

Form ADV, Part 2A Brochure

MORGAN STANLEY AIP GP LP

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March 31, 2021

This brochure (the “Brochure”) provides information about the qualifications and business practices of Morgan Stanley AIP GP LP (“AIP”, “Adviser”, “us” or “we”). If you have any questions about the contents of this Brochure, please contact us at 610.260.7600. 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 (the “SEC”) or by any state securities authority.

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

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

This Brochure is not an offer or agreement to provide advisory services to any person, an offer to sell interests or a solicitation of an offer to purchase interests in any investment product or vehicle advised AIP, nor a complete discussion of the features, risks or conflicts associated with any Account advised by AIP. This Brochure is not to be relied upon in determining whether to make an investment or establish an advisory relationship with AIP. The information in this Brochure may differ from information provided in the materials that govern an account or investor relationship such as a private placement memorandum or other offering document, investment advisory agreement, subscription agreement, or organizational document (collectively, the “governing materials”). To the extent that there is any conflict between the information in this Brochure and the relevant governing materials, the relevant governing materials shall control.

ITEM 2 MATERIAL CHANGES

This Brochure is dated March 31, 2021 and represents our annual updated Brochure. The following is a list of changes made to this brochure:

- Item 4 has been updated to reflect that On March 1, 2021, Morgan Stanley completed its previously announced acquisition of Eaton Vance Corp., formerly, a publicly held company that was traded on the New York Stock Exchange under the ticker symbol EV and its subsidiaries, including but not limited to, Eaton Vance Management, Eaton Vance WaterOak Advisors, Calvert Research and Management, Parametric Portfolio Associates, LLC, Atlanta Capital Management Company LLC, Boston Management and Research, and Eaton Vance Advisers International Ltd., each a registered investment adviser (each, an “EV Adviser”, and collectively, the “EV Advisers”). The foregoing acquisition is referred to as the “Transaction”. Following the Transaction, each EV Adviser became an indirect subsidiary of Morgan Stanley and an affiliate of the Adviser
- Item 8 has been updated to clarify descriptions of various existing investment strategies. Item 8 has also been updated to include enhanced disclosure regarding certain investment risks including, but not limited to, interest rate, inflation, short sale, cryptocurrency, negative interest rate, and “Brexit” risks.
- Item 10 has been updated to reflect updated lists of affiliated investment advisers, broker-dealers, electronic communications networks and alternative trading systems.
- Item 11 has been updated to enhance disclosure relating to our Investment Banking Division activities.

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ITEM 4 ADVISORY BUSINESSES

AIP is a Delaware limited partnership that has been registered with the SEC under the Investment Advisers Act of 1940, as amended (“Advisers Act”), since 2001, and offers, along with its affiliates, various investment products and services through managed account and investment portfolio structures. The general partner of AIP is Morgan Stanley Alternative Investments LLC (“MSAI”) and the limited partner of AIP is Morgan Stanley Investment Management Inc. (“MSIM”). AIP, MSAI and MSIM are all wholly owned subsidiaries 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 global financial services firm engaged in securities trading and brokerage activities, as well as providing investment banking, research and analysis and financial services.

Overview

AIP’s advisory business consists primarily of identifying investment opportunities and making investments in diversified portfolios of traditional and non-traditional investment funds. AIP provides discretionary and non-discretionary investment management services and products to institutional and individual investors. AIP offers the flexibility of investing through individually customized managed accounts, dedicated single investor private funds and commingled funds. AIP advises on a (i) discretionary basis to privately and publicly offered pooled investment vehicles; and (ii) discretionary and non-discretionary basis to (a) private funds set up for qualifying individual investors and (b) separately managed accounts consisting of a customized investment portfolio (“SMAs”).

The investment vehicles and private funds for which AIP provides investment management services (as the managing member, general partner or the investment manager) are collectively referred to herein as the “Funds”. For purposes of convenience, the Funds and SMAs are referred to herein as “Clients” or “Accounts”.

AIP allocates assets to investment vehicles managed by AIP or its affiliates and unaffiliated third party investment managers; and, with respect to certain investment strategies, to equity or debt securities and over-the-counter derivatives and futures. Contract types include fixed income, forwards, spot foreign exchange and swaps. The underlying investment funds in which the Clients invest in are referred to throughout this Brochure as the “Underlying Investment Funds” and the investment managers who manage the Underlying Investment Funds are referred to as the “Underlying Investment Managers.”

AIP will tailor its services to meet the needs of Clients by managing portfolios in accordance with the investment guidelines and restrictions set forth in an investment management agreement (with respect to SMAs) and the applicable governing materials (with respect to Funds). Investment advice is provided by AIP directly to each Fund in accordance with its particular investment objectives and not individually to the Fund’s investors.

AIP's advisory business focuses on providing discretionary and, in certain cases, non-discretionary, investment management services to Clients across five strategies: (1) hedge funds; (2) risk premia; (3) alternative lending; (4) private markets ("Private Markets"); (5) opportunistic investments and (6) customized portfolio solutions. AIP does not participate in any wrap fee programs.

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 as a result of the Transaction.

Hedge Fund Solutions

The Hedge Fund Solutions business invests in the following asset classes: (i) Underlying Investment Funds ("Hedge Funds"); (ii) risk premia ("Risk Premia Investments"); (iii) opportunistic investments ("Opportunistic Investments"); and (iv) Alternative Lending Securities (as defined below). The Hedge Fund Solution's investment team offers portfolio solutions to clients via customized hedge fund portfolios and/or investment recommendations into non-affiliated, single and multi-strategy hedge funds, including non-discretionary advisory services, Customized Advisory Portfolio Solutions ("CAPS").

Hedge Funds. The Hedge Fund Solution's Hedge Funds strategy focuses the allocation of assets to (i) Underlying Investment Funds managed by Underlying Investment Managers who employ a variety of non-traditional investment strategies; and (ii) Underlying Investment Funds managed in traditional style.

Opportunistic Investments. The Hedge Fund Solution's Opportunistic Investments strategy focuses the allocation of assets to (a) Underlying Investment Managers who employ a variety of non-traditional investment strategies; (b) direct co-investments, which are generally minority investments in operating companies, primarily alongside existing Underlying Investment Managers; and (c) secondary market purchases of interests in Underlying Investment Funds or single companies. Furthermore, a Client may invest in privately held companies or publicly traded companies in which, in some cases, the Client invests alongside an Underlying Investment Fund that is typically an Underlying Investment Fund in which a Client has also invested directly.

As part of the due diligence process for determining the primary Underlying Investment Funds to which Client assets are allocated, the Hedge Fund Solution's investment team analyzes the quality of each underlying Investment Manager's resources, controls, infrastructure and service providers through on-site meetings with management, background investigations, examination of fund documents, audited financial statements and discussions with the Investment Fund's

independent service providers. For Underlying Investment funds purchased in secondary market transactions, operational due diligence may be scaled back and calibrated to the size and details of the transaction, with a focus on transaction-specific risks. In addition, for a fee, the Hedge Fund Solutions investment team provides operational due diligence services to AIP's affiliate, Morgan Stanley Smith Barney LLC ("MSSB" or "Wealth Management").

Risk Premia. Certain Clients may, as a part of their investment strategy, invest in Underlying Investment Funds managed by an Affiliated Adviser (as defined in Item 10) that invest in a broad set of Risk Premia Investments, currently expected under normal market conditions to constitute a diverse set of different strategies or factors, including, without limitation value, carry, curve, trend/momentum, mean reversion, volatility, congestion opportunistic, hedge and other similar strategies, as well as equity specific low-beta, size, value, quality and momentum strategies.

The Affiliated Adviser intends to implement the Risk Premia strategy primarily through total return swaps, and will gain such exposure through multiple counterparties. In addition, Risk Premia may also include futures, listed options and common stocks.

Alternative Lending. The alternative lending fund (the "Alternative Lending Fund") invests in Alternative Lending Securities that generate interest or other income streams that offer access to credit risk premium (as defined below). "Alternative Lending Securities" are loans originated through non-traditional or alternative lending platforms, or securities that provide the Alternative Lending Fund with exposure to such instruments. The "credit risk premium" is the difference in return between obligations viewed as low risk, such as high-quality, short-term government debt securities or bonds of a similar duration and risk profile, and securities issued by private entities or other entities which are subject to credit risk. The credit risk premium is positive when interest payments or other income streams received in connection with a pool of Alternative Lending Securities, minus the principal losses experienced by the pool, exceed the rate of return for risk-free obligations.

The Alternative Lending Fund invests in a broad range of Alternative Lending Securities, including, but not limited to, (1) consumer loans; (2) small business loans, receivables and/or merchant cash advances; (3) specialty finance loans, including, but not limited to, education loans, elective medical loans, automobile purchases, equipment finance, transportation leasing, short-term real estate financing or other specialty offerings such as purchasing and financing of future payment streams or asset-based financing; (4) tranches of alternative lending securitizations, including, but not limited to, residual interests and/or majority-owned affiliates (MOAs); and (5) to a lesser extent, fractional interests in alternative lending securities and other types of equity, debt or derivative instruments that AIP believes are appropriate. The Alternative Lending Fund may also purchase bonds and other debt securities backed by a pool of Alternative Lending Securities.

Private Markets

AIP Private Markets consists of the Private Markets Solutions business that invests in: (a) primary capital commitments to private markets Underlying Investment Funds; and (b) Co-Investments; and the Private Markets Secondary business that invests in secondary market purchases of Investment Fund interests. Clients may also invest in investments other than Underlying Investment Funds and Co-Investments.

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); and (ii) creating strategic portfolios that include equities, fixed income, alternative investments; and developing commitment strategies for private equity and real estate investments and portfolio transition plans.

As of December 31, 2020, AIP managed \$23,064,153,901 in Client assets on a discretionary basis and \$661,349,033 on a non-discretionary basis for a total of \$23,725,502,934 in Regulatory Assets Under Management.

ITEM 5 FEES AND COMPENSATION

Hedge Fund Solutions

Hedge Funds and Opportunistic Investments

For advisory services rendered to Clients pursuing a hedge fund or opportunistic investment strategy, AIP is generally 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 SMA. In the case of certain Funds, the fees charged by AIP may decrease over time upon the occurrence of certain events, as described in the governing materials of such Funds or SMAs. In some cases, AIP or one of its affiliates is also entitled to receive performance based fees or allocations which may 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, an affiliate is 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 hedge funds or opportunistic investment strategy generally book fees (and as applicable, incentive allocation estimates) on a monthly or quarterly basis.

AIP also charges a fee to MSSB for providing services related to (i) conducting investment and operational due diligence on hedge funds; (ii) providing portfolio advisory services in connection with customized mandates; and (iii) managing a list of hedge funds into which qualified advisory Wealth Management clients may invest.

Alternative Lending

For advisory services rendered to the Alternative Lending Fund, AIP is entitled to a management fee in an amount of 0.75% on an annualized basis of the Alternative Lending Fund's Managed Assets. "Managed Assets" means the total assets of the Alternative Lending Fund (including any assets attributable to borrowings for investment purposes) minus the sum of the Alternative Lending Fund's accrued liabilities (other than liabilities representing borrowings for investment purposes).

Risk Premia

For advisory services rendered to Clients pursuing risk premia strategies, AIP is generally entitled to a management fee in an amount (on an annualized basis) of up to 1.00% of the net asset value of the applicable Fund or SMA. In the case of certain SMAs, additional fees may be charged for additional reporting or consulting services requested by the Client. Fees from Clients pursuing a risk premia investment strategy generally book on a monthly or quarterly basis.

Private Markets

For investment advisory services rendered to the Funds pursuing a Private Markets investment strategy, AIP is generally entitled to a management fee in an amount (on an annualized basis) of up to 1.75% of either (i) the investor's aggregate capital commitment to the 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);

(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) 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 AIP may decrease over time upon the occurrence of certain events, as described in the governing materials of such Funds.

For funds that pursue a Private Markets strategy, the management fee will be charged in addition to an investor's capital commitment. In most cases, AIP or one of its affiliates is also entitled to receive performance based fees, which vary.

AIP or an affiliate of AIP is 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% - 15%, compounded annually.

Funds pursuing a Private Markets investment strategy generally book fees on a quarterly basis and some of these Funds are required to pay the management fee quarterly in advance. AIP does not provide refunds for such fees paid in advance.

In limited circumstances, AIP may hire an independent third-party broker who offers asset purchase opportunities in certain secondary transactions. In these instances, AIP allocates all fees and commissions related thereto pro rata to participating Clients.

Broker-dealers, including affiliates of AIP, may act as placement agents to assist in the placement or sale of a Fund's interests. Any placement fee and/or investor servicing fee will generally be paid by the applicable investor in the Fund and is in addition to the investor's capital commitment or capital contribution, as applicable. The amount of any placement fee and/or investor servicing fee will be described in the placement agent's point of sale letter. However, the placement agents or distributors may in their sole discretion waive the placement fees and/or investor servicing fees payable by an investor, including an investor that is an employee or affiliate of AIP.

Portfolio Solutions Group

For discretionary services rendered to investors in commingled funds, AIP is generally entitled to a fee in an amount (on an annualized basis) of up to .90% of the net asset value of the applicable account. Fees are recorded monthly within a Fund.

Separately Managed Accounts

The fees that AIP charges for separate account management services vary based on the particular circumstances of the Client or as otherwise negotiated. AIP's 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 AIP charges, the portion of each Client account that is invested in a Fund may 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 AIP's discretion.

Expenses Charged to Clients/Fee Discounts

The fees and expenses that an investor may expect to incur include, but are not limited to, the operating expenses and performance-based incentive fees or allocations of expenses of the Underlying Investment Funds in which the Clients 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 strategy, the management fee will be in addition to an investor's capital commitment.

Depending upon the terms of particular arrangements with Clients, AIP may select or recommend that certain service providers to Clients (including accountants, administrators, lenders, bankers, brokers, agents, attorneys, consultants and investment or commercial banking firms) and/or their affiliates perform services for Clients (the cost of which generally will be borne by the Client). These service providers may also provide goods or services to or have business, personal, political, financial or other relationships with AIP or its affiliates. Such service providers may be investors in a fund, AIP's affiliates, sources of investment opportunities or co-investors. These other services and relationships may influence AIP in deciding whether to select or recommend such a service provider to perform services for Clients. Notwithstanding the foregoing, investment transactions on behalf of Clients that require the use of a service provider generally will be allocated to service providers on the basis of best execution, the evaluation of which includes, among other considerations, such service provider's provision of certain investment related services and research that AIP believes to be of benefit to the Clients. In certain circumstances, service providers, or their affiliates, may charge different rates or have different arrangements for services provided to Morgan Stanley, AIP or its affiliates, which may result in more favorable rates or arrangements than those payable by Clients.

The Adviser has "outsourced" certain services to third parties (including consultants, finders, financial advisers and experts) that were previously provided by the Adviser and its affiliates, such as conducting due diligence and/or providing structuring advice (including with respect to tax considerations). Certain of the personnel of such third parties (some of whom previously worked for the Adviser) are expected to work in the Adviser's offices alongside the Adviser's employees, use the Adviser's email address and devote substantially all of their working time to affairs regarding Clients. When the Adviser "outsources" services the costs, fees and expenses associated with the provision of such services are generally borne by the Clients instead of the Adviser.

Clients are generally required to bear out-of-pocket costs and expenses incurred in connection with deals that are not ultimately completed. AIP has adopted a policy related to the allocation of broken-deal expenses in which AIP generally allocates to Clients in a manner to be fair and equitable. 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 Client).

Subject to applicable law and the relevant fund's governing materials, AIP may 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.

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

In some cases, AIP has entered into performance fee or allocation arrangements with qualified investors and such fees or allocations are subject to individualized negotiation with each such investor. Any performance fee received by AIP or its affiliates will be in compliance with the requirements of Section 205(a)(1) of the Advisers Act, and Rule 205-3 thereunder. In certain circumstances, the general partner (or the equivalent) of a Fund may defer or waive all or any part of the performance fee or allocation.

Because AIP professionals may manage assets for several investment companies, pooled investment vehicles and/or other accounts (including accounts of institutional clients and pension plans), there may be an incentive to favor one Client over another resulting in conflicts of interest. For instance, AIP may receive fees from certain Clients that are charged a higher fee than the fee AIP receives from another Client. In those instances, the portfolio managers may have an incentive to favor the higher and/or performance-based fee Client accounts over another Client account. In addition, a conflict could exist to the extent that AIP has proprietary investments in certain Funds, where AIP investment professionals have personal investments in certain Funds or when certain Funds are investment options in Morgan Stanley employee benefits and/or deferred compensation plans. The AIP investment professionals may have an incentive to favor these Clients over others.

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

An AIP investment professional may also be faced with a conflict of interest when allocating investment opportunities, given the possibility of greater fees from accounts that pay performance-based fees as opposed to accounts that do not pay performance-based fees.

To address these types of conflicts, AIP has 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 AIP believes to be consistent with its obligations as an investment adviser. To further manage these types of conflicts, AIP has 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, MSIM has established a Side-by-Side Management Subcommittee to help ensure that such conflicts are reviewed and managed appropriately. The Side-by-Side Subcommittee meets on a regular basis and is comprised of representatives from several business areas and control functions. The responsibilities and duties of the Side-by-Side 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 AIP's practices, please refer to Item 12 "Brokerage Practices".

Conflicts Arising from Non-Discretionary Accounts

In connection with the AIP CAPS service, AIP also manages assets for Clients for which it does not exercise investment discretion, but rather AIP makes investment recommendations to Clients, who must then specifically direct AIP to purchase or sell an investment (the "Non-Discretionary CAPS Accounts"). In many cases, AIP makes recommendations to Non-Discretionary CAPS Accounts consistent with the investment decisions made and implemented by AIP on behalf of one or more Clients over which it has investment discretion (the "AIP Discretionary Accounts") (*e.g.*, purchase or sale transactions for the same Underlying Investment Fund).

A potential conflict of interest may arise when simultaneous management of Non-Discretionary CAPS Accounts and AIP Discretionary Accounts exists, because AIP generally receives higher fees, which may include performance fees, from AIP Discretionary Accounts. As a result, AIP may have a financial incentive to allocate opportunities to invest in Underlying Investment Funds to AIP Discretionary Accounts over Non-Discretionary CAPS Accounts. In addition, AIP's ability to manage this potential conflict of interest is limited by a number of factors, including:

1. AIP may not have full authority over the aggregate amount that Clients, discretionary and non-discretionary, are able to make in an Underlying Investment Fund or the timing of such investments. Many Underlying Investment Funds restrict the amount and timing of investment opportunities (sometimes referred to as offering "limited capacity"). Underlying Investment Funds also may allow investment by some types of Clients, but not others (*i.e.*, the Underlying Investment Funds may prefer some types of Clients over others).

2. AIP may not have the ability to cause a Client to act promptly in response to a recommendation that AIP makes with regard to an investment for a Non-Discretionary CAPS Account. As a result, there may be substantial delay between the date of AIP's recommendation and the date on which an investment can be implemented.

As a result of these factors, and notwithstanding the potential conflict of interest, AIP generally cannot guarantee that Non-Discretionary CAPS Accounts will be able to invest in any Underlying Investment Fund, even though AIP Discretionary Accounts may have been able to invest in the same Underlying Investment Fund. AIP allocates investment opportunities to Non-Discretionary CAPS Accounts, while maintaining investment allocation procedures for AIP Discretionary Accounts and Non-Discretionary CAPS Accounts as described below.

AIP will determine whether an Investment Fund should be recommended for investment by one or more Non-Discretionary CAPS Accounts separately from the determination that it make to invest in an Investment Fund on behalf of AIP Discretionary Accounts, although these determinations may be made at or about the same time. If AIP decides to recommend investment in an Investment Fund for a Non-Discretionary CAPS Account, AIP will generally make a prompt recommendation to the Non-Discretionary CAPS Accounts for which AIP believes the Investment Fund would be an appropriate investment. AIP also determines, which determination may be made in consultation with the Underlying Investment Manager, what portion of the opportunity to invest in the Underlying Investment Fund should be preliminarily allocated for anticipated investment by Non-Discretionary CAPS Accounts. At the time that an investment recommendation is made to a Non-Discretionary CAPS Account, AIP will have a good faith reasonable belief that, if acted upon promptly by the Client in accordance with the terms of the investment advisory agreement, a sufficient amount of capacity in the Underlying Investment Fund should be available. If the Client does not act promptly on the recommendation, and in any event at least fifteen (15) days prior to the first proposed date of investment in the Investment Fund, then there is a substantial risk that no investment in the Underlying Investment Fund will be available for the Client's Non-Discretionary CAPS Account. If the aggregate demand for investment in the Underlying Investment Fund by Non-Discretionary CAPS Accounts exceeds the amount of investment opportunity allocated to Non-Discretionary CAPS Accounts, AIP generally will allocate the investment opportunity pro rata among the Non-Discretionary CAPS Accounts for which all pre-requisites to investment have been satisfied for the investment period for the applicable Underlying Investment Fund.

As a result of these allocation procedures, a Non-Discretionary CAPS Account may have a reduced allocation or no allocation to certain Underlying Investment Funds. The risk of a Non-Discretionary CAPS Account receiving a reduced allocation or no allocation to an Underlying Investment Fund will be increased if the Client does not promptly satisfy all pre-requisites to making an investment in the Underlying Investment Fund, including providing written direction to us and assuring that the Client account has sufficient funds to complete the investment.

ITEM 7 TYPES OF CLIENTS

AIP generally provides investment advice to registered and unregistered investment companies, pooled investment vehicles, separate accounts, funds of one, corporate/business entities, high net worth individuals, endowments, foundations, charitable institutions, sovereign wealth funds, foreign regulated funds such as UCITs, pension plans and domestic and foreign government agencies, and trusts. In addition, AIP, through its Hedge Fund Solutions business, provides hedge fund manager research services to MSSB, as previously discussed in Item 5.

Investors who wish to participate in Funds are generally required to invest a certain minimum amount, which generally ranges (depending on the Fund) from \$50,000 to \$35 million. Certain Funds may have additional minimum investment requirements and may require that an investor is, among other things, an “accredited investor”, as defined under the Securities Act of 1933 (the “1933 Act”), as amended, and the applicable rules promulgated by the SEC thereunder, and a “qualified purchaser”, as defined under the Investment Company Act of 1940, as amended, and the applicable rules promulgated by the SEC thereunder (the “1940 Act”).

The minimum account size for a separately managed account is negotiated on a case-by-case basis.

Generally, a minimum amount of \$25 million is required if a Wealth Management client wishes to engage AIP in connection with a customized portfolio account solution.

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

Overview

All investing and trading activities risk the loss of capital. Although AIP will attempt to moderate these risks, no assurance can be given that investment activities will be successful or that an investor will not suffer losses. Investing involves a risk of loss that all investors should be prepared to bear.

The core of AIP's investment approach is a research intensive strategy and manager selection process intended to identify value in market inefficiencies and other situations outside the mainstream of conventional investing while minimizing risk. Investments for Accounts managed on a discretionary basis are selected opportunistically and managed dynamically from a very wide range of alternative liquid and private market strategies appropriate for the Account. The offering documents and/or governing materials and, in applicable cases, an investment management agreement provide a fuller description of the types of Underlying Investment Funds, Co-Investments and securities, as applicable, in which Clients may invest. AIP's employees use a wide range of resources to identify attractive Underlying Investment Funds, and Co-Investments and promising investment strategies for consideration in connection with investments by Clients. AIP's main sources of information include contacts with industry executives, established business relationships and research materials prepared by others.

Investment Strategies

Hedge Funds

AIP's hedge fund and opportunistic investment process consists of (a) investing in funds managed by Underlying Investment Managers who employ a variety of non-traditional investment strategies; (b) investing in funds managed by Underlying Investment Managers in a traditional style; (c) Co-Investments and (d) secondary market purchases of Underlying Investment Funds and direct companies. 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, alternative lending 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." AIP may 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, and investments in risk premia funds. Some of AIP's Hedge Fund Solutions Clients may also invest in various Opportunistic Investments as part of their investment strategy.

For certain Funds that employ a hedge fund investment strategy, AIP may 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, AIP 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 = (Hedge funds return + S&P 500) - (Libor + 50 basis points).

In some situations, an Underlying Investment Manager will agree to accept direct investments from Clients or the clients of AIP's affiliates into an Underlying Investment Fund. AIP provides 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, AIP does not utilize leverage.

Risk Premia

Certain Clients may, as a part of their investment strategy, invest in Underlying Investment Funds managed by an Affiliated Adviser that invest in a broad set of Risk Premia Investments, currently expected under normal market conditions to constitute a diverse set of different strategies or factors, including, without limitation value, carry, curve, trend/momentum, mean reversion, volatility, congestion opportunistic, hedge and other similar strategies, as well as equity specific low-beta, size, value, quality and momentum strategies.

A risk budgeting layer is implemented to adjust the Risk Premia strategy's portfolio based on the Affiliated Adviser's fundamental understanding of the premia. The Affiliated Adviser intends to implement the Risk Premia strategy primarily through total return swaps, and will gain such exposure through multiple counterparties. It is expected that these total return swaps will be based on custom risk premia indices, each with a published methodology containing the index-specific rulebook regarding construction.

The Risk Premia strategy may also buy and sell futures, listed options and common stocks. The Affiliated Adviser will generally invest in Risk Premia Investments directly, but may also invest indirectly, through Underlying Investment Funds who invest in Risk Premia strategies.

Risk Premia Investments seek to generate returns through particular investments in the broader securities markets that are designed to give exposure to independent risk factors, such as price momentum, size risk, commodity carry risk, and currency carry risk. These strategies call for investments in securities possessing one or more attributes that have historically been associated with, or are otherwise believed to offer, attractive investor returns as a result of their exposure to a particular risk factor.

Alternative Lending

The Alternative Lending Fund seeks to achieve its investment objective by investing in Alternative Lending Securities that generate interest or other income streams that offer access to credit risk premium. AIP sources the Alternative Lending Securities in which the Alternative Lending Fund invests through various alternative lending platforms (i.e., a lending marketplace or lender other than a traditional lender such as a bank) (each, a “Platform”). The Alternative Lending Fund may invest in a broad range of Alternative Lending Securities, including, but not limited to, (1) consumer loans; (2) small business loans, receivables and/or merchant cash advances; (3) specialty finance loans, including, but not limited to, education loans, elective medical loans, automobile purchases, equipment finance, transportation leasing, short-term real estate financing or other specialty offerings such as purchasing and financing of future payment streams or asset-based financing; (4) tranches of alternative lending securitizations, including, but not limited to, residual interests and/or majority-owned affiliates (MOAs); and (5) to a lesser extent, fractional interests in alternative lending securities and other types of equity, debt or derivative instruments that AIP believes are appropriate. The Alternative Lending Fund may also purchase bonds and other debt securities backed by a pool of Alternative Lending Securities.

Private Markets

The Private Markets strategies consist of three primary investment approaches:

(1) primary commitments to Underlying Investment Funds managed by Underlying Investment Managers 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; (2) Co-Investments, primarily alongside AIP’s existing primary Underlying Investment Managers; and (3) secondary market purchases of existing private markets Underlying Investment Funds and other private markets assets. A Client’s investment strategy may focus on one of the aforementioned strategies, or may include a mix of strategies. Certain Clients may 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. AIP’s Private Markets strategies may, 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”).

Portfolio Solutions Group

PSG specializes in designing and managing multi-asset, multi-manager investment solutions within an open architecture framework. PSG custom product offerings span from broadly diversified (including traditional and alternative assets), multi-alternative to focused portfolios (e.g. privates-only portfolio, public/private credit portfolio, etc.). The multi-asset portfolios may include the following broad range of strategies: equities; fixed income; liquid alternatives; hedge funds; private credit; real assets; and private equity.

PSG has developed proprietary approaches to measure risk and return across asset classes that are fully integrated with the asset allocation framework to account for a portfolio's evolution over time. The end result is a portfolio that has been carefully tailored to the Clients' investment objectives and the investment team's outlook. PSG's investment process is comprised of three key components, each of which is expected to add value over the long-term: 1) Strategic Asset Allocation ("SAA"); 2) Manager/Investment Selection; and 3) Medium-Term Asset Allocation ("MTAA"). The SAA will form the anchor portfolio related to the IPS/Investment Guidelines and the MTAA provides the framework for tactical deviations from the SAA based on the investment outlook. PSG's approach to manager selection is fully integrated with asset allocation and is rooted in our open architecture philosophy. This affords PSG the ability to implement strategies in an efficient manner through a wide range of vehicles, and an unconstrained approach to identifying and investing in managers that consistently generate attractive alpha.

Risk Considerations

All investing and trading activities risk the loss of capital. Although AIP 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.

General Risks of Investing in an AIP Investment Strategy

Inadequate Return: No assurance can be given that the returns on an Underlying Investment Fund 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 AIP or its affiliates.

Multiple Layers of Fees: By investing in Underlying Investment Funds indirectly through an Account, you bear asset-based fees and performance-based fees or allocations at the Underlying Investment Fund level, in addition to those payable to AIP in its capacity as investment adviser. Similarly, you bear a proportionate share of the other operating expenses of the Underlying Investment Funds in which your Account is invested; and of the Account itself. If you meet the conditions imposed by the Underlying Investment Managers, you could invest directly with such Underlying Investment Managers, including investments into certain Underlying Investment Funds available directly to Clients through Hedge Fund Solutions, Private Markets and PSG.

An Underlying Investment Manager may receive incentive-based fees to which it is entitled irrespective of the performance of the other Underlying Investment Funds and the Account generally. As a result, an Underlying Investment Manager with positive performance may receive compensation from the Account, in the form of the asset-based fees, incentive-based fees and other expenses payable by the Account as an investor in the relevant Underlying Investment Fund, even if the Underlying Investment 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 Underlying Investment Fund may be purchasing shares in an issuer that at the same time are being sold by another Underlying 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 performance. 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 materials 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.

Independence of Third-Party Fund Management: Underlying Investment Funds are generally managed by third-party managers unaffiliated with AIP and over which AIP does not exercise control. An Underlying Investment Manager may receive performance or incentive fees or allocations to which it is entitled, without regard to both the performance of the other Underlying Investment Funds in the Account and the performance of the overall Account. An Underlying

Investment Manager to an Underlying Investment Fund with positive performance may receive compensation, even if the Account's aggregate returns are negative.

Illiquidity of Interests; Limitations on Transfer; No Market for Fund Interests: You will not be permitted to transfer your interest in a Fund without the consent of the general partner/managing member/board of directors of the Fund. Furthermore, the transferability of your interest will be subject to certain restrictions contained in the governing materials of a Fund, and will be affected by restrictions imposed under applicable securities laws. The general partner/managing member/board of directors of a Fund will not consent to any transfer or other disposition that could cause the Fund to be treated as a "publicly traded partnership" under the Internal Revenue Code. There is currently no market for the interests, and it is not contemplated that one will develop. You should only acquire interests if you are able to commit your funds for an indefinite period of time.

Hedging Strategy Risk: Certain 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 "Use of Derivatives". 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, and 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.

Absence of Regulatory Oversight: Certain of the Funds and the Underlying Investment Funds are not registered as investment companies under the 1940 Act. Certain of the Funds, as investors in these Underlying Investment Funds, do not have the benefit of the protections afforded by the 1940 Act to investors in registered investment companies. The Underlying Investment Managers may not be registered as investment advisers under the Advisers Act. Although AIP periodically receives information from each Underlying Investment Fund

regarding its investment performance and investment strategy, AIP 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, which may involve risks under some market conditions that are not anticipated. Underlying Investment Managers may change their investment strategies (i.e., may experience style drift) at any time. In addition, AIP has 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 Underlying Investment Manager in these areas. The performance of the Funds depends on AIP's success in selecting Underlying Investment 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 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 Underlying 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 Underlying Investment Manager to its own use.

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 Underlying Investment Fund, a Fund may receive securities that are illiquid or difficult to value. In such a case, AIP would seek to cause the Fund to dispose of these securities in a manner that is in the best interest of the Fund. A Fund may be unable to withdraw from an Underlying Investment Fund except at certain designated times (if at all), limiting AIP's ability to redeem assets from an Investment Fund that may have poor performance or for other reasons.

Inside Information: From time to time, AIP 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 AIP's ability to buy or sell securities of the entity on your behalf.

Long-Term Investments; No Current Return: The return of capital in cash or other property, the realization of gains in cash or other property (if any), and actual distribution thereof to any Account generally will occur only upon collection of distributions from the Underlying Investment Funds in which the Accounts invest. In the case of such Underlying Investment Funds, timing of distributions will be completely out of AIP's control. The ability of an Account to return capital will depend in part upon the withdrawal rights provided by the corresponding Underlying Investment Funds in which the Account is invested. Underlying Investment Funds may only permit withdrawals on an annual or less frequent basis and may have the ability to suspend withdrawals. Additionally, an Investment Fund may make distributions in-kind. An

Account may be unable to withdraw cash from its corresponding Underlying Investment Funds whenever it desires.

General Economic, Geopolitical and Market Conditions: The success of a Fund's activities may be affected by general economic, geopolitical and market conditions, such as interest rates, availability of credit, inflation rates, 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 and could continue to result in illness and deaths, adversely impacted 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 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 this reason, 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 accounts 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, 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.

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.

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. 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 (or a later date, if a particular Reference Rate is expected to continue 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, 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; (v) 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 (vi) 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.

Estimates: In most cases, AIP will have no ability to assess the accuracy of the valuations received from an Underlying Investment Manager. Furthermore, the net asset values or other valuation information received by us from such Underlying Investment Managers will typically be estimates only, subject to revision through the end of each Investment Fund's annual audit. Revisions to the gain and loss calculations will be an ongoing process, and no net capital appreciation or depreciation figure can be considered final until the annual audit of each to Underlying Investment Fund is completed.

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.

Conflicts of Interest: As a diversified global financial services firm, Morgan Stanley engages in a broad spectrum of activities including financial advisory services, asset management activities, sponsoring and managing private investment funds, engaging in broker-dealer transactions and other activities. In the ordinary course of business, Morgan Stanley engages in activities in which Morgan Stanley's interests or the interests of its Clients may conflict with the interests of a Fund or investors. The potential for Morgan Stanley, as placement agent, to receive compensation in connection with an investor's investment in a Fund presents such placement agent with a potential conflict of interest in recommending that such investor purchase interests in a Fund. Such placement agent may in its sole discretion waive the placement fees payable by an investors. You should take such payment arrangements into account when evaluating any recommendations relating to your investments.

In addition, AIP addresses conflicts through disclosures to investors. Should any transactions that present a potential conflict of interest actually arise, AIP may, in certain situations choose to seek the approval of investors, limited partners and/or advisory committee for the respective Fund with respect to conflicts of interest or approvals required under the Advisers Act, including Section 206(3) and/or the relevant governing materials. AIP may also choose to seek the approval of investors with respect to certain conflict situations or matters under the Advisers Act.

Foreign and Emerging Markets: An Underlying Investment Fund selected for a portfolio may invest in assets in emerging markets. Investing in emerging markets involves risks and special considerations not typically associated with investing in other more established economies or securities markets. Such risks may include: (i) increased risk of confiscatory taxation or nationalization or expropriation of assets; (ii) greater social, economic, and political uncertainty, including war; (iii) higher dependence on exports and the corresponding importance of international trade; (iv) greater volatility, less liquidity, and smaller capitalization of securities

markets; (v) greater volatility in currency exchange rates; (vi) greater risk of inflation; (vii) greater controls on foreign investment and limitations on repatriation of invested capital and on the ability to exchange local currencies for U.S. dollars; (viii) increased likelihood of governmental involvement in, and control over, the economies; (ix) governmental decisions to cease support of economic reform programs or to impose centrally planned economies; (x) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers; (xi) less extensive regulation of the securities markets; (xii) longer settlement periods for securities transactions and less reliable clearance and custody arrangements; and (xiii) less developed corporate laws regarding protection of investors and fiduciary duties of officers and directors.

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's ability to meet a client's investment objective or invest in accordance with a client's investment strategy.

Legal and Regulatory Risks: The regulation of the U.S. and non-U.S. securities and futures markets and Underlying Investment Funds has undergone substantial change over the past decade and such change may continue. In particular, in light of the recent 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. Some of these bills introduced in Congress would require additional regulation of private fund managers, including requirements for such managers to register as investment advisers under the Advisers Act and disclose various information to regulators about the positions, counterparties and other exposures of the private funds managed by such managers. The effect of regulatory change on the Underlying Investment Funds, while impossible to predict, could be substantial and adverse. In addition, 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 Underlying Investment Funds that utilize short selling.

Regulation as a Bank Holding Company: Morgan Stanley is a Bank Holding Company (a “BHC”) and has elected to be treated as a “financial holding company” (“FHC”) under the BHCA. FHC status is available to BHCs which meet certain criteria and may engage in a broader range of activities than BHCs which are not FHCs.

The activities of BHCs and their affiliates are subject to certain restrictions imposed by the BHCA and related regulations. Because Morgan Stanley may be deemed to “control” a Fund within the meaning of the BHCA, these restrictions could apply to such Fund as well. These restrictions may materially adversely affect the Fund, among other ways, by imposing a maximum holding period on some or all of the Fund’s investments; limiting the amount of an entity’s beneficial ownership interests which the Fund may hold; restricting the ability of us, Morgan Stanley, any of its affiliates which serve as general partner or manager of the relevant Fund (in either case, the “Affiliated General Partner”), or their affiliates to invest in the Fund or to participate in the management and operations of the entities in which the Fund or an Underlying Investment Fund invests; or affecting either AIP’s ability to pursue certain strategies within a Fund’s investment program or AIP’s ability or the ability of the Fund, Morgan Stanley, any Affiliated General Partner, or any affiliates to invest in certain Underlying Investment Funds. Certain BHCA regulations may also require aggregation of the positions owned, held, or controlled in Client and proprietary accounts by Morgan Stanley and its affiliates (including without limitation, us, and any Affiliated General Partner) with positions held by the Funds (and, in certain instances, one or more Underlying Investment Funds). Moreover, Morgan Stanley may cease in the future to qualify as an FHC, which may subject the Fund to additional restrictions or cause the general partner to dissolve the Fund. Additionally, there can be no assurance either that the bank regulatory requirements applicable to Morgan Stanley and the Funds will not change or that any such change will not have a material adverse effect on the Funds.

Morgan Stanley may in the future, in its sole discretion, restructure a Fund, an Affiliated General Partner or AIP to reduce or eliminate the impact or applicability of these bank regulatory restrictions on the Accounts. Morgan Stanley may seek to accomplish this result by causing another entity to replace a Fund’s current Affiliated General Partner (if any), transferring ownership of AIP or that of such Affiliated General Partner, reducing the amount of Morgan Stanley’s investment in the Fund (if any), effecting any combination of the foregoing, or implementing such other means as it determines in its sole discretion. Any such transferee may be unaffiliated with Morgan Stanley. In connection with any such change, AIP may, in its sole discretion assign AIP’s right to receive a performance fee or allocation, if any or, with the required consent, cause another entity to be admitted to a Fund for the purpose of receiving the performance fee or allocation. *Dodd- Frank Act:*

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.

Volcker Rule: The Volcker Rule and the Implementing Regulations impose a number of restrictions on Morgan Stanley and its affiliates that could affect us, a covered fund offered by us, the general partner of those funds, and the limited partners of such funds. For example, to sponsor and invest in certain covered funds, Morgan Stanley must comply with the Implementing Regulations’ “asset management” exemption to the Volcker Rule’s prohibition on sponsoring and investing in covered funds. Under this exemption, investments made by Morgan Stanley (aggregated with certain affiliate and employee investments) in a covered fund must not exceed 3% of the covered fund’s outstanding ownership interests, and Morgan Stanley’s aggregate investment in covered funds must not exceed 3% of Morgan Stanley’s Tier 1 capital. In addition, the Volcker Rule and the Implementing Regulations prohibit Morgan Stanley and its affiliates from entering into certain other transactions (including “covered transactions” as defined in Section 23A of the U.S. Federal Reserve Act, as amended) with or for the benefit of, covered funds that it sponsors or advises. For example, Morgan Stanley may not provide loans, hedging transactions with extensions of credit or other credit support to covered funds it advises. While AIP endeavors to minimize the impact on 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 AIP’s 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.

Referendum on the UK’s EU Membership:

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 31, 2020. On December 30, 2020, the EU and UK signed the EU-UK Trade and Cooperation Agreement (“TCA”), an agreement on the terms governing certain aspects of the EU’s and the UK’s relationship following the end of the transition period. Notwithstanding the TCA, following the transition period, 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 AIP clients and/or AIP in general. These events, subsequent developments and future consequences of Brexit lie outside of the control of AIP and their impact cannot be reliably predicted.

Accounts and pooled investment vehicles advised by AIP, 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 AIP client conducts its business (including making investments) and any corresponding deterioration in global macro- economic conditions could have a material adverse effect on the AIP client's prospects and/or returns. Potential consequences to which an AIP 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 AIP 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 AIP client, AIP 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 AIP 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.

Negative Interest Rates: 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 Underlying Investment Funds

The specific types of Underlying Investment Funds in which Accounts invest are subject to the following principle risks, among others:

Restricted and Illiquid Investments: Although AIP anticipates that most Underlying Investment Funds will invest primarily in publicly traded securities, such funds may invest a portion of the value of their total assets in restricted securities and other investments that are illiquid. Restricted securities are securities that may not be sold to the public without an effective registration statement under the 1933 Act, as amended, or that may be sold only in a privately negotiated transaction or pursuant to an exemption from registration.

When registration is required to sell a security, an Underlying Investment Fund 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 Underlying Investment Fund may be permitted to sell a security under an effective registration statement. If adverse market conditions developed during this period, an Underlying Investment Fund might obtain a less favorable price than the price that prevailed when the Underlying Investment Fund decided to sell. Underlying Investment Funds may be unable to sell restricted and other illiquid securities at the most opportune times or at prices approximating the value at which they purchased the securities.

An Account's interests in Underlying Investment Funds are themselves illiquid and subject to substantial restrictions on transfer. An Account's ability to liquidate an interest in an Underlying Investment Fund will likely be limited. An Account is typically subject to any lock-

up periods of Underlying Investment Funds beginning at the time of an Account's initial investment in an Underlying Investment Fund, during which the Account may not withdraw its investment. In addition, certain Underlying Investment Funds may at times elect to suspend completely or limit withdrawal rights for an indefinite period of time in response to market turmoil or other adverse conditions (such as those experienced by many hedge funds during late 2008 into 2009). Underlying Investment Funds may also assess fees for redemptions or other withdrawals. The limited liquidity of these Underlying Investment Funds' interests may adversely affect an Account were it required to sell or redeem such interests at an inopportune time. An Account may need to suspend or postpone opportunities for investor liquidity if it is unable to dispose of its interests in Underlying Investment Funds in a timely manner.

Some of the Underlying Investment Funds may hold a portion of their assets in "side pockets" which are sub-accounts within the Underlying Investment Funds in which certain assets (which generally are illiquid and/or hard to value) are held and segregated from the Underlying Investment Fund's other assets until some type of realization event occurs. Side pockets thus have restricted liquidity, potentially extending over a much longer period than the typical liquidity an investment in the Underlying Investment Funds may provide. Should a Fund seek to liquidate its investment in an Underlying Investment Fund that maintains these side pockets, such Fund might be unable to fully liquidate its investment without delay, which could be considerable. In such cases, until a Fund is permitted to fully liquidate its interest in the Underlying Investment Fund, the value of its investment in such Underlying Investment Fund could fluctuate based on adjustments to the fair value of the side pocket as determined by the Underlying Investment Manager. In addition, if an Underlying Investment Fund establishes a side pocket prior to a Fund's investing in the Underlying Investment Fund; such Fund may not be exposed to the performance of the Underlying Investment Fund's assets held in the side pocket.

Use of Derivative: Certain Accounts (including, without limitation, Accounts that make Risk Premia Investments), and some or all of their respective Underlying Investment Funds, may invest in, or enter into, derivative or derivative transactions ("Derivatives"). Derivatives are financial instruments that derive their performance, at least in part, from the performance of any underlying asset, index or interest rate. Derivative instruments include, but are not limited to futures, swaps, options and structured investments. Derivatives entered into by an 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. Certain derivatives transactions may give rise to a form of leverage. Leverage magnifies the potential for gain and the risk of loss. 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 Fund 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 its other investments, or if the Account or Underlying Investment Fund is unable to liquidate the position because of an illiquid secondary market.

Volatility Risks: The prices of commodities contracts and all Derivatives, including futures and options, can be highly volatile. Underlying Investment Funds are subject to the risk that trading activity in securities in which the Underlying Investment Funds invest 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 Underlying Investment Fund to properly value any of its assets represented by such securities.

Leverage: Underlying Investment Funds utilize leverage in their investment activities. Specifically, some or all of the Underlying Investment Funds make margin purchases of securities and, in connection with these purchases, borrow money from brokers and banks for investment purposes. In addition, certain Accounts utilize leverage to facilitate the Account's hedging activities, meet capital calls of Underlying Investment Funds or Co-Investments, pay expenses and bridge funding for investments in advance of capital calls. Although leverage will increase investment returns if an Account or Underlying Investment Fund earns a greater return on the investments purchased with borrowed funds than it pays for the use of those funds, the use of leverage will decrease the return on an Account or Underlying Investment Fund if the Account or Underlying Investment Fund fails to earn as much on investments purchased with borrowed funds as it pays for the use of those funds. The use of leverage will in this way magnify the volatility of changes in the value of an investment in the Accounts or Underlying Investment Funds.

Commercial/Business Risks: It is anticipated that certain of the Accounts will make investments in some Underlying Investment Funds, which have a limited operating history, a manager with limited hedge fund management experience, or both. Such investments have inherently greater risk than more established hedge 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 certain of the Accounts will be successful.

Distressed Securities: Certain of the companies in whose securities the Underlying Investment Funds may invest may be 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. 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 Underlying Investment Fund's investment in any instrument is subject to no minimum credit standard and a significant portion

of the obligations and preferred stock in which an Underlying Investment Fund may invest may be less than investment grade (commonly referred to as junk bonds), which may result in the Underlying Investment Fund's experiencing greater risks than it would if investing in higher rated instruments.

Short Sales: An Underlying Investment Fund may attempt to limit its exposure to a possible market decline in the value of its portfolio securities through short sales of securities that its Underlying Investment Manager believes possess volatility characteristics similar to those being hedged. An Underlying Investment Fund may also use short sales for non-hedging purposes to pursue its investment objectives if, in the Underlying Investment Manager's view, the security is over-valued in relation to the issuer's prospects for earnings growth. Short selling is speculative in nature and, in certain circumstances, can substantially increase the effect of adverse price movements on an Underlying Investment Fund's portfolio. A short sale of a security involves the risk of an unlimited increase in the market price of the security that can in turn result in an inability to cover the short position and a theoretically unlimited loss.

If the Underlying Investment Fund 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. No assurance can be given that securities necessary to cover an Underlying Investment Fund's short position will be available for purchase.

Conflicts of Interest: Due to differing objectives, differing constraints, and/or differing Underlying Investment Funds available to discretionary and non-discretionary Clients, there may be circumstances when investment actions made on behalf of discretionary Clients differ from the investment recommendations provided to non-discretionary Clients.

Risks Considerations Associated with Risk Premia

Projections: The Account may make investments relying upon projections developed by AIP or other third party source concerning such company's future performance and cash flow, or the structure and persistence of a risk premia opportunity. Projections are inherently subject to uncertainty and factors beyond the control of AIP, the issuer or such other sources. The

inaccuracy of certain assumptions, the failure to satisfy certain financial requirements and the occurrence of other unforeseen events could impair the ability of an issuer in which the Account invests (or to which it obtains exposure through a swap or other derivative) to realize projected values.

Availability of Investment Opportunities for the Accounts: The business of identifying and structuring investments in, or related to, the types contemplated by the Accounts are competitive and involves a high degree of uncertainty. Furthermore, the availability of investment opportunities generally is subject to market conditions and competition from other investors as well as the prevailing regulatory or political climate. The Accounts may incur significant expenses investigating potential investments which are ultimately not consummated, including expenses relating to due diligence, transportation, legal expenses, and the fees of other third-party advisors. Even if attractive investment opportunities are identified by the portfolio management team, there is no certainty that the Account will be permitted to invest in such opportunity (or invest in such opportunity to the fullest extent desired). Accordingly, there can be no assurance that AIP will be able to identify and complete attractive investments in the future or that it will be possible to invest fully Investors' subscriptions to the Funds or client funds in the SMAs, as the case may be. In addition, AIP may not be able to obtain as favorable terms as it would otherwise in a less competitive investment environment.

Expedited Transactions: Investment analyses and decisions by AIP may frequently be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available to AIP at the time of an investment decision may be limited and AIP may not have access to detailed information regarding the investment opportunity, in each case, to an extent that may not otherwise be the case had AIP been afforded more time to evaluate the investment opportunity. Therefore, no assurance can be given that AIP will have knowledge of all circumstances that may adversely affect an investment.

General Risks of Derivatives: An alternative risk premia portfolio could use various derivatives and related investment strategies, as described below. Derivatives may be used for a variety of purposes including hedging, risk management, portfolio management or to earn income. Any or all of the investment techniques described herein may be used at any time and there is no particular strategy that dictates the use of one technique rather than another, as the use of any derivative by an Account is a function of numerous variables, including market conditions.

A derivative is a financial instrument the value of which depends upon (or derives from) the value of another asset, security, interest rate or index. Derivatives may relate to a wide variety of underlying instruments, including equity and debt securities, indices, interest rates, currencies and other assets. Certain derivative instruments which an Account may use and the risks of those instruments are described in further detail below. An Account may also utilize derivatives techniques, instruments and strategies that may be newly developed or permitted as a result of regulatory changes, to the extent such techniques, instruments and strategies are consistent with an Account's investment objective and policies. Such newly developed techniques, instruments

and strategies may involve risks different than or in addition to those described herein. No assurance can be given that any derivatives strategy employed by an Account will be successful. The risks associated with the use of derivatives are different from, and possibly greater than, the risks associated with investing directly in the instruments underlying such derivatives. Derivatives are highly specialized instruments that require investment techniques and risk analyses different from other portfolio investments. The use of derivative instruments requires an understanding not only of the underlying instrument but also of the derivative itself. Certain risk factors generally applicable to derivative transactions are described below.

Derivatives are subject to the risk that the market value of the derivative itself or the market value of underlying instruments will change in a way adverse to an Account's interests. An Account bears the risk that the Adviser may incorrectly forecast future market trends and other financial or economic factors or the value of the underlying security, index, interest rate or currency when establishing a derivatives position for an Account.

Derivatives may be subject to pricing (or mispricing) risk. For example, a derivative may become extraordinarily expensive (or inexpensive) relative to historical prices or corresponding instruments. Under such market conditions, it may not be economically feasible to initiate a transaction or liquidate a position at an advantageous time or price.

Many derivatives are complex and may be valued subjectively. The pricing models used by an Account to value derivatives may not produce valuations that are consistent with the values an Account realizes when it closes or sells an over-the-counter ("OTC") derivative. Valuation risk is more pronounced when an Account enters into OTC derivatives with specialized terms because the market value of those derivatives in some cases is determined in part by reference to similar derivatives with more standardized terms. Improper valuations can result in increased payment requirements to counterparties, over- and/or under- collateralization, and/or a loss of value to an Account.

Using derivatives as a hedge against a portfolio investment subjects an Account to the risk that the derivative will have imperfect correlation with the portfolio investment, which could result in a portfolio incurring substantial losses. This correlation risk may be greater in the case of derivatives based on an index or other basket of securities, as the portfolio securities being hedged may not duplicate the components of the underlying index or the basket may not be of exactly the same type of obligation as those underlying the derivative. The use of derivatives for "cross hedging" purposes (using a derivative based on one instrument as a hedge on a different instrument) may also involve greater correlation risks.

While using derivatives for hedging purposes can reduce an Account's risk of loss, it may also limit an Account's opportunity for gains or result in losses by offsetting or limiting an Account's ability to participate in favorable price movements in portfolio investments.

Use of derivatives for non-hedging purposes may result in losses which would not be offset by increases in the value of portfolio securities or declines in the cost of securities to be acquired. In the event that an Account enters into a derivatives transaction as an alternative to purchasing or selling the underlying instrument or in order to obtain desired exposure to an index or market, an Account will be exposed to the same risks as are incurred in purchasing or selling the

underlying instruments directly as well as additional risks associated with derivatives transactions, such as counterparty credit risk.

The use of certain derivatives transactions, including OTC derivatives, involves the risk of loss resulting from the insolvency or bankruptcy of the counterparty to the contract or the failure by the counterparty to make required payments or otherwise comply with the terms of the contract. In the event of default by a counterparty, an Account may have contractual remedies pursuant to the agreements related to the transaction, but there is no guarantee that the Portfolio will be able to enforce such contractual remedies in a timely manner, or at all.

While some derivatives are cleared through a regulated central clearinghouse, many derivatives transactions are not entered into or traded on exchanges or in markets regulated by the CFTC or the SEC. Instead, such bi-lateral OTC derivatives are entered into directly by an Account and a counterparty. OTC derivatives transactions can only be entered into with a willing counterparty that is approved by the Adviser. Where no such counterparty is available, an Account will be unable to enter into a desired OTC transaction.

An Account may be required to make physical delivery of portfolio securities underlying a derivative in order to close out a derivatives position or to sell portfolio securities at a time or price at which it may be disadvantageous to do so in order to obtain cash to close out or to maintain a derivatives position.

As a result of the structure of certain derivatives, adverse changes in, among other things, interest rates, volatility or the value of the underlying instrument can result in losses substantially greater than the amount invested in the derivative itself. Certain derivatives have the potential for unlimited loss, regardless of the size of the initial investment.

Certain derivatives may be considered illiquid and therefore subject to an Account's limitation on investments in illiquid securities.

Derivatives transactions conducted outside the United States may not be conducted in the same manner as those entered into on U.S. exchanges, and may be subject to different margin, exercise, settlement or expiration procedures. Brokerage commissions, clearing costs and other transaction costs may be higher on foreign exchanges. Many of the risks of OTC derivatives transactions are also applicable to derivatives transactions conducted outside the United States. Derivatives transactions conducted outside the United States are subject to the risk of governmental action affecting the trading in, or the prices of, foreign securities, currencies and other instruments. The value of such positions could be adversely affected by foreign political and economic factors; lesser availability of data on which to make trading decisions; delays in an Account's ability to act upon economic events occurring in foreign markets; and less liquidity than U.S. markets.

Currency derivatives are subject to additional risks. Currency derivatives transactions may be negatively affected by government exchange controls, blockages, and manipulations. Currency exchange rates may be influenced by factors extrinsic to a country's economy. There is no systematic reporting of last sale information with respect to foreign currencies. As a result, the available information on which trading in currency derivatives will be based may not be as

complete as comparable data for other transactions. Events could occur in the foreign currency market which will not be reflected in currency derivatives until the following day, making it more difficult for an Account to respond to such events in a timely manner.

OTC Options: Unlike exchange-traded options, which are standardized with respect to the underlying instrument, expiration date, contract size and strike price, the terms of OTC options generally are established through negotiation between the parties to the options contract. Unless the counterparties provide for it, there is no central clearing or guaranty function for an OTC option. Therefore, OTC options are subject to the risk of default or non-performance by the counterparty to a greater extent than exchange-traded options.

Additional Risks of Options Transactions: The risks associated with options transactions are different from, and possibly greater than, the risks associated with investing directly in the underlying instruments. Options are highly specialized instruments that require investment techniques and risk analyses different from those associated with other portfolio investments. Options may be subject to the risk factors generally applicable to derivatives transactions described herein, and may also be subject to certain additional risk factors, including:

- The exercise of options written or purchased by an Account could cause an Account to sell portfolio securities, thus increasing an Account's portfolio turnover.
- An Account pays brokerage commissions each time it writes or purchases an option or buys or sells an underlying security in connection with the exercise of an option. Such brokerage commissions could be higher relative to the commissions for direct purchases or sales of the underlying securities.
- A portfolio's options transactions may be limited by limitations on options positions established by the SEC, the CFTC or the exchanges on which such options are traded.
- The hours of trading for exchange listed options may not coincide with the hours during which the underlying securities are traded. To the extent that the options markets close before the markets for the underlying securities, significant price and rate movements can take place in the underlying securities that cannot be reflected in the options markets.
- Index options based upon a narrower index of securities or other assets may present greater risks than options based on broad market indexes, as narrower indices are more susceptible to rapid and extreme fluctuations as a result of changes in the values of a small number of securities or other assets.
- An Account is subject to the risk of market movements between the time that an option is exercised and the time of performance thereunder, which could increase the extent of any losses suffered by an Account in connection with options transactions.

Foreign Currency Forward Exchange Contracts and Currency Futures: An Account may enter into foreign currency forward exchange contracts. Unanticipated changes in currency prices may result in losses to an Account and poorer overall performance for an Account than if it had not entered into foreign currency forward exchange contracts. At times, an Account may also enter into “cross-currency” hedging transactions involving currencies other than those in which securities are held or proposed to be purchased are denominated. Forward contracts may limit gains on portfolio securities that could otherwise be realized had they not been utilized and could result in losses. The contracts also may increase an Account’s volatility and may involve a significant amount of risk relative to the investment of cash. While an Account seeks to hedge against its currency exposures, there may be occasions where it is not viable or possible to ensure that the hedge will be sufficient to cover an Account’s total exposure.

Additional Risk of Futures Transactions: The risks associated with futures contract transactions are different from, and possibly greater than, the risks associated with investing directly in the underlying instruments. Futures are highly specialized instruments that require investment techniques and risk analyses different from those associated with other portfolio investments. Futures may be subject to the risk factors generally applicable to derivatives transactions described herein, and may also be subject to certain additional risk factors, including: The risk of loss in buying and selling futures contracts can be substantial. Small price movements in the commodity underlying a futures position may result in immediate and substantial loss (or gain) to an Account.

Buying and selling futures contracts may result in losses in excess of the amount invested in the position in the form of initial margin. In the event of adverse price movements in the underlying commodity, security, index, currency or instrument, an Account would be required to make daily cash payments to maintain its required margin. An Account may be required to sell portfolio securities, or make or take delivery of the underlying securities in order to meet daily margin requirements at a time when it may be disadvantageous to do so. An Account could lose margin payments deposited with a futures commodities merchant if the futures commodities merchant breaches its agreement with an Account, becomes insolvent or declares bankruptcy.

Most exchanges limit the amount of fluctuation permitted in futures contract prices during any single trading day. Once the daily limit has been reached in a particular futures contract, no trades may be made on that day at prices beyond that limit. If futures contract prices were to move to the daily limit for several trading days with little or no trading, an Account could be prevented from prompt liquidation of a futures position and subject to substantial losses. The daily limit governs only price movements during a single trading day and therefore does not limit an Account’s potential losses.

Index futures based upon a narrower index of securities may present greater risks than futures based on broad market indexes, as narrower indexes are more susceptible to rapid and extreme fluctuations as a result of changes in value of a small number of securities.

Warrants: Warrants are equity securities in the form of options issued by a corporation which give the holder the right, but not the obligation, to purchase stock, usually at a price that is higher than the market price at the time the warrant is issued. A purchaser takes the risk that the warrant may expire worthless because the market price of the common stock fails to rise above the price set by the warrant.

Rights: An Account may purchase rights for equity securities. If a portfolio purchases a right, it takes the risk that the right might expire worthless because the market value of the common stock falls below the price fixed by the right.

General Risks of Swaps: An Account may enter into swaps directly or indirectly (including through Risk Premia Investments). The risks associated with swap transactions are different from, and possibly greater than, the risks associated with investing directly in the underlying instruments. Swaps are highly specialized instruments that require investment techniques and risk analyses different from those associated with other portfolio investments. The use of swaps requires an understanding not only of the underlying instrument but also of the swap contract itself. Swap transactions may be subject to the risk factors generally applicable to derivatives transactions described above, and may also be subject to certain additional risk factors. In addition to the risk of default by the counterparty, if the creditworthiness of a counterparty to a swap agreement declines, the value of the swap agreement would be likely to decline, potentially resulting in losses.

In addition, the U.S. government has enacted legislation that provides for new regulation of the derivatives market, including clearing, margin, reporting, and registration requirements, which could restrict an Account's ability to engage in derivatives transactions or increase the cost or uncertainty involved in such transactions. The European Union (and some other countries) are implementing similar requirements, which will affect an Account when it enters into a derivatives transaction with a counterparty organized in that country or otherwise subject to that country's derivatives regulations.

For example, the U.S. government and the European Union have adopted mandatory minimum margin requirements for OTC derivatives. The Adviser expects that an Account's transactions will become subject to variation margin requirements under such rules in 2017 and initial margin requirements under such rules in 2020. Such requirements could increase the amount of margin an Account needs to provide in connection with its derivatives transactions and, therefore, make derivatives transactions more expensive.

These and other new rules and regulations could, among other things, further restrict an Account's ability to engage in, or increase the cost to a portfolio of, derivatives transactions, for example, by making some types of derivatives no longer available to an Account or otherwise limiting liquidity. An Account may be unable to execute its investment strategy as a result. The

costs of derivatives transactions are expected to increase as clearing members raise their fees to cover the costs of additional capital requirements and other regulatory changes applicable to the clearing members become effective. These rules and regulations are new and evolving, so their potential impact on a portfolio and the financial system are not yet known. While the new rules and regulations and central clearing of some derivatives transactions are designed to reduce systemic risk (i.e., the risk that the interdependence of large derivatives dealers could cause them to suffer liquidity, solvency or other challenges simultaneously), there is no assurance that they will achieve that result, and in the meantime, as noted above, central clearing and related requirements expose an Account to new kinds of costs and risks.

Interest Rate Swaps, Caps, Floors and Collars: An Account may enter into interest rate swaps, which do not involve the delivery of securities, other underlying assets, or principal. Accordingly, the risk of loss with respect to interest rate and total rate of return swaps is limited to the net amount of interest payments that an Account is contractually obligated to make. An Account may also buy or sell interest rate caps, floors and collars, which may be less liquid than other types of swaps.

Currency Swaps: Currency swap agreements may be entered into on a net basis or may involve the delivery of the entire principal value of one designated currency in exchange for the entire principal value of another designated currency. In such cases, the entire principal value of a currency swap is subject to the risk that the counterparty will default on its contractual delivery obligations.

Credit Default Swaps: An Account may be either the buyer or seller in a credit default swap. As the buyer in a credit default swap, an Account would pay to the counterparty the periodic stream of payments. If no default occurs, an Account would receive no benefit from the contract. As the seller in a credit default swap, an Account would receive the stream of payments but would be subject to exposure on the notional amount of the swap, which it would be required to pay in the event of default. The use of credit default swaps could result in losses to an account if the Adviser fails to correctly evaluate the creditworthiness of the issuer of the referenced debt obligation.

Combined Transactions: Combined transactions involve entering into multiple derivatives transactions instead of a single derivatives transaction in order to customize the risk and return characteristics of the overall position. Combined transactions typically contain elements of risk that are present in each of the component transactions. Because combined transactions involve multiple transactions, they may result in higher transaction costs and may be more difficult to close out.

Other Instruments and Future Developments: An Account may take advantage of opportunities in the area of swaps, options on various underlying instruments and swaptions and certain other customized “synthetic” or derivative investments in the future. In addition, an Account may take advantage of opportunities with respect to certain other “synthetic” or derivative instruments which are not presently available, but which may be developed to the extent such opportunities are both consistent with a portfolio’s investment objective and legally permissible for an account.

Risk Considerations Associated with Alternative Lending

Loans May Carry Risk and be Speculative: Loans are risky and speculative investments. The loans are obligations of the borrower and depend entirely for payment on receipt of payments by a borrower. If a borrower fails to make any payments, the amount of interest payments received by the Alternative Lending Fund will be reduced. Many of the loans in which the Alternative Lending Fund will invest will be unsecured personal loans. However, the Alternative Lending Fund may invest in business and specialty finance, including secured loans. If borrowers do not make timely payments of the interest due on their loans, the yield on the Alternative Lending Fund investments will decrease. If borrowers do not make timely payment of the principal due on their loans, or if the value of such loans decreases, the Alternative Lending Fund’s net asset value will decrease. Uncertainty and negative trends in general economic conditions in the United States and abroad, including significant tightening of credit markets, historically have created a difficult environment for companies in the lending industry. Many factors may have a detrimental impact on the Platforms’ operating performance and the ability of borrowers to pay principal and interest on loans. These factors include general economic conditions, unemployment levels, energy costs and interest rates, as well as events such as natural disasters, acts of war, terrorism and catastrophes.

Prepayment Risk: Borrowers may have the option to prepay all or a portion of the remaining principal amount due under a borrower loan at any time without penalty. In the event of a prepayment of the entire remaining unpaid principal amount of a borrower loan in which the Alternative Lending Fund invests, the Alternative Lending Fund will receive such prepayment but further interest will not accrue on such loan (or the prepaid portion, as applicable) after the date of the prepayment. If the borrower prepays a portion of the remaining unpaid principal balance, interest will cease to accrue on the prepaid portion, and the Alternative Lending Fund will not receive all of the interest payments that it expected to receive. When interest rates fall, certain obligations will be paid off by the obligor more quickly than originally anticipated, and the Alternative Lending Fund may have to invest the proceeds in loans or other securities with lower yields. In periods of falling interest rates, the rate of prepayments tends to increase (as does price fluctuation), as borrowers are motivated to pay off debt and refinance at new lower rates. During such periods, reinvestment of the prepayment proceeds by the Alternative Lending Fund will generally be at lower rates of return than the return on the assets that were

prepaid, which may result in a decline in the Alternative Lending Fund's income and distributions to its shareholders. Prepayment reduces the yield to maturity and the average life of a loan or other security.

Default Risk: Loans have substantial vulnerability to default in payment of interest and/or repayment of principal. In addition, at times the repayment of principal or interest may be delayed. Certain of the loans in which the Alternative Lending Fund may invest have large uncertainties or major risk exposures to adverse conditions, and should be considered to be predominantly speculative. Loan default rates may be significantly affected by economic downturns or general economic conditions beyond the Alternative Lending Fund's control. In particular, default rates on loans may increase due to factors such as prevailing interest rates, the rate of unemployment, the level of consumer confidence, residential real estate values, currency values, energy prices, changes in consumer spending, the number of personal bankruptcies, disruptions in the credit markets and other factors. The significant downturn in the global economy that occurred several years ago caused default rates on consumer loans to increase. The default history for loans may differ from that of the Alternative Lending Fund's investments. Loan losses (which may include both defaults and charge-offs) differ across Platforms and by loan type. However, the default history for loans sourced via Platforms is limited; actual defaults may be greater than indicated by historical data and the timing of defaults may vary significantly from historical observations. The Platforms make payments ratably on an investor's investment only if they receive the borrower's payments on the corresponding loan. If the Platforms do not receive payments on the corresponding loan related to an investment, the investor will not be entitled to any payments under the terms of the investment. Further, investors may have to pay a Platform an additional servicing fee for any amount recovered on a delinquent loan and/or by the Platform's third-party collection agencies assigned to collect on the loan. The Alternative Lending Fund may be limited in its ability to recover any outstanding principal and interest under the loans because substantially all of the loans may be unsecured or under collateralized, the loans will not be guaranteed or insured by any third-party or backed by any governmental authority, legal enforcement of the loans may be impracticable due to the relatively small size of the loans and the Alternative Lending Fund will not have the ability to directly enforce creditors' rights under the loans.

Credit Risk: Credit risk is the risk that a borrower or an issuer of a debt security or preferred stock, or the counterparty to a derivatives contract, will be unable to make interest, principal, dividend, or other payments when due. In general, lower rated securities carry a greater degree of credit risk. If rating agencies lower their ratings of securities in the Alternative Lending Fund's portfolio or if the credit standing of borrowers of loans in the Alternative Lending Fund's portfolio decline, the value of those obligations could decline. In addition, the underlying revenue source for a debt security, a preferred stock or a derivatives contract may be insufficient to pay interest, principal, dividends or other required payments in a timely manner. Because a significant primary source of cash available for income distributions by the Alternative Lending Fund is the interest, principal and other payments on loans in which it invests, any default by a borrower could have a negative effect on the Alternative Lending Fund's ability to pay

dividends on Shares and/or cause a decline in the value of the fund's assets. Even if the borrower or issuer does not actually default, adverse changes in the borrower's or issuer's financial condition may negatively affect the borrower's or issuer's credit ratings or presumed creditworthiness. These developments would adversely affect the market value of the borrower's or issuer's obligations or the value of credit derivatives if the Alternative Lending Fund has sold credit derivatives.

Limited Secondary Market and Liquidity of Alternative Lending Securities: Alternative lending securities generally have a maturity between one to seven years. Investors acquiring alternative lending securities directly through Platforms and hoping to recoup their entire principal must generally hold their loans through maturity. There is also currently no active secondary trading market for loans in which the Alternative Lending Fund will invest, and there can be no assurance that such a market will develop in the future. The Alternative Lending Fund is dependent on the Platforms to sell the Alternative Lending Fund loans that meet the Alternative Lending Fund's investment criteria. There is currently very limited liquidity in the secondary trading of these investments. Alternative lending securities are not at present listed on any national or international securities exchange. Until an active secondary market develops, the Alternative Lending Fund will primarily adhere to a "purchase and hold" strategy and will not necessarily be able to access significant liquidity. In the future, the Alternative Lending Fund may purchase alternative lending securities from a secondary market to the extent such a market exists, including privately negotiated secondary purchases. In the event of adverse economic conditions in which it would be preferable for the Alternative Lending Fund to sell certain of its loans, the Alternative Lending Fund may not be able to sell a sufficient proportion of its portfolio as a result of liquidity constraints. In such circumstances, the overall returns to the Alternative Lending Fund from its investments may be adversely affected. In addition, the limited liquidity may cause a Platform's other investors and potential investors to consider these investments to be less appealing, and demand for these investments may decrease, which may adversely affect the Platforms' business. Moreover, certain alternative lending securities are subject to certain additional significant restrictions on transferability. The lack of an active secondary trading market, coupled with significant increases in default rates, could impact the Alternative Lending Fund's ability to provide quarterly liquidity to its shareholders.

High-Yield Instruments and Unrated Debt Securities Risk: The loans purchased by the Alternative Lending Fund are not rated by a nationally recognized statistical rating organization (an "NRSRO"). In evaluating the creditworthiness of borrowers, the Adviser relies on the ratings ascribed to such borrowers by the relevant Platform or as determined otherwise. The analysis of the creditworthiness of borrowers of loans may be a lot less reliable than for loans originated through more conventional means. In addition, the Alternative Lending Fund may invest in debt securities and instruments that are classified as "higher yielding" (and, therefore, higher risk) investments. In most cases, such investments will be rated below investment grade by NRSRO or will be unrated. These investments are commonly referred to as "junk" investments. Investments in such securities are subject to greater risk of loss of principal and interest than higher rated instruments, may be considered to be predominantly speculative with

respect to the obligor's capacity to pay interest and repay principal. Such investments may also be considered to be subject to greater risk than those with higher ratings in the case of deterioration of general economic conditions. The market for high-yield instruments may be smaller and less active than those that are higher rated, which may adversely affect the prices at which the Alternative Lending Fund's investments can be sold and result in losses to the Alternative Lending Fund, which, in turn, could have a material adverse effect on the performance of the Alternative Lending Fund. Such securities and instruments are generally not exchange traded and, as a result, trade in the over-the-counter ("OTC") marketplace, which is less transparent than the exchange-traded marketplace.

Risks Associated with Private Markets

Buy-Out Transactions: Certain of Private Markets accounts may invest directly or indirectly through Underlying Investment Funds and Co-Investments, 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.

Control Positions: Certain of Private Markets accounts may directly, or indirectly through Underlying Investment Funds and Co-Investments, 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.

Investing in Special Situations: Certain of Private Markets accounts may invest directly, or indirectly through Underlying Investment Funds and Co-Investments, in companies that are involved in (or are the target of) acquisition attempts or tender offers, or companies involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies and similar transactions. In any investment opportunity involving these types of transactions, there exists 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 to certain accounts. As a result, certain accounts may suffer a loss, which may be complete, on its investment.

Venture Capital Investments: Certain of Private Markets accounts may directly, or indirectly through Underlying Investment Funds and Co-Investments, 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.

Morgan Stanley Principal Investment Activities: Morgan Stanley generally invests directly in private equity through other divisions. As a consequence, other than Co-Investments made by certain Accounts alongside those private equity managers into whose funds an investment team has invested on a primary basis, not every direct private equity investment that meets an Account's investment objectives may be made available to the Accounts.

Commercial/Business Risks: It is anticipated that certain of the Private Markets will make investments in some Underlying Investment Funds, which have a limited operating history, a manager with limited private markets fund management experience, or both. Such investments have inherently greater risk than more established private markets 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 certain of the Private Markets will be successful.

Portfolio Solutions Group

In addition to the risks associated with investing in portfolios of hedge funds and private equity funds, the following risks, among others, may also apply to an Account managed by the Portfolio Solutions Group:

Commodities: Exposure to the commodities markets may result in greater investments in traditional securities, such as stocks and bonds. The commodities markets may fluctuate widely based on a variety of factors. These include changes in overall market movements, domestic and foreign political and economic events and policies, war, acts of terrorism, changes in domestic or foreign interest rates and/or investor expectations concerning interest rates, domestic and foreign inflation rates and/or investor expectations concerning inflation rates and investment and trading activities of mutual funds, hedge funds and commodities funds.

Fixed-Income Securities: 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. The historically low interest rate environment increases the risk associated with rising rates, including the potential for periods of volatility.

Real Estate Market Conditions: Some of the Underlying Investment Funds' real estate investment strategies may in some investments be based, in part, upon the premise that real estate businesses and assets will become available for purchase by such Investment Fund at prices that the Underlying Investment Manager of the 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.

Real Estate and Real Estate Related Securities: Underlying Investment Funds, in which the Accounts will invest, invest in office, apartment, industrial, and other commercial real estate properties located primarily in the United States, as well as in real estate related securities. Accordingly, the investments of the Underlying Investment Funds will be subject to the risks incident to ownership and development of real estate, including risks associated with changes in the general economic climate, changes in the overall real estate market, local real estate conditions, the financial condition of tenants, buyers and sellers of properties, supply of or demand for competing properties in an area, accelerated construction activity, technological innovations that dramatically alter space requirements, the availability of financing, changes in interest rates, competition based on rental rates, energy and supply shortages, various uninsured and uninsurable risks (including possible terrorist activity), and government regulations.

Some Underlying Investment Funds may employ leverage in connection with their operations and investments. Such leverage may be recourse to such Underlying Investment Funds. The use of leverage involves a high degree of financial risk and may increase the exposure of the Underlying Investment Funds or their investments to factors such as rising interest rates, downturns in the economy or deterioration in the condition of the properties underlying such investments.

Real estate development and repositioning is a highly competitive business which involves significant risks. In particular, because of the long lead-time between the inception of a project and its completion, a well-conceived project may, as a result of changes in real estate market, economic and other conditions prior to its completion (including as a result of the construction of competing projects), become an economically unattractive investment. It is possible that an Investment Fund

may make a commitment prior to obtaining all necessary entitlements, approvals or consents and may not obtain or may incur significant costs to obtain such items. In addition, real estate development involves the risk that construction may not be completed within budget or on schedule because of cost overruns, unforeseen construction difficulties, work stoppages, shortages of building materials, and the inability of contractors to perform their obligations under construction contracts, defects in plans and specifications, failure to obtain necessary entitlements or other factors. Any delay in completing a project may result in increased interest and construction cost, the potential loss of purchasers or tenants, increased competition from other projects, and the possibility of defaults under project financings. In addition, the demand for quality commercial real estate projects is largely dependent upon the continued economic growth of the markets and submarkets in which these projects are located. There can be no assurance that such economic growth or demand for such projects will continue in the markets in which the Underlying Investment Funds make their investments or that the actual occupancy and/or rental rates for the real property underlying the Underlying Investment Funds' investments will not be less than the projected occupancy and/or rental rates used in determining whether to make such Investments. Furthermore, increased real estate development in such markets may lead to periods of oversupply and result in vacancies, lower rentals, and lower sale prices for real estate projects.

Ability of Underlying Funds to Finance, Consummate and Dispose of Investments: 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 private equity real estate fund of funds' 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 certain of Private Markets' 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.

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.

Risks in Effecting Operating Improvements: 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.

Senior Loans: Senior loans are generally rated below investment-grade by rating agencies, and entail greater credit risk than higher-quality, investment-grade securities such as U.S. Treasuries. In the event a borrower stops paying interest or principal on a loan, the collateral used to secure the loan may not be entirely sufficient to satisfy the borrower's obligations and, in some cases, may be difficult to liquidate on a timely basis. While senior loans offer higher interest income when interest rates rise, they also will generate less income when interest rates decline.

Municipal Securities Risks: The two principal classifications of municipal bonds are "general obligation" or "revenue" 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. Thus, these bonds may be vulnerable to limits on a government's power or ability to raise revenue or increase taxes and its ability to maintain a fiscally sound budget. The timely payments may also be influenced by any unfunded pension liabilities or other post-employee benefit plan liabilities. These bonds may also depend on legislative appropriation and/or funding or other support from other governmental bodies in order to make payments. 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. As a result, these bonds historically have been subject to a greater risk of default than general obligation bonds because investors can look only to the revenue generated by the project or other revenue source backing the project, rather than to the general taxing authority of the state or local government issuer of the 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.

Special Risks Related to Cybersecurity

AIP is susceptible to cybersecurity 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 AIP and its service providers, if applicable, use to service Accounts; or operational disruption or failures in the physical infrastructure or operating systems that support AIP or its service providers, if applicable. Cyber-attacks against, or security breakdowns, of AIP or its 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. AIP may incur

additional costs related to cybersecurity risk management and remediation. In addition, cybersecurity risks may also impact issuers of securities in which AIP invests, which may cause investment in such issuers to lose value. There can be no assurance that AIP or AIP's service providers, if applicable, will not suffer losses relating to cyber-attacks or other information security breaches in the future. While we have established business continuity plans and risk management systems seeking to address system breaches or failures, there are inherent limitations in such plans and systems.

Special Risks Related to Cryptocurrency

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.

Cryptocurrency Tax Risk: Many significant aspects of the U.S. federal income tax treatment of investments in bitcoin are uncertain and an investment in bitcoin may produce income that is not treated as qualifying income for purposes of the income test applicable to regulated investment companies, such as an Underlying Investment Fund.

ITEM 9 DISCIPLINARY INFORMATION

AIP is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of AIP or the integrity of AIP's management. AIP has no I

ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATES

AIP 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 financial holding company under the Bank Holding Company Act of 1956, as amended. As a result, we are part of a large global financial services and banking group and you may have relationships with our affiliates beyond your relationship with us. These relationships can cause conflicts of interest.

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 Affiliations

AIP is not a registered as a broker-dealer; however, certain of AIP's "management persons" are registered representatives of Morgan Stanley Distribution Inc., a broker-dealer that is an affiliate.

AIP is also affiliated with Morgan Stanley & Co. LLC ("MS&Co."), MSSB, and Prime Dealer Services Corp., each a broker-dealer registered with the SEC and a FINRA member firm. In addition, following the Transaction, AIP 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. We are 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").

AIP has an arrangement with MSSB in which AIP conducts investment and operational due diligence on hedge funds, provides portfolio advisory services in connection with customized mandates, and provides access to a number of hedge funds into which qualified advisory clients of Wealth Management may invest.

Advisory Activities and Affiliations

AIP serves as investment adviser to Alternative Investment Partners Absolute Return Fund, AIP Multi-Strategy Fund, and the Alternative Lending Fund (the "Registered Funds"), each an investment company registered under the 1940 Act. In addition, AIP serves as adviser to investment funds that are not registered under the 1940 Act.

AIP may sweep the uninvested cash balances of the Funds into a high-quality institutional money market mutual fund advised by one of AIP's affiliates. In such a case, the affiliated investment adviser will receive asset based fees in respect of a Fund's investment that will reduce the net return realized by the Fund. In the case of the Registered Funds, the advisory fee paid by a Registered Fund to an AIP affiliate is reduced by the pro rata amount of the management and administrative fees paid by the Registered Fund to the respective money market mutual fund in connection with the Registered Fund's cash sweep investment.

AIP's affiliate, Morgan Stanley Investment Management, Inc., serves as investment adviser to the "Morgan Stanley Funds", a U.S. mutual fund complex comprised of several stand-alone mutual funds as well as the following series of funds: Morgan Stanley Institutional Fund, Inc., Morgan Stanley Institutional Fund Trust, The Universal Institutional Funds, Inc., Morgan Stanley Select Dimensions Investment Series, Morgan Stanley Variable Investment Series and the Morgan Stanley Institutional Liquidity Funds, each an open-end investment company registered under the 1940 Act.

From time to time, AIP may, to the extent permitted by applicable law (and if required, with your consent), delegate some or all of its responsibilities, duties and authority under an investment management agreement to one or more of its affiliated investment advisers. AIP's affiliated advisers may likewise delegate some or all of their responsibilities, duties and authority to AIP.

AIP 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”).

Morgan Stanley Asia Limited (the “Participating Affiliate”) indirectly provides investment advice or research to certain of our accounts. Certain personnel employed by the Participating Affiliate indirectly provide investment advice to certain of our accounts in specialties in which they have particular expertise. The Participating Affiliate is subject to our supervision in respect of their provision of services to us and our accounts.

Banking Affiliates

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.

Other Regulatory Affiliations

AIP is registered as a Commodity Pool Operator (“CPO”) and as a Commodity Trading Adviser (“CTA”) with the Commodities Futures Trading Commission and each is a member of the National Futures Association (“NFA”). Certain of AIP’s “management persons” are registered as associated persons and principals of the CPO and CTA.

Each of Morgan Stanley Alternative Investment Partners LP and MSIM is registered as a CPO with the Commodities Futures Trading Commission and each is a member of NFA. MSIM is also registered as a CTA with the Commodities Futures and Trading Commission.

AIP is an indirect, wholly owned subsidiary of Morgan Stanley, a corporation whose shares are publicly held and traded on the New York Stock Exchange under the ticker symbol “MS”. Morgan Stanley is a financial holding company under the Bank Holding Company Act of 1956, as amended. As a result, AIP is a part of a large global financial services and banking group and you may have relationships with AIP’s affiliates beyond your relationship with AIP. These relationships may cause conflicts of interest.

Conflict Identification

Along with Morgan Stanley, AIP has 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 Legal and Compliance as well as Morgan Stanley's management or Morgan Stanley's franchise committees, for potentially significant conflicts that cannot be resolved by the conflict management officers or that otherwise require senior management review.

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

Personal Trading

AIP has adopted the MSIM Public Side Code of Ethics and Personal Trading Policy (the "Code") pursuant to Rule 204A-1 under the Advisers Act. All MSIM employees, which includes AIP employees, are 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 AIP'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 employees are subject to firm-wide policies and procedures found in the Morgan Stanley Code of Conduct (the "Code" or "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 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. 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 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.

A copy of the Code will be provided to Clients upon request.

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.

Investing for Accounts

Conflicts of interest may arise in connection with certain transactions involving investments by certain Clients in Underlying Investment Funds, Opportunistic Investments and investments by other Clients advised by us, or sponsored or managed by Morgan Stanley, in the same Underlying Investment Funds and Opportunistic Investments. Such conflicts could arise, for example, with respect to the timing, structuring and terms of such investments and the disposition of them. AIP or an affiliate may determine that an investment in an Investment Fund is appropriate for a particular Client or for AIP or its officers, directors, principals, members or employees, but that such investment is not appropriate for certain Clients. Situations also may arise in which AIP, an affiliate, Clients or a Client’s affiliate, have made investments that would have been suitable for investment by certain Clients but, for various reasons, were not pursued by, or available to, such Clients. AIP’s investment activities, its affiliates and any of the respective officers, directors, principals, members or employees may disadvantage certain Clients in some situations if, among other reasons, the investment activities limit a Client’s ability to invest in a particular Underlying Investment Fund, Co-Investment or Opportunistic Investment.

AIP recommends that Clients invest in certain Funds (including, without limitation, the Alternative Lending Fund, Risk Premia Investments and certain Private Markets Funds) for which AIP or an Affiliated Adviser acts as investment adviser. Prior to subscribing for interests in a Fund advised by AIP, investors receive information relating to potential conflicts of interest between the activities of the Fund and AIP’s business activities, and those of affiliates, or clients that may have a financial interest in the securities in which the Fund invests.

From time to time, and subject to applicable law and regulation, AIP may manage a Fund that contains Morgan Stanley “seed capital” and in those instances AIP may buy Underlying Investment Funds for the seed capital account along with AIP’s other Clients. This may present a conflict of interest if an Underlying Investment Fund that has limited investment capacity and is unable to accommodate AIP’s investment in the amount requested for all applicable Clients. To ensure that each Client is treated in a fair and equitable manner, AIP has adopted trade allocation procedures that AIP believes are reasonably designed to address these and other conflicts of interest.

When permitted by applicable law and AIP's policies and procedures, AIP may cause certain Clients to engage in cross transactions. There may be potential conflicts of interest or regulatory issues relating to these transactions. Cross transactions occur if a Client buys securities or other investments from, or sell securities or other investments to, another Client that AIP advises. AIP will affect such cross trades when AIP believes it is desirable to buy for one Client securities or investments another Client owns and such trades are in the best interests of all clients involved. AIP does not receive any additional compensation in connection with these cross transactions; however, potential conflicts may arise in connection with AIP's responsibilities to the parties to such transactions. Any cross transactions are affected in accordance with AIP's fiduciary duty and applicable law. In addition, AIP has procedures in place to ensure that the Clients on either side of a cross trade are treated fairly.

AIP may determine, in its sole discretion, that following the allocation of investment opportunities among Clients that there is excess capacity in a particular Underlying Investment Fund or Co-Investment. In such event, AIP may allow certain persons, including without limitation, affiliates of Morgan Stanley, Clients or third parties to co-invest in one or more Underlying Investment Funds or Co-Investments. In making decisions with respect to the allocation of such opportunities, AIP may take into account any factors that it determines relevant in its sole discretion, including, but not limited to, a potential recipient's relationship with Morgan Stanley, a Client's expressed interest in such opportunities, and the size of a potential recipient's investment or proposed investment in a Fund, as well as a broad range of other considerations, including commercial considerations for the opportunity, an investor's ability to execute such offer and the approval of transaction counterparties.

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 Clients, and with respect to Clients' investments. In certain instances, Morgan Stanley gives advice and takes action with respect to its clients or proprietary accounts that may differ from the advice AIP provides, or involves an action of a different timing or nature than the action taken advised by AIP. At times, Morgan Stanley will give advice and provide recommendations to persons competing with 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 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 AIP and 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 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 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 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. Clients may be precluded from participating in a transaction with or relating to the company being sold under these circumstances.

To meet applicable regulatory requirements, there are periods when we will not initiate or recommend certain types of transactions in the securities of companies for which an affiliate is performing investment banking services. You will not be advised of that fact. In particular, when an affiliate is engaged in an underwriting or other distribution of securities of a company, we may be prohibited from purchasing or recommending the purchase of certain securities of that company for Clients. In addition, we generally will not initiate or recommend transactions in the securities of companies with respect to which our affiliates may have controlling interests or are affiliated.

ITEM 12 **BROKERAGE PRACTICES**

Due to the nature of the investments AIP makes, broker-dealers are generally not used for Client transactions and AIP does not enter into soft dollar arrangements. However, AIP may use affiliated or non-affiliated broker-dealers to divest assets distributed in kind to Clients by Underlying Investment Funds or direct Co-investments. Non-affiliated broker-dealers are sometimes used when an Underlying Investment Manager or Co-investment sponsor arranges for shares to be distributed in kind through a particular broker-dealer. In such circumstances, when the chosen broker-dealer offers to sell shares on or very shortly after the distribution date, AIP evaluates (i) how quickly that broker-dealer can open accounts for the purpose of facilitating the sales and (ii) the relative advantages of having the shares sold by that broker-dealer.

In limited circumstances, AIP may use independent brokers who offer asset purchase opportunities to us in certain secondary transactions. In these instances, AIP allocates all fees and/or commissions related thereto *pro rata* (based on investment /commitment account) to the participating Accounts. Fees and/or commissions payable are generally negotiated by AIP or a third party syndication partner (e.g., Goldman Sachs). All such fees and/or commissions are customary in the market place and typical with these types of transactions.

Trade Allocation

Investment decisions for each Client (or group of Clients with a similar investment objective) are made independently from those of other Clients and are made with specific reference to the individual needs and objectives of each Client. Because investment decisions frequently affect more than one Client, it is inevitable that at times a portfolio manager will desire to acquire or dispose of the same securities or interests for more than one Client at the same time. To the extent that a portfolio manager seeks to acquire the same limited partnership interest at the same time for more than one Client, it may not be possible to acquire a sufficiently large quantity of the security. Similarly, Clients may be unable to redeem out of an Underlying Investment Fund at the same time if there are redemption restrictions. An investment in an Underlying Investment Fund may be allocated to some, but not all, clients, at the discretion of the Investment Committee, in accordance with the investment guidelines applicable to the Client and based on such considerations as the Investment Committee deems appropriate. If an Underlying Investment Fund's capacity to accept investment capital is less than the amounts specified by the Investment Committee, the allocations shall be modified generally by allocating the underlying Investment Fund's capacity pro-rata among Clients.

ITEM 13 REVIEW OF ACCOUNTS

AIP's review process for Clients is conducted by the appropriate (Hedge Funds, Opportunistic Investments, Risk Premia and Alternative Lending, Private Markets Solutions, Private Markets Impact, Private Markets Secondary, PSG) investment committee (each, an "Investment Committee"). Each Investment Committee is comprised of the portfolio managers of the respective investment team. AIP's review process is not directed toward a short-term decision to dispose of investments, but to (1) oversee the performance of the Underlying Investment Funds, Opportunistic Investments and/or (2) monitor securities and other financial instruments in which the Clients have invested.

The Hedge Fund Solutions business provides reports to investors in Funds on either a monthly or quarterly basis. The Private Markets business provides investors in Funds on either a quarterly or semi-annually basis. Investors in Funds advised by the Portfolio Solutions business are generally sent reports on a monthly or quarterly basis. Among other things, these reports may consist of monthly, quarterly or semi-annual performance information, unaudited financial statements and/or audited annual statements.

With respect to SMAs, the nature and frequency of reports are negotiated with the client on an individual basis, as set forth in the applicable investment management agreement, to suit the clients' needs.

ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

AIP has compensated and may continue to compensate certain affiliated and unrelated third parties for client referrals in accordance with Rule 206(4)-3 under the Advisers Act. The compensation paid to any such entity will typically consist of a cash payment stated as a percentage of client assets managed by us either directly pursuant to an investment management agreement or via an investment in a Fund, but may include cash payments determined in other ways. Any such compensation is disclosed to Clients at the time of referral in accordance with Rule 206(4)-3.

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

ITEM 15 CUSTODY

AIP may be deemed to have “custody” of Client assets in a variety of circumstances, and in each case AIP will comply with the custody requirements under the Advisers Act. AIP has custody of Client assets any time it has authority or ability to obtain possession of client assets. AIP may be deemed to have “custody” of the assets of the Funds for which AIP or an affiliate serves as general partner/managing member or otherwise has the authority or ability to obtain possession of Fund assets. In those cases, the Funds will provide audited financial statements to investors on an annual basis in accordance with generally accepted accounting principles within 180 days of the end of the Fund’s fiscal year. If a Client elects to retain AIP’s affiliate, MSSB, to act as qualified custodian of its Account, AIP may be deemed to have “custody” of those assets as well. Furthermore, AIP may also be deemed to have “custody” over Clients’ assets from which AIP is authorized to deduct fees or other expenses.

Clients should carefully review the account statements received from the qualified custodian and compare to statements received from us.

ITEM 16 INVESTMENT DISCRETION

Funds

When selecting Client investments, AIP adheres to the investment policies, limitations and restrictions of each Client as set forth in the investment management agreement or relevant offering document, as applicable. For registered investment companies, AIP's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made. Investment guidelines and restrictions and any amendments thereto must be provided to AIP in writing.

Separately Managed Accounts

For separately managed accounts, AIP typically receives discretionary authority from the Client at the outset of the relationship to select the identity and amount of investments to be bought or redeemed. This authority is granted in the investment management agreement. In all cases, however, such discretion is exercised in a manner consistent with the stated investment objectives and guidelines for the separate account. As discussed under Item 12, "Brokerage Practices", of this Brochure, you may impose certain limitations on AIP's use of broker-dealers.

ITEM 17 VOTING CLIENT SECURITIES

Along with certain of our affiliates, AIP has adopted a Proxy Voting Policy (the "Policy"). Note that due to the nature of the investments AIP makes (generally, private funds), certain provisions of the Policy will not apply. For purposes of this section, "we" refers to us and our affiliates who participate in the Policy. With respect to our registered investment companies, we vote proxies under 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 Funds. We will not vote proxies unless the investment management or investment advisory agreement explicitly authorizes us to vote all proxies.

We will use our commercially reasonable efforts to vote proxies in a prudent and diligent manner, with the objective of maximizing long-term investment returns for our clients and investors (the "Client Proxy Standard"). In certain situations, you may ask us to vote according to your own proxy voting policy. In those situations, where practicable, we will endeavor to comply with your policy.

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 may effect particular voting decisions, as might factors specific to a given company or entity. We endeavor to integrate governance and the 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 the benefit of all Clients. At times, this may result in split votes, for example when different Client accounts (voting independently) may have varying economic interests in the outcome of a particular voting matter. When appropriate and practicable, we may also split votes at times based on differing views of our investment teams.

We may also abstain on matters when and where appropriate, at our sole discretion. We generally support (a) routine management and/or board proposals and (b) proposals from associated private equity sponsors/managers.

Votes on director 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, director skills and the balance of expertise

on the board, financial knowledge and experience, executive and director remuneration practices, and board responsiveness. We consider withholding support from a nominee if we believe 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 from 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 all Clients. 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.

If given the opportunity (which does not often arise), we may vote on executive pay matters and will make decisions in respect thereof on a case-by-case basis. We generally support equity compensation plans if we view potential dilution/cost and burn rates as reasonable, and if plan provisions sufficiently protect shareholder interests. We also generally support appropriately structured bonus and employee stock purchase plans. We consider social and environmental shareholder proposals on a case-by-case basis.

At all times we reserve the right to depart from the Proxy Voting Policy in order to avoid voting decisions that we believe may be contrary to the Clients' best interests. In addition, we may also abstain from voting if, based on factors such as expense or difficulty of exercise, we determine that the Client's interests are equally or better served by an abstention.

Process: The 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 Corporate Governance 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.

Further Information: Upon request and without charge, a Morgan Stanley AIP Portfolio Specialist will provide you with the proxy voting record applicable to your account, or to the fund in which you are invested.

ITEM 18 FINANCIAL INFORMATION

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

WHAT DOES MSIM DO WITH YOUR PERSONAL INFORMATION?

FACTS

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?	<p>The types of personal information we collect and share depend on the product or service you have with us. This information can include:</p> <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	<p>Call toll-free (844) 312-6327 or email: imprivacyinquiries@morganstanley.com</p> <p>Please note:</p> <p>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.</p>
Questions?	<p>Call toll-free (844) 312-6327 or email: imprivacyinquiries@morganstanley.com</p>

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>	

