	USD \$50M
		Management Fee	0.900% on total assets
	Latin America Equity	Minimum Initial Investment	USD \$50M
		Management Fee	0.950% on the first \$50 M of assets under management 0.900% on the next \$50 M of assets under management 0.850% in excess of \$100 M of assets under management
		Management Fee	0.950% on the first \$50 M of assets under management 0.900% on the next \$50 M of assets under management 0.850% in excess of \$100 M of assets under management
	International Equity	Minimum Initial Investment	USD \$100M
		Management Fee	0.800% on the first \$25 M of assets under management 0.600% on the next \$25 M of assets under management 0.500% on the next \$25 M of assets under management 0.400% in excess of \$75 M of assets under management
		Management Fee	0.800% on the first \$25 M of assets under management 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
		Management Fee	0.800% on the first \$25 M of assets under management 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 Franchise	Minimum Initial Investment	USD \$50M
		Management Fee	0.800% on the first \$25 M of assets under management 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
		Management Fee	0.800% on the first \$25 M of assets under management 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
		Management Fee	0.800% on the first \$25 M of assets under management 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	Global Real Estate Securities	Minimum Initial Investment	USD \$20M
		Management Fee	0.750% on the first \$100 M of assets under management 0.500% on the next \$300 M of assets under management 0.400% in excess of \$400 M of assets under management
	Asian Real	Minimum Initial Investment	USD \$20M
		Management Fee	0.750% on the first \$100 M of assets under management 0.500% on the next \$300 M of assets under management 0.400% in excess of \$400 M of assets under management
		Management Fee	0.750% on the first \$100 M of assets under management 0.500% on the next \$300 M of assets under management 0.400% in excess of \$400 M of assets under management

Applied Equity Advisors	Estate Securities	Investment	
		Management Fee	0.650% on the first \$100 M of assets under management 0.500% on the next \$300 M of assets under management 0.400% in excess of \$400 M of assets under management
	European Real Estate Securities	Minimum Initial Investment	USD \$20M
		Management Fee	0.650% on the first \$100 M of assets under management 0.500% on the next \$300 M of assets under management 0.400% in excess of \$400 M of assets under management
	U.S. Real Estate Securities	Minimum Initial Investment	USD \$20M
		Management Fee	0.650% on the first \$100 M of assets under management 0.500% on the next \$300 M of assets under management 0.400% in excess of \$400 M of assets under management
	Global Concentrated Real Estate Securities	Minimum Initial Investment	USD \$20M
		Management Fee	0.750% on the first \$100 M of assets under management 0.500% on the next \$300 M of assets under management 0.400% in excess of \$400 M of assets under management
	Global Infrastructure Securities	Minimum Initial Investment	USD \$50M
		Management Fee	0.700% on the first \$50 M of assets under management 0.600% on the next \$50 M of assets under management 0.500% on the next \$300 M of assets under management 0.400% in excess of \$400 M of assets under management
	Global Infrastructure Securities Unconstrained	Minimum Initial Investment	USD \$50M
		Management Fee	0.700% on the first \$50 M of assets under management 0.600% on the next \$50 M of assets under management 0.500% on the next \$300 M of assets under management 0.400% in excess of \$400 M of assets under management
	Applied Global Core Equity	Minimum Initial Investment	USD \$25M
		Management Fee	0.550% on the first \$25 M of assets under management 0.500% on the next \$25 M of assets under management 0.450% on the next \$50 M of assets under management 0.400% on balance of assets under management Negotiable if over \$200 M of assets under management
	Applied US Core Equity	Minimum Initial Investment	USD \$25M
		Management Fee	0.450% on the first \$25 M of assets under management 0.400% on the next \$25 M of assets under management 0.350% on the next \$50 M of assets under management 0.300% on balance of assets under management

	Applied Enhanced Index	Minimum Initial Investment	Negotiable if over \$200 M of assets under management USD \$25M
		Management Fee	0.250% on the first \$25 M of assets under management 0.230% on the next \$25 M of assets under management 0.200% on the next \$50 M of assets under management 0.180% on balance of assets under management
			Negotiable if over \$200 M of assets under management
			USD \$100M
Global Multi- Asset	Absolute Return	Minimum Initial Investment	USD \$100M
		Management Fee	0.850% on the first \$100 M of assets under management 0.750% on the next \$150 M of assets under management 0.650% on the next \$250 M of assets under management 0.550% thereafter
	Global Tactical Asset Allocation	Minimum Initial Investment	USD \$100M
		Management Fee	0.750% on the first \$100 M of assets under management 0.650% on the next \$150 M of assets under management 0.550% on the next \$250 M of assets under management 0.450% thereafter
Investment Team Global Fixed Income	Strategy	Attribute	Schedule
	Global Aggregate Fixed Income	Minimum Initial Investment	USD \$100M
		Management Fee	0.300% on the first \$100 M of assets under management 0.250% in excess of \$100 M of assets under management
	Strategic Income	Minimum Initial Investment	USD \$100M
		Management Fee	0.350% on the first \$100 M of assets under management 0.300% in excess of \$50 M of assets under management
	Global Buy and Hold	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
	Global Buy and Maintain 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 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 Opportunistic Credit	Minimum Initial Investment	USD \$50M
		Management Fee	0.300% on the first \$50 M of assets under management

U.S. Taxable Fixed Income	Global Fixed Income Opportunities	Minimum Initial Investment	0.300% on the next \$50 M of assets under management 0.250% in excess of \$100 M of assets under management USD \$100M
		Management Fee	0.350% on the first \$100 M of assets under management 0.300% 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
	Global Securitized	Minimum Initial Investment	USD \$75M
		Management Fee	0.350% on the first \$100 M of assets under management 0.300% in excess of \$100 M of assets under management
	Global Limited Duration	Minimum Initial Investment	USD \$50M
		Management Fee	0.250% 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
	Global Opportunistic Sovereign	Minimum Initial Investment	USD \$100M
		Management Fee	0.220% on the first \$100 M of assets under management 0.170% in excess of \$100 M of assets under management
	Global Sovereign	Minimum Initial Investment	USD \$100M
		Management Fee	0.200% on the first \$100 M of assets under management 0.150% in excess of \$100 M of assets under management
	Core Plus Fixed Income	Minimum Initial Investment	USD \$50M
		Management Fee	0.250% on the first \$50 M of assets under management 0.200% on the next \$50 M of assets under management 0.150% in excess of \$100 M of assets under management
	U.S. High Yield	Minimum Initial Investment	USD \$50M
		Management Fee	0.500% on the first \$50 M of assets under management 0.400% on the next \$50 M of assets under management 0.300% 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
	U.S. Limited Duration	Minimum Initial Investment	USD \$150M
		Management Fee	0.140% on the first \$150 M of assets under management 0.120% on the next \$350 M of assets under management 0.100% in excess of \$500 M of assets under management

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 Domestic Debt	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
	Emerging Markets External Debt	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
	European Fixed Income	Minimum Initial Investment	EUR €50M
		Management Fee	0.350% 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
	European Short Maturity	Minimum Initial Investment	EUR €50M
		Management Fee	0.200% on the first €50 M of assets under management 0.150% on the next €50 M of assets under management 0.150% in excess of €100 M of assets under management
	European Absolute Return	Minimum Initial Investment	EUR €50M
		Management Fee	0.300% on the first €50 M of assets under management 0.250% in excess of €50 M of assets under management
	European Fixed Income Opportunities	Minimum Initial Investment	EUR €50M
		Management Fee	0.300% on the first €50 M of assets under management 0.250% in excess of €50 M of assets under management
	European High Yield	Minimum Initial Investment	EUR €50M
		Management Fee	0.400% on the first €50 M of assets under management 0.350% on the next €50 M of assets under management 0.300% in excess of €100 M of assets under management
	Sterling Corporate Bond	Minimum Initial Investment	GBP £50M
		Management Fee	0.250% on the first £30 M of assets under management 0.220% on the next £30 M of assets under management 0.200% in excess of £60 M of assets under management

APPENDIX B

Privacy Notice

U.S. Customer Privacy Notice

April 2021

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 investment management affiliates' everyday business purposes— information about your transactions, experiences, and creditworthiness	Yes	Yes
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 investment management affiliates to market to you	Yes	Yes
For our affiliates to market to you	No	We don't share
For nonaffiliates to market to you	No	We don't share

To limit our sharing	Call toll-free (844) 312-6327 or email: imprivacyinquiries@morganstanley.com Please note: If you are a <i>new</i> customer, we can begin sharing your information 30 days from the date we sent this notice. When you are <i>no longer</i> our customer, we continue to share your information as described in this notice. However, you can contact us at any time to limit our sharing.
Questions?	Call toll-free (844) 312-6327 or email: imprivacyinquiries@morganstanley.com

Who we are	
Who is providing this notice?	Morgan Stanley Investment Management Inc. and its investment management affiliates ("MSIM") (see Investment Management Affiliates definition below)
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?	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> ▪ 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 <p>We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.</p>
Why can't I limit all sharing?	<p>Federal law gives you the right to limit only</p> <ul style="list-style-type: none"> ▪ 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 <p>State laws and individual companies may give you additional rights to limit sharing. See below for more on your rights under state law.</p>
Definitions	
Investment Management Affiliates	MSIM Investment Management Affiliates include registered investment advisers, registered broker-dealers, and registered and unregistered funds in the Investment Management Division. Investment Management Affiliates does not include entities associated with Morgan Stanley Wealth Management, such as Morgan Stanley Smith Barney LLC and Morgan Stanley & Co.
Affiliates	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> ▪ <i>Our affiliates include companies with a Morgan Stanley name and financial companies such as Morgan Stanley Smith Barney LLC and Morgan Stanley & Co.</i>
Nonaffiliates	<p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> ▪ <i>MSIM does not share with nonaffiliates so they can market to you.</i>
Joint marketing	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"> ▪ <i>MSIM doesn't jointly market</i>
Other important information	
<p>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.</p> <p>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.</p>	