

Form ADV, Part 2A Brochure

MORGAN STANLEY INVESTMENT MANAGEMENT INC.

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November 17, 2021

This brochure (the “Brochure”) provides information about the qualifications and business practices of Morgan Stanley Investment Management Inc. (the “Adviser” MSIM, “us” or “we”). If you have any questions about the contents of this Brochure, please contact us at (212) 537-2352. 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.

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

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

ITEM 2 MATERIAL CHANGES

This Brochure is dated November 17, 2021 and represents our other-than-annual updating Brochure and reflects certain administrative updates and immaterial enhancements, including the following:

- Item 10 has been updated to reflect updates to material arrangements or relationships with affiliates.
- Appendix A has been updated to reflect updated fee schedules for two of the strategies offered by MSIM.

The following administrative updates and immaterial enhancements were made at the time of filing an other-than-annual amendment to this Brochure, dated July 23, 2021:

- Item 5 and Appendix A, to which Item 5 refers, have been updated to reflect revised fee schedules for a variety of investment strategies we offer.
- Item 8 has been updated to (i) include information about new strategies that we offer, including Global Balanced Risk Control (“GBaR”) and Global Focus Real Estate Securities; and (ii) remove the Global Hold and Buy strategy, which has been discontinued. In addition, Item 8 has been updated to provide certain enhanced disclosures, including to the Global Sustain Strategy and the Collateralized Loan Obligations (“CLOs”) Risks.

The following is a list of material updates made to this Brochure since the last annual amendment dated March 30, 2020.

- Item 4 has been updated to reflect that on March 1, 2021, Morgan Stanley completed its previously announced acquisition of Eaton Vance Corp., a publicly held company that was previously traded on the New York Stock Exchange (NYSE) under the ticker symbol EV (“EVC”) and its subsidiaries, including, but not limited to, Eaton Vance Management (“EVM”), Eaton Vance WaterOak Advisors (“WaterOak”), Calvert Research and Management (“Calvert”), Parametric Portfolio Associates, LLC (“Parametric”), Atlanta Capital Management Company LLC (“Atlanta Capital”), Boston Management and Research (“BMR”), and Eaton Vance Advisers International Ltd. (“EVAIL”).
- Item 10 has been updated to reflect updated lists of affiliated investment advisers, broker-dealers, banking entities, electronic communications networks and alternative trading systems.

The following material changes were made at the time of filing an other-than-annual amendment to this Brochure dated, October 29, 2020.

- Item 4 has been updated to include a description of dual and single contract separately managed account arrangements that we expect to enter into through third-party financial intermediaries.
- Item 5 has been updated to reflect that MSIM may waive, reimburse, or rebate fund level fees or expenses with respect to certain share classes of Morgan Stanley Funds, for eligible separately management account and Wrap Fee Program clients.

- Item 8 has been updated to reflect the transition of the Fixed Income Managed Solutions (“FIMS”, formerly known as Managed Advisory Portfolio Solutions) team from Morgan Stanley Wealth Management to Morgan Stanley Investment Management, which was completed on or around December 1, 2020.

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

- Item 5 has been updated to reflect the fee schedule associated with the Counterpoint Ventures Fund. Appendix A, to which Item 5 refers, has also been updated to reflect updated fee schedules for a variety of investment strategies offered by MSIM.
- Item 8 has been updated to clarify descriptions of investment strategies offered. Item 8 has also been updated to include enhanced disclosure regarding certain investment risks including, but not limited to, interest rate, inflation, short sale, cryptocurrency, negative interest rate, “Brexit”, and SPAC risks.

ITEM 3 TABLE OF CONTENTS

	Page
ITEM 1 COVER PAGE	1
ITEM 2 MATERIAL CHANGES.....	2
ITEM 3 TABLE OF CONTENTS	4
ITEM 4 ADVISORY BUSINESS	5
ITEM 5 FEES AND COMPENSATION.....	9
ITEM 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT	15
ITEM 7 TYPES OF CLIENTS.....	16
ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS	17
ITEM 9 DISCIPLINARY INFORMATION.....	60
ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....	61
ITEM 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING	66
ITEM 12 BROKERAGE PRACTICES.....	75
ITEM 13 REVIEW OF ACCOUNTS.....	81
ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION.....	82
ITEM 15 CUSTODY	83
ITEM 16 INVESTMENT DISCRETION.....	84
ITEM 17 VOTING CLIENT SECURITIES.....	85
ITEM 18 FINANCIAL INFORMATION	89
APPENDIX A: FEE SCHEDULE	
APPENDIX B: PRIVACY NOTICE	

ITEM 4 ADVISORY BUSINESS

Morgan Stanley Investment Management (MSIM) and its advisory affiliates represent the investment management division of Morgan Stanley, a publicly held company (“Morgan Stanley”). We are a wholly owned subsidiary of Morgan Stanley, a corporation whose shares are publicly held and traded on the New York Stock Exchange under the symbol “MS”. Morgan Stanley is a leading global financial services firm providing investment banking, securities, wealth management and investment management services. With offices in more than 41 countries, the Firm’s employees serve clients worldwide including corporations, governments, institutions, and individuals. MSIM is organized as a Delaware corporation and has been registered with the SEC since 1981.

Overview

For more than 40 years MSIM has provided client-centric investment and risk-management solutions to a wide range of investors and institutions. Our clients include corporations, pension plans, intermediaries, sovereign wealth funds, central banks, endowments and foundations, governments, consultant partners, and retail investors worldwide. Investment strategies span the risk/return spectrum across geographies, investment styles and asset classes, including equity, fixed income, alternatives and private markets.

More than 20 investment teams are organized by capability: Solutions & Multi-Asset, Real Assets, Active Fundamental Equity, Private Credit & Equity, Global Fixed Income and Global Liquidity. MSIM offers its clients the intelligence and creativity of some of the brightest professionals in the industry, and access to the global resources of Morgan Stanley. The extensive range of MSIM’s services and products reflects our continuous effort to provide products and services that help meet the needs of investors worldwide. Depending on the selected product or offering, our investment teams have the ability to customize solutions for clients, creating tailored approaches in the context of a full-service platform.

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

We provide discretionary and non-discretionary investment management services and products to institutional clients and individual investors. We also advise clients on a discretionary and non-discretionary basis as to the appropriate allocation of assets among multiple separate accounts and/or investment companies or other pooled vehicles that we advise (“asset allocation advice”). As a diversified global financial services firm that engages in a broad spectrum of activities including financial advisory services, investment management activities, sponsoring and managing private investment funds, managing a collateralized loan obligation (“CLO”), and other activities,

you should be aware that there will be occasions when Morgan Stanley encounters potential and actual conflicts of interest in connection with its investment management services.

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.

Fund of Funds and Portfolio Solutions

Our fund of funds advisory and portfolio solutions business focuses on the discretionary and, in certain instances, non-discretionary investment management of accounts across four strategies: (1) hedge funds; (2) private markets fund of funds; (3) risk premia; (4) portfolio solutions.

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

Depending on the investment strategy selected, certain clients invest in Underlying Investment Funds managed by a MS 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 MS Adviser intends to implement the Risk Premia strategy primarily through total return swaps and intends to gain such exposure through multiple counterparties. In addition, Risk Premia investments, in certain instances, include futures, listed options and common stocks.

The Portfolio Solutions business implements discretionary investment advice by integrating traditional and non-traditional investments through a single portfolio construction, philosophy and approach.

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

to the fiduciary or other person responsible for the overall management of the large pool of assets.

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

Wrap Fee Programs

Our investment advisory services are available through various bundled “wrap fee” programs (“Wrap Fee Programs”) sponsored by certain broker-dealers and/or investment advisers (“Sponsor(s)”), including affiliates of MSIM, to individual investors, including high net worth and other retail investors. As used herein, the term Sponsor includes overlay managers to the extent a Wrap Fee Program utilizes an overlay manager.

Clients that participate in these Wrap Fee Programs enter into a single agreement with the applicable Sponsor for our advisory services, as well as other bundled services. For a single “wrap” fee (a portion of which is paid to the Sponsor and a portion of which is received by us) the Sponsors offer our investment advisory services to their separately managed account clients and are generally, depending on the program, primarily responsible for:

- i. Monitoring and evaluating our performance;
- ii. Executing client portfolio transactions typically without additional commission charge (except that the client will be charged an added commission charge if we use a broker other than the Sponsor to execute trades);
- iii. Providing custodial services for clients’ assets;
- iv. Ensuring adherence to client guidelines, restrictions and/or client instructions; and/or
- v. Providing tax management services.

We participate in certain Wrap Fee Programs pursuant to which we provide the Sponsors with a model portfolio that represents the securities we recommend in accordance with a particular investment strategy (the “Model Portfolio”). In most instances, we will communicate our recommendations comprising the Model Portfolio, and any changes thereto, to the Sponsors, who serve as investment advisers to the Wrap Fee Program clients and are responsible for implementation of any client-specific investment restrictions and for determining the suitability of our investment strategy for the client. In most instances, unless otherwise agreed, the Sponsor will exercise investment discretion with respect to securities that are purchased or sold for clients of such Model Portfolio Wrap Fee Programs and will be responsible for executing trades and seeking best execution for such Wrap Fee Program accounts.

In addition to offering our advisory services through Wrap Fee Programs in the manner described above, certain separately managed accounts are offered to retail investors through what’s known as “dual contract arrangements” in which a Sponsor and its client enter into an agreement with regard to the Sponsor’s overall management of the client’s assets pursuant to which the Sponsor identifies managers that offer particular strategies or products that the Sponsor believes are suitable for each client. Either the Sponsor or the client then selects the particular strategy or product and the applicable manager to manage portions of the client’s portfolio.

In a “dual contract” arrangement, MSIM generally has separate agreements with the Sponsor and each applicable client, the latter of which outlines the scope and limitations of the advisory relationship between MSIM and the client. In such arrangements, the Sponsor, who itself has a client relationship with the client, and/or the client are generally responsible for determining whether a strategy offered by MSIM is suitable and appropriate for the client based on its investment objectives, risk tolerance and financial situation.

CLO Management

Certain private funds and portfolios that we advise hold interests in a CLO and CLO warehouse vehicle that we manage. We have the ability to invest client assets directly in these interests or to recommend such interests to clients, including in risk retention or first loss positions. These investments create conflicts of interest and result in clients bearing certain expenses, as described in further detail in Item 5, Fees and Compensation, and Item 11, Code of Ethics, Participation or Interests in Client Transactions and Personal Trading, below.

For additional information regarding the specific investment strategies we employ please refer to Item 8, “Methods of Analysis, Investment Strategies and Risk of Loss” in this Brochure.

Assets Under Management

As of December 31, 2020 we managed approximately \$556,671,378,817 on a discretionary basis and \$6,356,085,356 on a non-discretionary basis, totaling \$563,027,464,173 of assets under management or supervision.

ITEM 5 FEES AND COMPENSATION

Management Fees

Our fees vary from the applicable schedules, attached as Appendix A, due to the particular circumstances of the client or as otherwise negotiated with particular clients, including clients in certain funds and pooled investment vehicles. In certain instances, we provide investment advisory or research services to clients for negotiated fixed fees based on the value of the services rendered and, from time to time, receive performance based fees from clients in accordance with the particular client's agreement, except in those jurisdictions that do not allow fees based on performance. Holdings in a client's account may include real estate investment trusts ("REITS"), investment companies (including exchange traded funds or "ETFs") and other pooled vehicles for which a separate management fee is charged, including investment companies and other pooled vehicles advised by us or a related person.

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

The fees described herein are only the advisory fees charged by us and do not reflect custodial or other fees that may be applicable to your account.

The fees described herein do not include information for advisory services we provide through Wrap Fee Programs. The terms of each client's separately managed account in a Wrap Fee Program is governed by the client's agreement with the Sponsor and disclosure document for each Wrap Fee Program. Wrap Fee Program clients are urged to refer to the appropriate disclosure document and client agreement for more information about the Wrap Fee Program and advisory services. Similarly, dual-contract clients should refer to their agreement with their program Sponsor, as applicable, the disclosure document for the applicable program, and the client's agreement with us, which will vary depending on the strategy selected. The fees for a Wrap Fee Program may result in higher costs than a client would otherwise realize by paying standard fees and negotiating separate arrangements for trade execution, custodial and consulting services. Our advisory services are offered through Wrap Fee Programs that are sponsored by a MSIM affiliate, as well as through unaffiliated Wrap Fee Programs. MSIM and its affiliates will generally earn more compensation for advisory services offered through an affiliated Wrap Fee Program than offering the same services through a Wrap Fee Program with an unaffiliated Sponsor.

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

Asset Allocation

We provide asset allocation advice for fees that are negotiated and vary depending on your particular circumstances. The fee we charge for asset allocation advice is in addition to the fees we and our affiliates receive as adviser and/or administrator to certain open and closed end mutual funds (the "Morgan Stanley Funds") and other pooled vehicles in which we may invest your portfolio's assets.

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

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

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

Hedge Funds and Opportunistic Investments

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

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

Private Markets

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

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 GP LP ("AIP") or one of its affiliates is also entitled to receive performance-based fees, which vary.

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

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

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

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.

Portfolio Solutions Group

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

Counterpoint Ventures Fund

As compensation for our advisory services as manager of the Counterpoint Ventures Fund, we collect management and performance fees.

We generally receive an annual management fee from the Counterpoint Ventures Fund of 1.25% of the fund's capital commitments through the end of the fiscal quarter in which fund's the

investment period ends and, thereafter, 1.25% of an amount equal to the cost basis of the fund's unrealized portfolio investments. At the discretion of the Counterpoint Ventures Fund's general partner, certain investors may pay a reduced or no management fee with respect to the fund.

In addition, the Counterpoint Ventures Fund's general partner is generally entitled to carried interest with respect to each of the fund's limited partners equal to 20% of such limited partner's profits from each investment, subject to satisfaction of an 8% internal rate of return, compounded annually, for such investment and previously realized investments and related management fees and other expenses. Such carried interest is earned on an investment-by-investment basis and is not payable until proceeds are realized from an investment.

A more detailed description of these fees and other expenses is included in the offering documents for the Counterpoint Ventures Fund.

CLOs

As compensation for our service as the collateral manager of the CLO, we receive a senior collateral management fee, subordinated collateral management fee, and incentive collateral management fee (collectively, the "Collateral Management Fees") each as described in detail in the CLO's governing documents. The senior collateral management fee has a higher priority in the CLO's priority of payment waterfall than the subordinated collateral management fee and any incentive fee. The senior collateral management fee and subordinated collateral management fee are typically paid quarterly in arrears, in accordance with the CLO's governing documents. We can choose to rebate or discount fees for certain CLO investors. Please consult the CLO's governing documents for additional information regarding such Collateral Management Fees.

We also can receive incentive fees if and as set forth in the CLO's governing documents. Incentive fees are generally payable only to the extent that funds are available for such purpose under the priority of payment waterfall in the CLO's governing documents and provided that certain performance hurdles relating to the internal rate of return are met on each payment date. In lieu of incentive fees, or in addition thereto, we could receive a profits interest (in the form of "Performance Notes" issued by the CLO) that entitles us to receive a stream of income if the investors in the CLO achieve a specified internal rate of return. Incentive fees and Performance Notes are typically payable quarterly in arrears and dependent on certain performance hurdles and other cash distribution constraints set forth in the CLO's governing documents. Please consult Item 6 for a discussion of conflicts associated with performance-based fees.

Separately Managed Accounts

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

Expenses Charged to Clients/Fee Discounts

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

The CLO clients will bear fees and expenses as detailed in the CLO governing documents. The CLO will bear the costs and expenses (including the fees and disbursement of counsel and accountants but excluding all overhead costs and employees' salaries) we incur in connection with the negotiation, preparation, and amendment of certain CLO governing documents. The CLO will reimburse us for fees, costs, and expenses we reasonably incur in connection with services provided under certain CLO governing documents, including: (a) the cost of legal advisers, consultants, rating agencies, accountants, brokers, and other professionals; (b) the cost of asset pricing and asset rating services, compliance services and software, accounting, and programming and data entry services; (c) all taxes, regulatory and governmental charges, and insurance premiums or expenses; (d) any and all costs and expenses incurred in connection with the acquisition or disposition of investments on behalf of the CLO and management of such investments; (e) expenses related to the preparation of reports for investors in the CLO; (f) reasonable travel expenses; (g) expenses and costs in connection with investor conferences; (h) the cost of brokerage services; (i) the cost of bookkeeping, accounting, or recordkeeping services; (j) the cost of software programs licensed from a third party; (k) pricing service costs incurred in connection with valuing investments; and (l) the cost of audits. Investors in the CLO indirectly bear these fees/expenses through their ownership of CLO interests, although the impact on each investor will differ depending on the position of the fee/expense and the payments to the investor in the CLO's priority of payments waterfall and the terms of the tranche held.

Depending upon the terms of particular arrangements with clients, we may select or recommend that certain service providers (including accountants, administrators, lenders, bankers, brokers, agents, attorneys, consultants, and investment or commercial banking firms) and/or their affiliates perform services for clients, the cost of which generally will be borne by the advisory client. These service providers, in some cases, also provide goods or services to or have business, personal, political, financial or other relationships with us or our affiliates. Such service providers may be investors in a fund, our affiliates, sources of investment opportunities or co-investors. These other services and relationships have the potential to influence us in deciding whether to select or recommend such a service provider to perform services for clients. Notwithstanding the foregoing, when making investment transactions on behalf of clients that require the use of a broker-dealer, we select broker-dealers for the execution of transactions, except where client instructions don't permit, in accordance with our duty to seek "best execution" (i.e., the most favorable overall price and execution) as detailed in "Best Execution and Brokerage Selection Factors" section of Item 12 "Brokerage Practices". In certain circumstances, service providers, or their affiliates charge different rates or have different arrangements for services provided to Morgan Stanley, us or our affiliates as compared to services provided to the clients, which, from time to time, result in more favorable rates or arrangements for Morgan Stanley or our affiliates than those payable by our clients. From time to time, we will be required to decide whether and to what extent costs and

expenses are borne by a client, us, allocated among more than one client, or allocated among one or more clients and us. When expenses apply to more than one client, we will exercise our reasonable judgment when making allocation determinations.

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

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

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

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

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

Because portfolio managers often manage assets for other investment companies, pooled investment vehicles, the CLO and/or other accounts (including accounts of institutional clients and pension plans) with different fee schedules, the portfolio manager has an incentive to favor higher paying clients or accounts where we receive a performance-based fee over other accounts. In addition, a conflict exists in situations where we have proprietary investments in certain accounts, where portfolio managers have personal investments in certain accounts or when certain accounts are investment options in our employee benefits and/or deferred compensation plans. Although this does not impact individual compensation, in such instances, the portfolio manager has an incentive to favor these accounts over others. A conflict of interest also exists with regard to the allocation of investment opportunities across accounts that pay performance-based fees as opposed to accounts that do not pay performance-based fees.

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

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

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

ITEM 7 TYPES OF CLIENTS

We provide advice to corporate pension and profit-sharing plans, corporate entities, individual investors (including high net worth and other retail investors), insurance companies, state, local and foreign government entities and pension plans (including foreign pension funds), funds of one, supra-national organizations, endowments, sovereign wealth funds, educational institutions, foundations, charitable institutions, registered mutual funds, unregistered funds, collective investment trusts, a CLO, closed-end funds and foreign regulated funds such as SICAVs and SIFs.

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

We engage in the following significant Equity Investment Strategies:

Global Emerging Markets

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

The Emerging Markets Leaders Strategy is a benchmark agnostic concentrated strategy of 25-40 stocks that seeks to invest in companies operating in emerging and frontier markets with which feature superior business fundamentals including quality management, the potential to become leading or global brands, the ability to deliver sustainable or improving Returns on Equity (ROEs) and increasing returns on invested capital.

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

Counterpoint Global

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

The Growth Strategy seeks long-term capital appreciation. To achieve its objective, the investment team seeks attractive investments on an individual company basis. In selecting securities for investment, the Adviser typically invests in unique companies it believes have sustainable competitive advantages with above average business visibility, the ability to deploy capital at high rates of return, strong balance sheets and an attractive risk/reward. The strategy exists across market capitalizations (e.g., Inception¹, Discovery, Insight, Global Insight and Growth²).

The Permanence Strategy seeks long-term capital appreciation. To achieve its objective, the investment team emphasizes a bottom-up stock selection process, seeking attractive investments on an individual company basis. In selecting securities for investment, the investment team typically invests in companies it believes have strong name recognition and sustainable

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

² MSIM closed Growth Strategy to new investors, with limited exceptions, effective April 23, 2021, to preserve the ability of the investment team to manage the strategy for existing clients. With respect to separately managed accounts, existing clients will be able to continue to invest in their accounts

competitive advantages with above average business visibility, the ability to deploy capital at high rates of return, strong balance sheets and an attractive risk/reward. The strategy will make long-term investments in companies that the investment team believes have the most durable long-term competitive advantages. The strategy may also invest in more moderate growth companies, companies with lower earnings volatility and/or companies with some cyclicalities in their end markets. This strategy exists on a U.S. and global basis (e.g., Permanence and Global Permanence).

The Opportunity Strategy seeks long-term capital appreciation by investing in high-quality established and emerging companies that the investment team believes are undervalued at the time of purchase. To achieve its objective, the investment team seeks companies with sustainable competitive advantages that can be monetized through growth. The investment process integrates analysis of sustainability with respect to disruptive change, financial strength, environmental and social externalities and governance (also referred to as ESG). This strategy exists on a Global, Regional and Customizable basis³

The Counterpoint Ventures Strategy seeks to generate attractive risk-adjusted returns primarily through direct investments in equity (and other securities that are expected to have equity-like returns) of private companies that the investment team believes are high-quality, emerging-growth private companies likely to achieve a liquidity event, such as an initial public offering or sale, within three to five years of investment. This strategy invests primarily in private companies based and operating in North America, but may also invest outside of North America.

International Equity

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

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

The International Equity Strategy invests primarily in equity securities domiciled outside of the U.S. The strategy invests in a diversified portfolio of two types of stocks: attractively priced high quality compounders, companies characterized by high returns on capital and strong free cash flow generation and value opportunities, companies with reasonable and/or improving fundamentals;

³ MSIM closed the Global Opportunity Strategy to new investors, with limited exceptions, effective December 31, 2020 to preserve the ability of the investment team to manage the strategy for existing clients. With respect to Separately Managed Accounts, existing clients will be able to continue to invest in their accounts.

the mix of the two types of stocks varies over time based on attractive valuation and company prospects. The International Equity Strategy seeks to provide superior returns over the long term by providing attractive absolute returns in rising markets while offering a measure of reduced downside participation in challenging markets. This strategy is also available with limited US exposure.

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

Applied Equity Advisors

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

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

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

The Applied Equity Advisors team also manages Enhanced Index strategies that rely fully on the team's Style Positioning engine. The strategies seek to achieve performance of the benchmark net of fees. The strategies hold a representative basket of securities, closely aligned from a sector, style, and capitalization perspective with the underlying benchmark. The strategy exists on an Enhanced Index Russell 1000 basis.

Global Listed Real Assets

The Global Real Estate Securities Strategy seeks attractive long-term, risk-adjusted returns by utilizing internal proprietary research to invest in public real estate companies that we believe offer the best relative value relative to their underlying assets and earnings. The strategy utilizes a bottom up approach, valuing each security within our investment universe to arrive at an estimate of net asset value and forward cash flows. Analysts assess both real estate factors and equity factors in their fundamental bottom-up analysis in order to better appreciate the going concern valuation

of the company as well as the liquidation value of the property portfolio. A top-down overlay is incorporated into the portfolio construction process. The top-down considerations seek to achieve diversified exposure across regions and/or sectors and integrate forecasted fundamental inflections, macroeconomic considerations, geopolitical and country risk assessments, among other factors. This strategy is available on a global, international and regional basis (e.g., U.S., North America, Europe, and Asia) and on a diversified and concentrated basis.

The Global Focus Real Estate Securities strategy invests in a high-conviction, focused portfolio of primarily equity securities of companies in the global real estate industry that may offer the best expected total returns. The strategy implements a disciplined, bottom-up, fundamentally-driven investment methodology and invests in companies which the team believes have the best forward total return potential based upon relative valuation. The team assesses real estate specific factors, broader equity factors, as well as environmental, social and governance factors in its fundamental analysis in order to calculate appropriate valuation metrics. The team incorporates top-down considerations into the portfolio construction process and seeks to achieve exposure across regions, countries and/or sectors and integrate forecasted fundamental inflections, macroeconomic considerations, geopolitical and country risk assessments, among other factors. The team actively selects positions in a limited number of equity securities. The strategy is available on a global and regional basis.

The Global Infrastructure Securities Strategy seeks attractive long-term, risk-adjusted returns by investing in publicly traded infrastructure securities that offer exposure to the direct infrastructure markets at the best value relative to underlying asset values and growth prospects worldwide. The investment team utilizes proprietary research to drive a long-term, value-oriented, bottom-up driven investment process and also incorporates top-down analyses.

The Global Infrastructure Securities Unconstrained Strategy seeks an annualized targeted return at or in excess of OECD G7 Inflation plus 5% over a rolling 3-year period by investing in publicly traded infrastructure securities. To help achieve its objective, the strategy invests in public infrastructure companies that they believe offer the best value relative to their underlying assets and growth prospects on a risk-adjusted basis. Portfolios are constructed utilizing a process that emphasizes bottom-up analysis, and the strategy may opportunistically make use of various derivative instruments to insure against specific top-down risks (i.e., interest rate risk, equity market downside). Additionally, from time to time currency hedging will be implemented in order to mitigate the impact of currency movements on total return.

Active International Allocation

The Active International Allocation Strategy seeks long-term capital appreciation by leveraging a proprietary, top-down framework to quantitatively and qualitatively rank developed and emerging countries, where allocation decisions are based on a country's projected future economic growth and equity market return potential. The approach combines country analysis with sector allocation and bottom-up stock selection, where investment decisions are implemented either through sector, industry or stock-specific allocations within and across markets. Investments are based on fundamental analysis, in an effort to identify those equities that stand to benefit the most from the team's investment view.

Global Multi-Asset

The Absolute Return Strategy seeks to achieve absolute returns by investing in a blend of equity

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

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

Global Balanced Risk Control

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

Morgan Stanley Active Fixed Income - The investment objective of this portfolio is to generate an attractive level of total return over the medium to long-term by way of actively managed and diversified holdings that integrates asset allocation strategies across global capital markets and invest dynamically based on a predominately fixed income only allocation.

Morgan Stanley Conservative Flex - The investment objective of this portfolio is to generate an attractive level of total return over the medium to long-term by way of actively managed and diversified holdings that integrates asset allocation strategies across global capital markets and investing dynamically based on an ex-ante risk target of 4% as measured by the investment manager’s methodology.

Morgan Stanley Moderate Flex - The investment objective of this portfolio is to generate an attractive level of total return over the medium to long-term by way of actively managed and diversified holdings that integrates asset allocation strategies across global capital markets and investing dynamically based on an ex-ante risk target of 7% as measured by the investment manager’s methodology.

Morgan Stanley High Flex - The investment objective of this portfolio is to generate an attractive level of total return over the medium to long-term by way of actively managed and diversified holdings that integrates asset allocation strategies across global capital markets and investing dynamically based on an ex-ante risk target of 10% as measured by the investment manager’s methodology.

Morgan Stanley Active Equity - The investment objective of this portfolio is to generate an attractive level of total return over the medium to long-term by way of actively managed and diversified holdings that integrates asset allocation strategies across global capital markets and investing dynamically based on a predominately equity only allocation.

We engage in the following significant Fixed Income Investment Strategies:

Global Fixed Income (includes U.S. and non-U.S.)

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

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

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

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

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

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

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

that portfolios are both consistently benefiting from the team's best investment ideas and adhering to client guidelines and risk/return objectives.

Fixed Income Managed Solutions

The Fixed Income Managed Solutions Group ("FIMS") (previously part of Morgan Stanley Smith Barney LLC's Managed Advisory Portfolio Solutions team or "MAPS") transitioned from Morgan Stanley Smith Barney LLC ("MSSB") to MSIM and manages the following strategies:

Preferred Securities - Preferred securities seeks to outperform the BofA Merrill Lynch Fixed Rate Preferred Securities Index. The portfolio invests in \$25 par retail preferred securities, and holds a high percentage of tax-advantaged qualified dividend income (QDI) securities. This strategy generally consists of exchange listed preferred securities and is highly concentrated in financials. Security selection, portfolio construction and related maintenance is administered by FIMS portfolio management.

Preferred Securities (Custom) - aims to deliver tax advantaged qualified dividend income (QDI), while seeking to preserve capital. The strategy invests Fixed to Float \$1,000 par institutional hybrid securities and holds a high percentage of tax-advantaged QDI securities. This strategy generally consists of over-the-counter (OTC) preferred securities and is highly concentrated in financials.

Non-Resident Client (NRC) Eligible Preferred - NRC Eligible Preferred Portfolio seeks income and preservation of capital by investing in non-qualified dividend income (QDI) preferred and corporate subordinated debt. This strategy invests in over-the-counter (OTC) securities from developed market (DM) issuers. The strategy was inception 10/24/19 and is typically highly concentrated in financials.

Contingent Convertible Bond - This actively managed strategy seeks to outperform its benchmark, the ICE BofAML USD Investment Grade Contingent Capital Index. The portfolio seeks income by investing in additional tier 1 capital (AT1), including contingent convertible (CoCo) securities, as well as subordinated and senior debt. The strategy invests in over-the-counter (OTC) securities.

Investment Grade Floating Rate Corporate Bond - The actively managed floating rate corporate bond strategy seeks to outperform the Bloomberg Barclays US Corporate Floating Rate Index. The portfolio's investable universe includes investment grade corporate floating rate notes with final maturities from 1-10 years. The portfolio aims to provide income while seeking to minimize interest rate duration risk. The initial interest rate on a floating-rate security may be lower than that of a fixed-rate security of the same maturity because investors expect to receive additional income due to future increases in the floating security's underlying reference rate. The reference rate could be an index or an interest rate. However, there can be no assurance that the reference rate will increase. Some floating-rate securities may be subject to call risk.

Short Term Corporate Bond - Short Term Corporate Bond Strategy seeks to outperform the Bloomberg Barclays US 1-3 year Corporate Bond Index. The strategy focuses on return of principal through investing in Investment grade corporate bonds. The portfolio invests in traditional investment grade corporate fixed income bonds with maturities generally ranging from 1 to 3 years, while seeking to preserve capital. Credit analysis is incorporated in picking sectors and securities. The portfolio manager works with the execution trading desk to incorporate liquidity analysis in security selection. Security selection, portfolio construction and related maintenance is administered by the FIMS portfolio management.

Short Duration Municipal - This actively managed municipal fixed income strategy seeks to outperform the Bloomberg/Barclays Municipal Managed Money Short Term Total Return Index. The portfolio invests in traditional investment grade tax-exempt fixed income bonds with maturities generally ranging from 1 to 5 years in similarly weighted maturities to help deliver primarily tax-exempt income, while seeking to preserve capital. These portfolios may be tailored based on state of residence.

Intermediate Municipal - Intermediate Municipal Bond Strategy seeks to outperform the Bloomberg/Barclays Municipal Managed Money Intermediate Index. The portfolio invests in traditional investment grade tax-exempt fixed-income bonds with maturities ranging from 1 to 20 years that aims to provide a predictable source of federally tax-exempt income, while preserving capital. The portfolio structure may include barbells, laddering, ladder-barbell hybrids, duration targeting and other strategies. Credit quality centers on higher-rated investment grade paper, with average credit ratings in the mid-A and higher range through a blend of revenue-backed and general obligation bonds. Security selection, portfolio construction and related maintenance is administered by FIMS portfolio management.

Laddered Municipal Intermediate - Municipal Bond Ladder Strategy seeks to outperform the Bloomberg/Barclays Municipal Managed Money Intermediate Index. The portfolio invests in traditional investment grade tax-exempt fixed income bonds with maturities ranging from 1 to 15-years, in similarly weighted maturities, in an effort to deliver a predictable source of federally tax-exempt income while preserving capital. Credit quality centers on higher-rated investment grade paper with average credit ratings approximating the mid-A and higher range through a blend of revenue-backed and general obligation bonds. Security selection, portfolio construction and related maintenance is administered by FIMS portfolio management.

Long Duration Municipal - This actively managed Long Duration Municipal Portfolio seeks to outperform the Bloomberg/Barclays Municipal Managed Money Long Total Return Index. The portfolio invests in traditional investment grade tax-exempt fixed income bonds with the goal of delivering tax-exempt income while seeking to preserve capital. The portfolio can invest in maturities ranging from 1 to 45 years (consistent with the benchmark) with the majority of positions invested 8-30 years out. These portfolios may be tailored based on state of residence.

Global

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

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

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

bottom-up fundamental analysis.

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

The Global High Yield Strategy is an active, value-oriented fixed income strategy that seeks to maximize total returns from income and price appreciation by investing in a globally diversified portfolio of debt issued by corporations and non-government issuers. The strategy utilizes a bottom-up credit intensive approach that looks for relative value opportunities, integrated with top down macro analysis.

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

The Global Securitized Strategy seeks to provide an attractive rate of total return through investments primarily in global residential mortgage-backed securities, commercial mortgage-backed securities, and asset-backed securities.

European

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

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

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

The European Strategic Bond Strategy seeks attractive total returns from income and price appreciation by investing in a globally diversified portfolio of government, corporation, and non-government debt denominated in euro and non-euro currencies. To achieve this objective, the strategy combines a top-down assessment of macroeconomic conditions and the corporate bond

universe with rigorous bottom-up fundamental analysis. The strategy has a broad investment universe and can purchase securities rated BB- and above.

The European Absolute Return Strategy seeks attractive total returns from income and price appreciation by investing in a globally diversified portfolio of government, corporation, and nongovernment debt denominated in euro and non-euro currencies. To achieve this objective, the strategy combines a top-down assessment of macroeconomic conditions and the corporate bond universe with rigorous bottom-up fundamental analysis.

Sterling

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

Strategic Income

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

U.S.

The Core/Core Plus Strategy seeks above-average total return over a market cycle of 3-5 years, using a disciplined, research-driven approach to identify attractive value and is index aware. Many mandates are customized to client's objectives. The portfolio team strives to balance these risks to shape the portfolio by monitoring interest rates, inflation, the shape of the yield curve, credit risk, prepayment risk, country risk and currency valuations.

The Investment Grade Corporate Strategy is a value-oriented fixed income strategy that seeks attractive total returns from income and price appreciation by investing in a diversified portfolio of predominantly investment grade debt issued by corporations and other non-government issuers.

To help achieve this objective, the strategy combines a top-down macroeconomic assessment, to determine optimal beta positioning for the portfolio, with rigorous bottom-up fundamental analysis.

The Short & Limited Duration Strategy seeks to offer clients an attractive risk-adjusted return with low volatility. Many mandates are customized to client's specific objectives.

The U.S. High Yield Strategy is an active, value-oriented fixed income strategy that seeks to maximize total returns from income and price appreciation by investing in a diversified portfolio of U.S. high yield debt issued by corporations and non-government issuers. To help achieve this objective, the strategy uses a bottom-up, credit-intensive approach that looks for relative value opportunities.

The U.S. Long Duration Strategy seeks above-average total return over a market cycle of 3-5 years, using a disciplined, research-driven approach to identify attractive value and is index aware. Many mandates are customized to client's specific objectives.

The U.S. Mortgage Securities Strategy seeks to provide an attractive rate of return through investments in high credit-quality mortgage related securities. The strategy primarily invests in residential mortgage-backed securities issued by government agencies, but also invests in highly rated asset-backed securities, commercial mortgage-backed securities and residential mortgage backed securities issued by private institutions.

Emerging Markets

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

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

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

The Emerging Markets Domestic (Local Currency) Debt Strategy is a value-oriented fixed income strategy that seeks high total return from income and price appreciation by investing in a range of sovereign, quasi-sovereign and corporate debt securities in emerging markets. Investments are mostly denominated in emerging market and/or non-U.S. currencies. To achieve its objective, the strategy combines top-down country allocation with bottom-up security selection. All investment recommendations undergo peer review, and final decisions with respect to portfolio construction and market-risk exposure are made on a team basis.

The Emerging Markets External Debt Strategy is a value-oriented fixed income strategy that seeks high total return from income and price appreciation by investing in a range of sovereign, quasi-sovereign and corporate debt securities in emerging markets. Investments are mostly denominated in U.S. currency, and, to a lesser extent, in non-U.S. and/or local currencies. To achieve its objective, the strategy combines top-down country allocation with bottom-up security selection.

All investment recommendations undergo peer review, and final decisions with respect to portfolio construction and market-risk exposure are made on a team basis.

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

The Emerging Markets Fixed Income Opportunities Strategy seeks high total return from income and price appreciation by investing in a range of sovereign, quasi-sovereign and corporate debt securities in emerging markets, which can include U.S. dollar-denominated, local currency, and corporate debt securities. We believe that emerging markets experiencing positive fundamental change may present attractive investment opportunities for investors. To help achieve its objective, the strategy combine top- down country allocation with bottom-up security selection.

Liquidity Separate Account Strategy

The Liquidity Separate Account Strategy seeks preservation of capital, liquidity, and current income as its objective. The strategy may invest in liquid, high quality U.S. dollar-denominated money market eligible instruments of U.S. and foreign corporations (both financial and nonfinancial) and obligations issued or guaranteed by the U.S. Government and its agencies and instrumentalities, foreign securities, asset-backed securities, repurchase agreements and local authority obligations. The investment team utilizes proprietary research to drive a value-oriented, fundamental investment process that combines bottom-up and top-down analysis.

Alternative Investment Strategy

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

Hedge Funds Strategy

Our fund of hedge funds investment process consists of (i) investing in funds managed by

Underlying Investment Managers who employ a variety of non-traditional liquid market investment strategies; and (ii) investing in certain investment funds managed in a traditional style.

These strategies allow Underlying Investment Managers the flexibility to use leverage or short-sale positions to take advantage of perceived inefficiencies across capital markets and are referred to as “alternative investment strategies”. “Traditional” investment companies are characterized generally by long only investments and limits on the use of leverage. Underlying Investment Funds following alternative investment strategies (whether hedged or not) are often described as “hedge funds”. We, from time to time, also seek to gain investment exposure, on behalf of an account, to certain Underlying Investment Funds or to adjust market or risk exposure by, among other things, entering into derivative transactions such as total return swaps, options and futures, and investments in the Risk Premia fund.

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

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

Opportunistic Investments

The Hedge Fund Solution’s Opportunistic Investments strategy focuses the allocation of assets to (i) investing in funds managed by Underlying Investment Managers who employ a variety of non-traditional investment strategies; (ii) 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.

Risk Premia Strategy

Depending on the investment strategy selected, certain clients invest in Underlying Investment Funds managed by an MS 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 MS Adviser's fundamental understanding of the premia. The MS Adviser intends to implement the Risk Premia strategy primarily through total return swaps, and intends to 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 also, in certain instances, buys and sells futures, listed options and common stocks. The MS 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.

Private Markets

Our Private Markets consist of the Private Markets Solutions business, which invests in: (i) primary commitments to Underlying Investment Funds; (ii) co-investments, and the Private Markets Secondary business, primarily alongside our existing primary Underlying Investment Managers; and (iii) secondary market purchases of existing private markets Underlying Investment Funds and other private markets assets. Our Private Markets Fund of Funds strategies, in some cases, make investments in other Underlying Investment Funds (both on a primary or secondary basis) or Co-Investments, such as illiquid private assets sourced from other alternative investment vehicles and/or publicly traded securities of private markets businesses or funds ("Other Investments").

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

Portfolio Solutions Group

The Portfolio Solutions Group (“PSG”) has developed proprietary approaches for measuring the risk and return of alternative investments and incorporating them within a broader portfolio. PSG designs and manages highly customized multi-asset investment portfolios and advises its clients on all aspects of portfolio construction, including: (i) analyzing manager performance (both hedge funds and traditional managers); 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.

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 is 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.

PSG specializes in partnering with investors to understand their needs and craft solutions to help them achieve their overall investment objectives. As a fiduciary advisor, key responsibilities include, but are not limited to: design and review of the Investment Policy Statement (IPS); strategic asset allocation design; investment selection, due diligence and monitoring; portfolio implementation; dynamic portfolio management across asset classes; and, customized reporting and client service.

Structured Products

For our Collateralized Loan Obligation (“CLO”) Strategy, clients may obtain exposure to a portfolio of CLOs backed by leveraged, broadly syndicated, floating rate, U.S. loan facilities. The strategy is managed by the Leveraged Credit team within our Global Fixed Income Group, and aims to construct diversified CLO portfolios on the basis of a disciplined, bottom-up fundamental credit analysis that is designed to optimize risk and return, and actively manage portfolio drift.

Managed Solutions Group - Defensive Core Equity

The Defensive Core Equity strategies are comprised of multiple individual strategies including, without limitation, the Defensive U.S. Large Cap Core Equity Strategy; the Defensive European Large Cap Core Equity Strategy; the Defensive International Core Equity Strategy; and the Defensive All World Core Equity Strategy, which are currently offered to retail and institutional investors through wrap fee sponsor platforms and direct separate managed account mandates.

The Morgan Stanley Defensive Core Equity strategies are enhanced beta offerings designed to provide outcome oriented solutions that seek to provide investors with core equity market exposure but in a more defensive way and with lower volatility than traditional equity investments and to offer exposure to different indices. These strategies are meant to be used as a strategic allocation, which seeks to complement diversification as an additional risk management tool for client portfolios. During muted and down markets, the strategies seek to outperform the equity market by designing and implementing a portfolio with partial downside protection as well as amplified upside participation to a predefined level.

The investment management team will use both a qualitative and a quantitative approach when constructing and maintaining the structured investment ladder portfolio. The maturity dates will be staggered such that approximately one note will mature each month with the anticipation that proceeds will be rolled into a new note creating a structured note ladder that lasts in perpetuity.

Clients investing in these strategies should understand that there will be periods of time, in particular, when initially investing the account, where the client's assets will not be fully invested and therefore, will have limited market exposure. Un-invested cash within the account will occasionally be invested Exchange Traded Funds (ETFs). As with all managed investment strategies, transaction costs will be borne by the client at the account's net asset value. These costs, which are not reflected in the investment management fee, will affect the strategy's performance. These strategies offer daily liquidity on a best efforts basis under normal market conditions.

Access Zero SMA Model Portfolio Strategy

The Access Zero SMA Model Portfolio Strategy is offered to retail and institutional investors through wrap fee sponsor platforms and direct separate managed account mandates.

The Access Zero SMA Model Portfolios Strategy seeks to provide investors with U.S. Large Cap equity exposure, U.S. Large Cap Growth equity exposure, and/or U.S. Large Cap Value equity exposure without full index replication and targets an annualized ex-ante tracking error of 50 basis points relative to each MSIM Access Zero SMA Model Portfolio's respective benchmark.

Enhanced Yield Strategy

The primary investment objective of the Enhanced Yield Strategy is to generate yield while seeking to potentially limit loss of capital primarily through investments in equity-linked structured investments. We expect to maintain broad flexibility to pursue yield opportunities across securities linked to major global equity markets and will employ both a qualitative and a quantitative approach when constructing and managing the strategy. Under normal market conditions, we will seek to strategically invest approximately all of the portfolio its assets in a

systematically diversified set of structured investments. On a periodic basis, and as markets permit, we expect to rebalance the strategy's investments in response to changes in market value or other factors, as appropriate, to maintain this strategic allocation to structured investments. During periods before or after such rebalancing, the strategy may deviate from its strategic allocation.

Risk Considerations

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

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

Risk Considerations Associated with Investing - In General. The following is a non-exhaustive description of risks associated with investments generally and/or may apply to one or more type of security or investment technique.

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

These factors create uncertainty, and can ultimately result in, among other things: increased volatility in the financial markets for securities, derivatives, loans, credit and currency; a decrease in the reliability of market prices and difficulty in valuing assets, greater fluctuations in spreads on debt investments and currency exchange rates; increased risk of default (by both government and private obligors and issuers); further social, economic, and political instability; nationalization of private enterprise; greater governmental involvement in the economy or in social factors that impact the economy; changes to governmental regulation and supervision of the securities, loan, derivatives and currency markets and market participants, and decreased or revised monitoring of such markets by governments or self-regulatory organizations and reduced enforcement of regulations; limitations on the activities of investors in such markets; controls or restrictions on foreign investment, capital controls and limitations on repatriation of invested capital; the

significant loss of liquidity and the inability to purchase, sell and otherwise fund investments or settle transactions (including, but not limited to, a market freeze); unavailability of currency hedging techniques; substantial, and in some periods extremely high, rates of inflation, which can last many years and have substantial negative effects on credit and securities markets as well as the economy as a whole; recessions; and difficulties in obtaining and/or enforcing legal judgments. Any of these conditions may adversely affect the level and volatility of prices and liquidity of an account's investments. Unexpected volatility or lack of liquidity, such as the general market conditions that have prevailed recently, could impair an account's profitability or result in its suffering losses.

Economies and financial markets throughout the world are becoming increasingly interconnected, which increases the likelihood that events or conditions in one country or region will adversely impact markets or issuers in other countries or regions. These impacts can be exacerbated by failures of governments and societies to adequately respond to an emerging event or threat. It is difficult to predict when similar events or conditions affecting the U.S. or global financial markets may occur, the effects that such events or conditions may have, and the duration of those events. Any such events or conditions could have a significant adverse impact on the value and risk profile of client portfolios.

Coronavirus and Public Health Emergencies. As of the date of this brochure, there is an outbreak of a novel and highly contagious form of coronavirus, SARS-CoV-2, and related respiratory disease ("COVID-19"), which the World Health Organization has declared to constitute a "Public Health Emergency of International Concern." The outbreak of COVID-19 has and could continue to result in illness and deaths, adversely impact global commercial activity and contribute to significant volatility in certain equity, debt, derivatives and commodities markets. The global impact of the outbreak is continuing to develop, and many countries, cities, and other local municipalities have reacted by instituting (or strongly encouraging) quarantines, prohibitions on travel, the closure of offices, businesses, schools, retail stores, restaurants, hotels, courts and other public venues, and other restrictive measures designed to help slow the spread of COVID-19. Businesses are also implementing similar precautionary measures. Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, are creating, and could continue to create, significant disruption in supply chains and economic activity and are having a particularly adverse impact on transportation, hospitality, tourism, entertainment and other industries. Moreover, with the continued spread of COVID-19, governments and businesses may continue to take aggressive measures to help slow its spread. Also, variations of COVID-19 have (i) increased the rate at which the virus spreads and, in some cases, the severity of infections and (ii) impacted the efficacy of vaccines that have been developed, prolonging and in some cases increasing economic disruption. For these reasons, among others, as COVID-19 continues to spread, the potential impacts, including a global, regional or other economic recession, are uncertain and difficult to assess.

This outbreak has resulted in, and until fully resolved is likely to continue to result in, the following among other things: (i) government imposition of various forms of "stay at

home” orders and the closing of “non-essential” businesses, resulting in significant disruption to the businesses of many portfolio companies, including supply chains, demand, and practical aspects of their operations, as well as in lay-offs of employees, and, while these effects are hoped to be temporary, some effects could be persistent or even permanent; (ii) increased demand for liquidity by investors; (iii) with respect to debt issuances, increased requests by borrowers for amendments and waivers of their credit agreements to avoid default, increased defaults by such borrowers and/or increased difficulty in obtaining refinancing at the maturity dates of their loans; (iv) volatility and disruption of financial markets including greater volatility in pricing and spreads and difficulty in valuing investments during periods of increased volatility, and liquidity issues; and (v) rapidly evolving proposals and/or actions by local, state and federal governments to address problems being experienced by the markets and by businesses and the economy in general, which will not necessarily adequately address the problems facing financial markets and businesses broadly.

Any public health emergency, including any outbreak of COVID-19, SARS, H1N1/09 flu, avian flu, other coronavirus, Ebola or other existing or new epidemic diseases, or the threat thereof, could have a material and adverse impact on the value and performance of the portfolios we manage, our ability to source, manage, and divest investments, and our ability to fulfill the investment objectives of the 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 serviceproviders.

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

- **Inadequate Return Risk.** No assurance can be given that the returns will be commensurate with the risk of your investment. You should not commit money to an account unless you have the resources to sustain the loss of your entire investment. Any losses are borne solely by you and not by us or our affiliates.
- **Inside Information Risk.** From time to time, we may come into possession of material, non-public information concerning an entity in which an account has invested, or proposes to invest. Possession of that information may limit our ability to buy or sell securities of the entity on your behalf.
- **Principal Investment Activities.** Morgan Stanley generally invests directly in private equity and real estate private equity through other divisions. As a consequence, other than co-investments made by certain accounts alongside those private equity or private equity real estate fund managers into whose funds an investment team has invested on a primary basis, not every direct private equity or private equity real estate investment that meets an account's investment objectives may be made available to our accounts.
- **Cyber Security-Related Risks.** We are susceptible to cyber security risks that include, among other things, theft, unauthorized monitoring, release, misuse, loss, destruction or corruption of confidential and highly restricted data; denial of service attacks; unauthorized access to relevant systems, compromises to networks or devices that we and our service providers, if applicable, use to service our client accounts; or operational disruption or failures in the physical infrastructure or operating systems that support us or our service providers, if applicable. Cyber-attacks against, or security breakdowns of, us or our service providers, if applicable, may adversely impact us and our clients, potentially resulting in, among other things, financial losses; our inability to transact business on behalf of our clients; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs; and/or additional compliance costs. We may incur additional costs related to cyber security risk management and remediation. In addition, cyber security risks may also impact issuers of securities in which we invest on behalf of our clients, which may cause our clients' investment in such issuers to lose value. There can be no assurance that we or our service providers, if applicable, will not suffer losses relating to cyber-attacks or other information security breaches in the future. While we have established business continuity and risk management systems seeking to address system breaches or failures, there are inherent limitations in such plans and systems.

Legal and Regulatory Risks

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

- The regulation of the U.S. and non-U.S. securities and futures markets has undergone substantial change over the past decade and such change may continue. In particular, in light of market turmoil there have been numerous proposals, including bills that have been introduced in the U.S. Congress, for substantial revisions to the regulation of financial institutions generally. In addition, regulatory change in the past few years has significantly altered the regulation of commodity interests and comprehensively regulated the OTC derivatives markets for the first time in the United States. Further, the practice of short selling has been the subject of numerous temporary restrictions, and similar restrictions may be promulgated at any time. Such restrictions may adversely affect the returns of accounts and Underlying Investment Funds that utilize short selling. The effect of such regulatory change on the accounts and/or the Underlying Investment Funds, while impossible to predict, could be substantial and adverse.
- Section 619 of the Dodd-Frank Act (commonly referred to as the “Volcker Rule”), along with regulations issued by the Federal Reserve and other U.S. federal financial regulators (“Implementing Regulations”) generally prohibit “banking entities” (which term includes bank holding companies and their affiliates) from investing in, sponsoring, or having certain types of relationships with, private equity funds or hedge funds (referred to in the Implementing Regulations as “covered funds”). Banking entities (including Morgan Stanley and its affiliates) were required to bring their activities and investments into conformance with the Volcker Rule by July 21, 2015, subject to certain extensions granted by the U.S. Federal Reserve that allow Morgan Stanley and its affiliates until July 21, 2022 at the latest to bring certain of their covered fund activities and investments into compliance with certain aspects of the Volcker Rule.

The Volcker Rule and the Implementing Regulations impose a number of restrictions on Morgan Stanley and its affiliates that affects 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, the investments made by Morgan Stanley (aggregated with certain affiliate and employee investments in a covered fund must not exceed 3% of the covered fund’s outstanding ownership interests and Morgan Stanley’s aggregate investment in covered funds does not exceed 3% of Morgan Stanley’s Tier I capital. In addition, the Volcker Rule and the Implementing Regulations prohibit Morgan Stanley and its affiliates from entering in certain other transactions (including “covered transactions” as defined in Section 23A of the U.S. Federal Reserve Act, as amended) with or for the benefit of, covered funds that it sponsors or advises. For example, Morgan Stanley may not provide loans, hedging transactions with extensions of credit or other credit support to covered funds it advises. While we endeavor to minimize the impact on our covered funds and the assets held by them, Morgan Stanley’s interests in determining what actions to take in complying with the Volcker Rule and the Implementing Regulations may conflict with our interests and the interests of the private funds, the general partner and the limited partners of the private funds, all of which may be adversely affected by such actions. The foregoing is not an exhaustive discussion of the potential risks the Volcker Rule poses for us.

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

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

Accounts and pooled investment vehicles advised by MSIM, as well as the Underlying Investment Funds, may make investments in the UK, other EU member states and in non-EU countries that are directly or indirectly affected by the exit of the UK from the EU and the end of the transition period. Adverse legal, regulatory or economic conditions affecting the economies of the countries in which an MSIM client conducts its business (including making investments) and any corresponding deterioration in global macro-economic conditions could have a material adverse effect on the MSIM client’s prospects and/or returns. Potential consequences to which an MSIM client may be exposed, directly or indirectly, as a result of the UK leaving the EU include, but are not limited to, reduced access to EU markets, market dislocations, economic and financial instability in the UK and other EU member states, increased volatility and reduced liquidity in financial markets, reduced availability of capital, an adverse effect on investor and market sentiment, Sterling and Euro destabilization, reduced deal flow in the MSIM client’s target markets, increased counterparty risk and regulatory, legal and compliance uncertainties. Any of the foregoing or similar risks could have a material adverse effect on the operations, financial condition, returns, or prospects of the MSIM client, MSIM and/or sub-advisers, if any, in general. The effects on the UK, European and global economies of the exit of the UK (and/or other EU member states during the term of the MSIM client) from the EU, or the exit of other EU member states from the European monetary area and/or the redenomination of financial instruments from the Euro to a different currency, are impossible to predict and to protect fully against.

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

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

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

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

Investments in foreign markets may also be adversely affected by governmental actions such as the imposition of capital controls, nationalization of companies or industries, expropriation of assets or the imposition of punitive taxes. The governments of certain countries may prohibit or impose substantial restrictions on foreign investing in their capital markets or in certain sectors or industries.

Also, as a result of economic sanctions, we may be forced to sell or otherwise dispose of investments at inopportune times or prices, which could result in losses to clients and increased transaction costs. 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.

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

the frequency of redemptions or other limitations. Stock Connect transactions are not covered by investor protection programs of either the Hong Kong or Shanghai and Shenzhen Stock Exchanges, although any default by a Hong Kong broker should be subject to established Hong Kong law. In China, Stock Connect securities are held on behalf of ultimate investors by the Hong Kong Securities Clearing Company Limited (“HKSCC”) as nominee. Although Chinese regulators have affirmed that the ultimate investors hold a beneficial interest in Stock Connect securities, the law surrounding such rights is in its early stages and the mechanisms that beneficial owners may use to enforce their rights are untested and therefore pose uncertain risks. Courts in China have limited experience in applying the concept of beneficial ownership and the law surrounding beneficial ownership will continue to evolve as they do so. There is a risk that an investor’s ability to enforce its ownership rights may be negatively impacted. Chinese law may require aggregation of Stock Connect securities held by clients of the Adviser for purposes of disclosing positions held to the market, acquiescing to trading halts that may be imposed until regulatory filings are completed or complying with China’s short term trading rules. Stock Connect trades are either subject to certain pre-trade requirements or must be placed in special segregated accounts that allow brokers to comply with these pre-trade requirements by confirming that the selling shareholder has sufficient Stock Connect securities to complete the sale. If an investor does not utilize a special segregated account, it will not be able to sell the shares on any trading day where it fails to comply with the pre-trade checks. In addition, these pre-trade requirements may, as a practical matter, limit the number of brokers an investor may use to execute trades. Stock Connect trades are settled in Renminbi (RMB), the Chinese currency, and investors must have timely access to a reliable supply of RMB in Hong Kong, which cannot be guaranteed.

- **Growth Investing Risks.** Growth investing attempts to identify companies that we believe will experience rapid earnings growth relative to value or other types of stocks, Growth stocks may trade at higher multiples of current earnings compared to value or other stocks, leading to inflated prices and thus potentially greater declines in value. The performance of growth strategies may be better or worse than the performance of equity strategies that focus on value stocks or that have a broader investment style.
- **Control Position Risks.** Certain accounts may directly, or indirectly through Underlying Investment Funds, take control positions in companies. The exercise of control over a company imposes additional risks of liability for environmental damage, product defects, failure to supervise and other types of related liability. If such liabilities were to arise, such Underlying Investment Fund would likely suffer a loss, which may be complete, on its investment.
- **Hedging Strategy Risks.** Certain client accounts, pooled investment vehicles, and Underlying Investment Funds may choose, but are not required, to engage in transactions designed to reduce the risk or to protect the value of their investments, including securities and currency hedging transactions. These hedging strategies could involve a variety of

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

- **Short Sale Risks.** In a short sale transaction, an account sells a security that it owns or has the right to acquire at no added cost (i.e., “against the box”) or does not own (but has borrowed) in anticipation of a decline in the market value of that security. To deliver the securities to the buyer, an account arranges through a lender (e.g., a broker) to borrow the security and, in so doing, the account becomes obligated to replace the security borrowed at its market price at the time of replacement. An account may have to pay a premium to borrow the security and must pay any dividends or interest payable on the security until it is replaced. An account’s obligation to replace the security borrowed in connection with a short sale will be secured by collateral deposited with the lender that consists of cash or other liquid securities. If we incorrectly predict that the price of a borrowed security will decline, an account will have to replace the security with a security with a greater value than the amount received from the sale, thus, resulting in a loss. Losses from short sales differ from losses that could be incurred from a purchase of a security, because losses from short sales may be unlimited because the price of the borrowed security may rise indefinitely, whereas losses from purchases can equal only the total amount invested. Purchasing a security to close out the short position can itself cause the price of the security to rise further, thereby exacerbating the loss. Short selling also involves the risks of: increased leverage, and its accompanying potential for losses; the potential inability to reacquire a security in a timely manner, or at an acceptable price; the possibility of the lender terminating the loan at any time, forcing an account to close the transaction under unfavorable circumstances; the additional costs that may be incurred; and the potential loss of investment flexibility caused by an account’s obligation to provide collateral to the lender and set aside assets to cover the open position.

- **Small Capitalization Company Investment Risks.** Investments in small cap companies entail greater risks than those associated with larger, more established companies. Often the securities issued by small cap companies may be less liquid, and such companies may have more limited markets, financial resources and product lines, and may lack the depth of management of larger companies.
- **Venture Capital Investment Risks.** Certain accounts will directly, or indirectly through Underlying Investment Funds, make venture capital investments. Such investments involve a high degree of business and financial risk that can result in substantial losses. The most significant risks are the risks associated with investments in: (i) companies in an early stage of development or with little or no operating history; (ii) companies operating at a loss or with substantial fluctuations in operating results from period to period; and (iii) companies with the need for substantial additional capital to support or to achieve a competitive position. Investments in emerging growth companies involve substantial risks, as these companies often experience unexpected problems in the areas of product development, manufacturing, marketing, financing and general management, which, in some cases, cannot be adequately solved. In addition, such companies typically have obtained capital in the form of debt and/or equity to expand rapidly, reorganize operations, acquire other businesses or develop new products and markets. These activities by definition involve a significant amount of change in a company and could give rise to significant problems in sales, manufacturing and general management of these activities.

In addition, these companies may (a) be operating at a loss or have significant variations in operating results, (b) require substantial additional capital to support their operations, finance expansion or maintain their competitive position, (c) rely on the services of a limited number of key individuals, and the loss of any could significantly adversely affect a company's performance, (d) face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities, and a larger number of qualified management and technical personnel, and (e) otherwise have a weak financial condition or be experiencing financial difficulties that could result in insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant company.

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

affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within the companies. An investment by an account or an Underlying Investment Fund in any instrument is subject to no minimum credit standard and a significant portion of the obligations and preferred stock in which an account or Underlying Investment Fund may invest may be less than investment grade (commonly referred to as junk bonds), which may result in greater risks experienced by the account or Underlying Investment Fund, as applicable, than it would if investing in higher rated instruments.

- **Buy-Out Transaction Risks.** Certain accounts may invest directly or indirectly through Underlying Investment Funds, in leveraged buyouts that by their nature require companies to undertake a high ratio of leverage to available income. Leveraged investments are inherently more sensitive to declines in revenues and to increases in expenses.
- **Model Risk.** Some strategies may include the use of various proprietary quantitative or investment models. There may be deficiencies in the design or operation of these models, including as a result of shortcomings or failures of processes, people or systems. Investments selected using models may perform differently than expected as a result of the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models (including, for example, data problems and/or software issues). Moreover, the effectiveness of a model may diminish over time, including as a result of changes in the market and/or changes in the behavior of other market participants. A model's return mapping is based on historical data regarding particular asset classes. Certain strategies can be dynamic and unpredictable, and a model used to estimate asset allocation may not yield an accurate estimate of the then current allocation. Operation of a model may result in negative performance, including returns that deviate materially from historical performance, both actual and pro-forma. Additionally, commonality of holdings across quantitative money managers may amplify losses. There is no guarantee that the use of these models will result in effective investment decisions for clients.
- **Lending Portfolio Securities.** An MSIM client may lend its securities to brokers, dealers and other financial institutions needing to borrow securities to complete certain transactions. The MSIM client continues to be entitled to payments in amounts equal to the interest, dividends or other distributions payable in respect of the loaned securities, which affords the MSIM client an opportunity to earn interest on the amount of the loan and on the loaned securities' collateral. In connection with any such transaction, the MSIM client will receive collateral consisting of cash, U.S. Government securities or irrevocable letters of credit that will be maintained at all times in an amount equal to at least 100% of the current market value of the loaned securities. The MSIM client might experience loss if the institution with which the MSIM client has engaged in a portfolio loan transaction breaches its agreement with the MSIM client.

- **Leverage.** A pooled investment vehicle may borrow money (and/or establish a line of credit) to provide for opportunistic asset allocation, facilitate payments on withdrawal and to remain fully invested in anticipation of future contributions. Additionally, a pooled investment vehicle may enter into various derivatives (such as options, futures and swaps) that have implicit or internal leverage in that the notional value of the derivative instrument is much larger than the cash needed to establish and maintain the derivative instrument. Although leverage will increase the pooled investment vehicle's investment return if the investment purchased with borrowed funds earns a greater return than the interest expense the pooled investment vehicle pays for the use of those funds, the use of leverage will decrease the return on the pooled investment vehicle if the pooled investment vehicle fails to earn as much on its investment purchased with borrowed funds as it pays for the use of those funds. The use of leverage will in this way magnify the volatility of changes in the value of an investment in the pooled investment vehicle, especially in times of a "credit crunch" or during general market turmoil.
- **Line of Credit.** Some pooled investment vehicles advised by MSIM may obtain a line of credit for bridge purposes to facilitate their investment activities. Should the pooled investment vehicle obtain such a line of credit, it may be required to pledge all of its assets as collateral and may also be required to pay commitment fees and non-use fees, even if such line of credit is never used. The risks associated with such a line of credit include interest expense risk, and, in the unlikely event that the value of the collateral pledged to secure such a line of credit were to decline significantly, the pooled investment vehicle could be forced to liquidate its assets to satisfy its repayment obligations under such line of credit.

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

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

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

Cryptocurrencies trade on exchanges, which are largely unregulated and, therefore, are more exposed to fraud and failure than established, regulated exchanges for securities, derivatives and

other currencies. These exchanges have in the past, and may in the future, cease operating temporarily or even permanently, resulting in the potential loss of users' cryptocurrency or other market disruptions. Cryptocurrency exchanges that are regulated typically must comply with minimum net capital, cybersecurity, and anti-money laundering requirements, but are not typically required to protect customers or their markets to the same extent that regulated securities exchanges or futures exchanges are required to do so. Furthermore, many cryptocurrency exchanges lack certain safeguards established by traditional exchanges to enhance the stability of trading on the exchange and, as a result, the prices of cryptocurrencies on these exchanges may be subject to larger and more frequent sudden declines than assets traded on traditional exchanges. In addition, cryptocurrency exchanges are also subject to the risk of cybersecurity threats and breaches, resulting in the theft and/or loss of cryptocurrencies, and/or an adverse effect on value of cryptocurrencies.

Factors affecting the further development of cryptocurrency include, but are not limited to: continued worldwide growth or possible cessation or reversal in the adoption and use of cryptocurrency and other digital assets; government and quasi-government regulation or restrictions on or regulation of access to and operation of digital asset networks; changes in consumer demographics and public preferences; maintenance and development of open-source software protocol; availability and popularity of other forms or methods of buying and selling goods and services; the use of the networks supporting digital assets, such as those for developing smart contracts and distributed applications; general economic conditions and the regulatory environment relating to digital assets; negative consumer or public perception; and general risks tied to the use of information technologies, including cyber risks.

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

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

Risk Considerations Associated with Fixed Income Securities—In General. The prices of fixed income securities respond to economic developments, particularly interest rate changes, changes in the general level of spreads between U.S. Treasury and non-Treasury securities, and changes in the actual or perceived creditworthiness of the issuer of the fixed income security. Securities with longer durations are likely to be more sensitive to changes in interest rates, generally making them more volatile than securities with shorter durations. The historically low interest rate environment increases the risk associated with rising rates, including the potential for periods of volatility.

There may be a heightened level of risk, especially since the Federal Reserve Board has ended its quantitative easing and raised rates.

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

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

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

governing Reference Rate-linked investments products; (iv) disputes, litigation or other actions with counterparties or portfolio companies regarding the interpretation and enforceability of “fallback” provisions that provide for an alternative reference rate in the event of Reference Rate unavailability; and/or (v) additional costs incurred in relation to any of the above factors.

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

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

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

Risk Considerations Associated with Differing Classes of Securities. Different classes of securities have different rights as creditor if the issuer files for bankruptcy or reorganization. For example, bondholders’ rights generally are more favorable than shareholders’ rights in a bankruptcy or reorganization.

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

- **High Yield Securities/ Lower Rated Fixed Income Securities (“Junk Bonds”) Risks.** An account’s investments in high yield securities expose it to a substantial degree of credit risk. High yield securities may be issued by companies that are restructuring, are smaller and less creditworthy or are more highly indebted than other companies, and therefore they may have more difficulty making scheduled payments of principal and interest. High yield securities may experience reduced liquidity, and sudden and substantial decreases in price. The prices of these securities are likely to be more sensitive to adverse economic changes, resulting in increased volatility of market prices of these securities during periods of economic uncertainty, or adverse individual corporate developments, than higher rated securities. In addition, during an economic downturn or substantial period of rising interest rates, junk bond issuers and, in particular, highly leveraged issuers may experience financial stress.
- **Municipal Securities Risks.** 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.

Derivatives Risks. A derivative instrument often has risks similar to its underlying instrument and may have additional risks, including imperfect correlation between the value of the derivative and the underlying instrument, risks of default by the other party to certain transactions, magnification of losses incurred due to changes in the market value of the securities, instruments, currencies, indices or interest rates to which they relate and

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

- **Asset-Backed Securities Risks (Generally).** Asset-backed securities are subject to the risk that consumer laws, legal factors or economic and market factors may result in the collateral backing the securities being insufficient to support payment on the securities. Some asset-backed securities also entail prepayment risk, which may vary depending on the type of asset.
- **Mortgage-Backed Securities.** Mortgage-backed securities entail prepayment risk, which generally increases during a period of falling interest rates. Certain mortgage-backed securities may be more volatile and less liquid than other traditional types of debt securities. In addition, an unexpectedly high rate of defaults on the mortgages held by a mortgage pool may adversely affect the value of a mortgage-backed security and could result in losses to the account. The risk of such defaults is generally higher in the case of mortgage pools that include subprime mortgages. Leverage may cause an account to be more volatile than if an account had not been leveraged.
- **Collateralized Mortgage Obligations (“CMOs”) Risks.** CMOs are comprised of various tranches, the expected cash flows on which have varying degrees of predictability as compared with the underlying mortgage assets. The less predictable the cash flow, the higher the yield and the greater the risk. In addition, if the collateral securing CMOs or any third-party guarantees are insufficient to make payments, an account could sustain a loss.
- **Collateralized Loan Obligations (“CLOs”) Risks.** Structured finance securities such as CLOs entail a variety of unique risks. The performance of a CLO is affected by a variety of factors, including its priority in the capital structure of the issuer thereof, the availability of any credit enhancement, the level and timing of payments and recoveries on and the characteristics of the underlying receivables, loans or other assets that are being securitized, remoteness of those assets from the originator or transferor, the adequacy of and ability to realize upon any related collateral and the capability of the servicer of the securitized assets. The value of CLOs may be difficult to determine and generally will fluctuate with, among other things, the financial condition of the obligors or issuers of the underlying portfolio of assets of the related CLO, general economic conditions, the condition of certain financial

markets, political events, developments or trends in any particular industry and changes in prevailing interest rates. CLOs are also subject to, among others, operational, credit, liquidity, legal, regulatory, tax, risk retention and interest rate risks.

- **Variable Rate Demand Notes (“VRDNs”) Risks.** VRDNs are subject to a variety of risks, including but not limited to: (1) Renewal Risk: The risk of the inability to obtain an appropriate liquidity bank facility at an acceptable price to replace a facility upon termination or expiration of the contract period; (2) Liquidity Risk: The risk that in the event of a failed remarketing, the bank that has agreed to provide the letter of credit fails to honor its obligation to support the VRDNs; and (3) Default Risk: VRDNs typically are not secured by the assets of the issuer or the bank but are subject to the letter of credit provider honoring its obligations.
- **Risks Relating to Continent Convertible Bonds (“CoCos”).** CoCos are issued primarily by non-U.S. financial companies and have complex features and unique risk considerations that differentiate them from traditional convertible, preferred or debt securities. Depending upon the terms of the particular issue, upon the occurrence of certain triggering events the securities may be mandatorily converted into common equity of the issuer (at either a predetermined fixed rate or variable rate), or the principal of the securities may be temporarily or permanently written down. As a result, investors may lose all or part of their principal investment. The triggering events will be described in the offering documents for each particular issue. However, they generally include the issuer failing to maintain a minimum capital ratio—a subjective determination by a regulator—that triggers the conversion or the write-down; and/or there may be other circumstances adverse to the issuer. In addition, market value will be affected by many unpredictable factors, including but not limited to: the market value of the issuer’s common equity, the issuer’s creditworthiness and capital ratios, any indication that the securities are trending toward a trigger event, supply and demand for the securities, and events that affect the issuer or the financial markets generally. There may be no active secondary market for the securities, and there is no guarantee that one will develop. Payment of interest or dividends may be at the sole discretion of the issuer, including prior to the occurrence of any trigger event. In most cases, the issuer is under no obligation to accrue or pay skipped payments (i.e., payments may be noncumulative). Thus, the dividend or interest payments may be deferred or cancelled at the issuer’s discretion or upon the occurrence of certain events. The issuer may have the right to substitute or vary the terms of the securities in certain instances. The issuer may have the right, but not the obligation, to redeem all or part of the securities in its sole discretion upon the occurrence of certain events.
- **U.S. Government Securities Risks.** With respect to U.S. government securities that are not backed by the full faith and credit of the U.S. Government, there is the risk that the U.S. Government will not provide financial support to such U.S. government agencies, instrumentalities or sponsored enterprises if it is not obligated to do so by law.
- **Bank Obligation Risks.** The activities of U.S. banks, including Morgan Stanley, and most foreign banks, are subject to comprehensive regulations. The enactment of new legislation or regulations, as well as changes in interpretation and enforcement of current laws, may affect the manner of operations and profitability of domestic and foreign banks. In addition,

banks, including Morgan Stanley, may be particularly susceptible to certain economic factors.

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

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

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

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

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

be redeemable in connection with a transaction. In addition, a client may elect not to participate in a proposed SPAC transaction or may be required to divest its interests in the SPAC due to regulatory or other considerations.

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

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

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

- **ETF Risk.** Shares of ETFs have many of the same risks as direct investments in common stocks or bonds and their market value is expected to rise and fall as the value of the underlying securities or index rises and falls. As a shareholder in an ETF, a portfolio would bear its ratable share of that entity's expenses while continuing to pay its own investment management fees and other expenses. As a result, the account or the fund and its shareholders will, in effect, be absorbing duplicate levels of fees. There may be a lack of liquidity in certain ETFs which can lead to a large difference between the bid-ask prices (increasing the costs of buying or selling the ETF). A lack of liquidity also may cause an ETF to trade at a large premium or discount to its net asset value. Additionally, an ETF may suspend issuing new shares and this may result in an adverse difference between the ETF's publicly available share price and the actual value of its underlying investment holdings. At times when underlying holdings are traded less frequently, or not at all, an ETF's returns also may diverge from the benchmark it is designed to track.
- **Money Market Fund Risks.** An investment in a money market fund is neither insured nor guaranteed by the Federal Deposit Insurance Corporation ("FDIC") or any other government agency. Money market funds could lose money. Although many money market funds classified as government funds (i.e., money market funds that invest 99.5% of total assets in cash and/or securities backed by the U.S. government) and retail funds

(i.e., money market funds open to natural person investors only) seek to maintain a stable \$1.00 per share, they cannot guarantee they will do so. The price of other money market funds will fluctuate and when you sell shares, they may be worth more or less than originally paid. Money market funds may impose a fee upon sale or temporarily suspend sales if liquidity falls below required minimums. During suspensions, shares would not be available for withdrawals. Moreover, in some circumstances, money market funds may cease operations when the value of a fund drops below \$1.00 per share. In that event, the fund's holdings may be liquidated and distributed to the fund's shareholders. This liquidation process can be prolonged in nature and last for months. During this time, these funds would not be available for withdrawal.

- **Foreign Money Market Securities Risks.** Investing in money market securities of foreign issuers involves some risks additional to those involved in investing in comparable US money market securities, including higher cost of investing and the possibility of adverse political, economic or other developments affecting the issuers of these securities.
- **Privately Placed and Restricted Securities Risks.** An account's investments may also include privately placed securities, which are subject to resale restrictions. It is likely that such securities will not be listed on a stock exchange or traded in the OTC market. These securities will have the effect of increasing the level of an account's illiquidity to the extent the account may be unable to sell or transfer these securities due to restrictions on transfers or on the ability to find buyers interested in purchasing the securities. The illiquidity of the market, as well as the lack of publicly available information regarding these securities, may also adversely affect the ability to arrive at a fair value for certain securities at certain times and could make it difficult for the account to sell certain securities (or to sell such securities at the prices at which they are currently held). Furthermore, companies whose securities are not publicly traded may not be subject to the disclosure and other investor protection requirements that might be applicable if their securities were publicly traded and/or listed on a stock exchange. An account may be obligated to pay all or part of the legal and/or other fees incurred in negotiating the purchase and or sale of a private placement security. When registration is required to sell a security, an account may be obligated to pay all or part of the registration expenses, and a considerable period may elapse between the decision to sell and the time the account may be permitted to sell a security under an effective registration statement. If adverse market conditions developed during this period, an account might obtain a less favorable price than the price that prevailed when the account decided to sell.
- **REITs, Real Estate Operating Companies ("REOCs") and Foreign Real Estate Company Risks.** Investing in REITs, REOCs and foreign real estate companies exposes investors to the risks of owning real estate directly, as well as to risks that relate specifically to the way in which REITs, REOCs and foreign real estate companies are organized and operated. In addition, investments in REITs and similar non-U.S. entities may involve duplication of management fees and certain other expenses. REITs are also subject to certain provisions under federal tax law and the failure of a company to qualify as a REIT could have adverse consequences for a portfolio. In addition, foreign real estate companies

may be subject to the laws, rules and regulations governing those entities and their failure to comply with those laws, rules and regulations could negatively impact the performance of those entities.

- **Unrated Fixed Income Securities.** Unrated securities (which are not rated by a rating agency) may be less liquid than comparable, rated securities and involve the risk that purchasers may not accurately evaluate the security's comparative credit rating. To the extent that a pooled investment vehicle or investor's account invests in unrated securities, success in achieving the investment objective of such vehicle or account may depend more heavily on the investment manager's analysis of the creditworthiness of the issuer than if the vehicle or account invested exclusively in rated securities.
- **Mezzanine Loans.** Certain loans may be in a junior or subordinate position to senior financing either because the loans are a second lien on the asset or are secured by a direct or indirect lien on the equity of the owner of the underlying asset (i.e., mezzanine debt). In certain circumstances, in order to protect its investment, an MSIM client may decide to repay all or a portion of the senior indebtedness relating to the particular loan or to cure defaults with respect to such senior indebtedness. In a bankruptcy of a borrower, those loans that are not secured by a lien on the underlying asset would have a priority no greater than other general creditors of the borrower. In addition to repayment risks, these subordinate positions may be "soft," meaning subject to restrictions on enforcement rights prior to maturity or foreclosure of the senior position. These restrictions may adversely affect the MSIM client's rights to realize upon or control the underlying assets.

Risk Considerations Associated with Underlying Investment Funds

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

- The Underlying Investment Funds typically do not maintain their securities and other assets in the custody of a bank or a member of a securities exchange, as generally required of registered investment companies. It is anticipated that the Underlying Investment Funds in which the Funds invest generally will maintain custody of their assets with brokerage firms that do not separately segregate such customer assets as required in the case of registered investment companies. Under the provisions of the Securities Investor Protection Act of 1970, as amended, the bankruptcy of any such brokerage firm could have a greater adverse effect on the funds than would be the case if custody of assets were maintained in accordance with the requirements applicable to registered investment companies. There is also a risk that an Investment Manager could convert assets committed or paid to it by the Funds for its own use or that a custodian could convert assets committed to it by an Investment Manager to its own use.
- Each Investment Manager may receive any incentive-based fees to which it is entitled irrespective of the performance of the other Underlying Investment Funds and a fund generally. As a result, an Investment Manager with positive performance may receive compensation from the fund, in the form of the asset-based fees, incentive-based fees and other expenses payable by you as an investor in the relevant Investment Fund, even if the fund's overall returns are negative. The investment decisions of the Underlying Investment Funds are made by the Underlying Investment Managers independently of each other so that, at any particular time, one Investment Fund may be purchasing shares in an issuer that at the same time are being sold by another Investment Fund. Transactions of this sort could result in an account directly or indirectly incurring certain transaction costs without accomplishing any net investment result, which may result in the pursuit of opposing investment strategies or result in performance that correlates more closely with broader market performances. Because an account may make additional investments in or redemptions from Underlying Investment Funds only at certain times according to limitations set out in the governing documents of each such fund, an account from time to time may have to invest some of its assets temporarily in money market securities or money market funds, among other similar types of investments.
- Underlying Investment Funds may permit or require that redemptions of interests be made in kind. Upon its redemption of all or a portion of its interest in an Investment Fund, an account may receive securities that are illiquid or difficult to value. In such a case, we would seek to cause the account to dispose of these securities in a manner that is in the best interest of the account. An account may not be able to withdraw from an Investment Fund except at certain designated times (if at all), limiting our ability to redeem assets from an Investment Fund that may have poor performance or for other reasons. By investing in the Underlying Investment Funds indirectly through the accounts, you bear asset-based fees and performance-based fees or allocations at the Underlying Investment Fund level, in addition to those payable to us in our capacity as investment adviser to each account. Similarly, you bear a proportionate share of the other operating expenses of (i) the Underlying Investment Funds in which the accounts are invested; and (ii) of the accounts themselves. If you meet the conditions imposed by the Underlying Investment Managers, you could invest directly with such Underlying Investment Managers.

Private Equity Real Assets Generally

Real Estate Market Conditions Risk. Some of the Underlying Investment Funds' real estate investment strategies may be based, in part, upon the premise that real estate businesses and assets will become available for purchase by such Underlying Investment Fund at prices that the investment manager of the Underlying Investment Fund considers more favorable. Further, the strategy of certain Underlying Investment Funds for its real estate investments may rely, in part, upon the continuation of existing market conditions (including, for example, supply and demand characteristics) or, in some circumstances, a recovery or improvement in market conditions over the projected holding period for the real estate investments. No assurance can be given that real estate investments can be acquired or disposed of at favorable prices or that the market for such investments will remain stable or, as applicable, recover or improve, since this will depend upon events and factors outside the control of the managers of the Underlying Investment Funds.

Acquisition and Development Risk. Acquisitions entail risks that investments may not perform in accordance with expectations and that anticipated costs of improvements to bring an acquired property up to the necessary standard for the market position intended for that property may exceed budgeted amounts, as well as general investment risks associated with any new real estate investment. Certain Underlying Investment Funds may not be successful in identifying suitable real estate properties or other assets that meet their investment criteria or in consummating acquisitions or investments on satisfactory terms.

Effecting Operating Improvements Risk. In some cases, the success of an Underlying Investment Fund's real estate investment strategy will depend, in part, on the ability of such Underlying Investment Fund to restructure and effect improvements in the operations of a portfolio company or its properties. The activity of identifying and implementing restructuring programs and operating improvements at portfolio companies entails a high degree of uncertainty. There can be no assurance that such Underlying Investment Fund will be able to successfully identify and implement such restructuring programs and improvements.

Commercial/Business Risk. It is anticipated that certain of our private equity real estate fund of funds will make investments in some Underlying Investment Funds, including MII, that have a limited operating history, a manager with limited private equity real estate fund management experience, or both. Such investments have inherently greater risk than more established private equity real estate funds. Accordingly, the growth of these Underlying Investment Funds may require significant time and effort resulting in a longer investment horizon than can be expected with lower risk investment alternatives. Such investments can experience failure or substantial declines in value at any stage. There is no assurance that such investments by the accounts will be successful.

Ability of Underlying Funds to Finance, Consummate and Dispose of Investment Risk. The Underlying Investment Funds' ability to generate attractive investment returns for their investors may be adversely affected to the extent the Underlying Investment Funds are unable to obtain favorable financing terms for their real estate investments and may also affect certain of our accounts' and the Underlying Investment Funds' ability to exit the investment. Certain marketplace events may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the global economies. Certain economic downturns could adversely affect the financial resources of corporate borrowers in which the Underlying Investment Funds have invested, in addition to the resources of operating partners and investment projects in which the Underlying Investment Funds participate, and result in the inability of such borrowers, partners and projects to make principal and interest payments on outstanding debt when due. In the event of such defaults, the Underlying Investment Funds may suffer a partial or total loss of capital invested in such companies, which could, in turn, have an adverse effect on the Underlying Investment Funds' and of the accounts' returns. Such marketplace events also may restrict the ability of the Underlying Investment Funds to sell or liquidate real estate investments at favorable times or for favorable prices.

ITEM 9 DISCIPLINARY INFORMATION

On December 22, 2015, we settled charges by the SEC relating to prearranged trades by a former portfolio manager/trader. The settlement covers the period from late 2011 through early 2012, during which time the SEC found that a former MSIM portfolio manager/trader engaged in six pairs of unlawful prearranged sales and buybacks of fixed income securities with a trader at an unaffiliated broker-dealer, which resulted in the undisclosed favorable treatment of certain MSIM advisory clients over others. The MSIM portfolio manager/trader was terminated by MSIM in May 2014.

Without admitting or denying the findings, we consented to the entry of an administrative cease and desist order finding violations of Section 17(a)(3) of the Securities Act of 1933, Sections 203(e)(6), 206(2) and 206(4) of the Investment Advisers Act of 1940 and Rule 206(4)-7 thereunder, and aiding and abetting violations of Section 17(a)(2) of the Investment Company Act of 1940. We were censured and also agreed to pay a civil money penalty in the amount of \$8,000,000 to the SEC.

We also agreed to distribute a sum total payment in the amount of \$857,534 to compensate certain pooled investment vehicles and separately managed accounts, and to certify, in writing, compliance with the distribution of funds, which certification was supported by written evidence of compliance and exhibits.

On November 16, 2011, we settled charges by the SEC relating to The Malaysia Fund, Inc. (the “Fund”), a closed-end management investment company that we managed. The settlement relates to the period from 1996 until the end of 2007, during which time the SEC found we represented to the Fund’s investors and board of directors that the Fund’s unaffiliated Malaysian sub-adviser, AMMB Consultant Senderian Berhad (“AMMB”), was providing certain services that AMMB in fact was not providing. Effective December 31, 2007, AMMB was terminated as sub-adviser to the Fund. The Fund was liquidated on August 17, 2012.

Without admitting or denying the findings, we consented to the entry of an administrative cease and desist order finding violations of Sections 15(c) and 34(b) of the Investment Company Act of 1940 and Sections 206(2) and 206(4) of the Investment Advisers Act, and Rule 206(4)-7 thereunder. We were censured and were ordered to make a reimbursement to the Fund in the amount of \$1,845,074.92 for the amount of advisory fees the Fund paid to AMMB from 1996 until the end of 2007, less a credit of \$543,000 for the portion we had already reimbursed to the Fund. We were also ordered to pay a civil money penalty in the amount of \$1,500,000 to the U.S. Treasury.

We were further ordered to implement and maintain policies and procedures, with respect to the U.S. registered mutual funds for which we serve as investment adviser, specifically governing: (1) the investment advisory contract renewal process; (2) our oversight of certain service providers, including sub-advisers; and (3) our disclosures regarding such service providers. Lastly, we were ordered to certify, in writing, compliance with the undertakings above, which certification was supported by written evidence of compliance and exhibits.

ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

We are a wholly owned subsidiary of Morgan Stanley, a corporation whose shares are publicly held and traded on the New York Stock Exchange under the symbol “MS”. Morgan Stanley is a 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. In addition, we participate in Wrap Fee Programs in which our affiliates are Sponsors. These relationships can cause conflicts of interest.

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

Broker-Dealer Affiliates

We are the parent company of Morgan Stanley Distribution, Inc. (“MSDI”), a broker-dealer registered under the Securities Exchange Act of 1934 (the “34 Act”) and the Financial Industry Regulatory Authority (“FINRA”). Certain of our management persons are registered representatives of MSDI.

We are 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, MSIM 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”).

When permitted by applicable law and subject to the considerations set forth in Item 12 “Brokerage Practices”, we utilize Affiliated Broker-Dealers to effect portfolio securities, currency exchange, futures and other transactions for our managed accounts. The “Participation or Interest in Client Transactions” subsection in Item 11, “Code of Ethics, Participation or Interest in Client Transactions and Personal Trading”, describes in greater detail the manner in which we utilize Affiliated Broker-Dealers to effect client transactions and the conflicts of interest that can arise. We pay placement fees to affiliated U.S. and non-U.S. broker-dealers.

MSDI serves as distributor, placement agent and/or underwriter for certain registered and unregistered investment companies for which we act as investment adviser and in certain instances, receive distribution fees from the funds pursuant to Rule 12b-1 under the 1940 Act or placement agent fees.

Where applicable, MSDI pays such fees, in whole or in part, to MSSB and to any other selected dealer, including any other Affiliated Broker-Dealer, with whom MSDI has entered into a selected dealer or placement agent agreement. In addition, any sales charges derived from the purchase or redemption of an investment company managed by us are paid directly to MSSB, or to any of those other selected dealers, including any other Affiliated Broker-Dealer, from which such dealer pays its sales representatives and other costs of distribution.

Commodity Trading Advisor/Commodity Pool Operator Registration

We are registered with the Commodity Futures Trading Commission (“CFTC”) as a commodity trading advisor and a commodity pool operator. We are also a member of the National Futures Association (“NFA”). The NFA and CFTC each administer a comparable regulatory system covering futures contracts, swaps and various other financial instruments in which certain clients and pooled vehicles may invest.

Certain of our management persons and employees are registered with the NFA as our Associated Persons.

Material Arrangements or Relationships with Affiliates

Investment Adviser Affiliates

We are 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) Morgan Stanley | Eaton Vance CLO Manager LLC; and (13) Morgan Stanley | Eaton Vance 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 Investment Management Private Limited, Morgan Stanley Asia Limited, MSIM Fund Management (Ireland) Limited, and Morgan Stanley Investment Management (Australia) Pty Limited (together, the “Participating Affiliates”) indirectly provides investment advice or research to certain of our accounts. Certain personnel employed by the Participating Affiliates indirectly provide investment advice to certain of our accounts in specialties in which they have particular expertise. The Participating Affiliates are subject to our supervision in respect of their provision of services to us and our accounts.

From time to time and with prior client consent, we delegate some or all of our responsibilities, duties and authority under an investment management agreement to one or more of the MS Advisers to the extent permitted by applicable law. The MS Advisers, in certain instances, likewise delegate some or all of their responsibilities, duties and authority to us.

Investment Companies and Other Pooled Investment Vehicles

We serve 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 Funds: Morgan Stanley Institutional Fund, Inc. (“MSIF”), Morgan Stanley Institutional Fund Trust (“MSIF Trust”), Morgan Stanley Variable Insurance Fund, Inc. (“VIF”), Morgan Stanley Variable Investment Series (“VIS”) and the Morgan Stanley Institutional Liquidity Funds, each an open-end investment company registered under the 1940 Act. VIF, and VIS may offer their shares only to insurance companies for separate accounts that they establish to fund variable life insurance and variable annuity contracts, and to other entities under qualified pension and retirement plans. We have an arrangement with Morgan Stanley Institutional Liquidity Funds (mutual funds we advise) pursuant to which un-invested free cash balances in certain client accounts are automatically invested in shares of the portfolios of the Morgan Stanley Institutional Liquidity Funds at the end of each day. Prior to initiating this “sweep” mechanism for a particular client, we disclose the fact that we receive a fee in our capacity as adviser and administrator for the Morgan Stanley Institutional Liquidity Funds. Assets invested in the Morgan Stanley Institutional Liquidity Funds through the “sweep” mechanism will be reduced, to the extent allowed by applicable law, in determining both the fee charged by us for managing the client’s account and in determining our fee as adviser and administrator for the Morgan Stanley Institutional Liquidity Funds.

We are the investment adviser and administrator to the following closed-end investment companies registered under the 1940 Act:

Morgan Stanley China A Share Fund, Inc.

Morgan Stanley Emerging Markets Debt Fund, Inc.

Morgan Stanley Emerging Markets Domestic Debt Fund, Inc.

Morgan Stanley India Investment Fund, Inc.

In addition, we or our affiliate serve as the administrator for certain of the Morgan Stanley Funds and serve as co-transfer agent for the Morgan Stanley Institutional Liquidity funds.

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

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

Along with Morgan Stanley, we have established procedures intended to identify and mitigate conflicts of interest related to business activities on a worldwide basis. A conflict management officer for each business unit and/or region acts as a focal point to identify and address potential conflicts of interest in their business area. When appropriate, there is an escalation process to senior management within the business unit, and ultimately if necessary to firm management or the firm's franchise committees, for potentially significant conflicts that cannot be resolved by the conflict management officers or that otherwise require senior management review.

Banking Affiliates

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

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

Electronic Communication Networks and Alternative Trading Systems

Our affiliates have ownership interests in and/or Board seats on electronic communication networks ("ECNs") or other alternative trading systems ("ATs"). In certain instances our affiliates may be deemed to control one or more of such ECNs or ATs based on the level of such ownership interests and whether such affiliates are represented on the Board of such ECNs or ATs. Consistent with our fiduciary obligation to seek best execution, we, from time to time, directly or indirectly, effect client trades through ECNs or other ATs in which our affiliates have or may acquire an interest or Board seat. These affiliates may receive an indirect economic benefit based upon their ownership in the ECNs or other ATs. We will, directly or indirectly, execute through an ECN or other AT in which an affiliate has an interest only in situations where we or the broker dealer through whom we are accessing the ECN or AT reasonably believes such transaction will be in the best interest of our clients and the requirements of applicable law have been satisfied. Our affiliates may own over 5% of the outstanding voting securities and/or have a member on the Board of certain trading systems (or their parent companies), including (i) Euroclear Holding SA/NV, (ii) Turquoise Global Holdings Ltd., (iii) MEMX Holdings LLC, (iv) OTC Deriv Limited, (v) Creditderiv Limited, (vi) Equilend, (vii) LCH Group Holdings Limited, (viii) Chi-X Global Holdings LLC (CXG), (ix) FXGLOBALCLEAR, and (x) EOS Precious Metals Limited.

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

Our affiliates receive cash credits from certain ECNs and ATs for certain orders that provide liquidity to their books. In certain circumstances, such ECNs and ATs also charge explicit fees for orders that extract liquidity from their books. From time to time, the amount of credits that our

affiliates receive from one or more ECN or ATS exceed the amount that is charged. Under these limited circumstances, such payments would constitute payment for order flow.

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

Miscellaneous

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

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

Code of Ethics

We have adopted the MSIM Code of Ethics and Personal Trading Policy (the “Code”) pursuant to Rule 204A-1 under the Advisers Act. Each of our employees is required to acknowledge the Code at the inception of his/her employment and annually thereafter. The Code is designed to make certain that all acts, practices and courses of business engaged in by our 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 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. Our 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 of our 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.

We will provide you with a copy of the Code 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.

Participation or Interest in Client Transactions

The following section addresses our trading activities, the various conflicts of interest that can arise, and how such conflicts have been addressed.

Broker-Dealer Affiliations

We do not act as principal or broker in connection with client transactions. We do, however, in the exercise of our discretion under an investment management agreement with a client, in certain instances, effect transactions in securities or other instruments for clients through Affiliated Broker-Dealers which perform all of the activities set forth below.

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

Our recommendations to you may involve securities in which our Affiliated Broker-Dealers, or their officers, employees or other affiliates, have a financial interest. Affiliated Broker-Dealers and their officers, employees and other affiliates, can purchase or sell for their own accounts securities that we recommend to our clients.

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

With your consent, and subject to the restrictions imposed on such transactions by applicable law, we will effect portfolio transactions through an Affiliated Broker-Dealer on an agency basis, including transactions in over-the-counter (“OTC”) securities, where the Affiliated Broker-Dealer will act as agent in connection with the purchase and sale of OTC securities from market participants and will charge our clients a commission on the transactions. Since these are agency transactions, there is no mark up or mark down on the price of the security.

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

Cross and Agency Cross Transactions

From time to time, and where permitted by applicable law and the relevant client agreements, we will effect “agency cross transactions” in which an Affiliated Broker-Dealer acts as agent for both the buyer and seller in the transaction. We will only trade with an Affiliated Broker-Dealer on behalf of a client on an agency cross basis when the client has consented to our effecting such transactions. Any agency cross transaction will be effected in compliance with applicable law, as well as policies and procedures we have designed to prevent and disclose potential conflicts of interest. The Affiliated Broker-Dealer can receive a commission from the seller and the buyer when it executes transactions on an agency cross basis under certain conditions. In effecting an agency cross transaction, we have potentially conflicting divisions of loyalties and responsibilities regarding the parties to the transaction.

From time to time, we effect internal “cross” transactions between client accounts in which one client will purchase securities held by another client. Such transactions are entered into generally only when we deem the transaction to be in the best interests of both clients and at a price we have determined by reference to independent market indicators and which we believe to constitute “best execution” for both parties.

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

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

We, along with related persons of ours will effect portfolio transactions through an Affiliated Broker-Dealer on behalf of clients in respect of which we are a “fiduciary” as defined in the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) only on an agency basis and with prior written approval from an independent fiduciary in accordance with the terms of exemptions available from the Department of Labor, as well as in accordance with the restrictions imposed on such transactions by applicable law.

Fixed income instruments typically trade at a bid/ask spread and without an explicit brokerage charge. While there is not a formal trading expense or commission, clients (including Wrap Fee Program clients) will bear the implicit trading costs reflected in these spreads.

We are generally permitted to purchase securities on behalf of our ERISA clients from an underwriting or selling syndicate where an Affiliated Broker-Dealer participates as manager, or syndicate members with prior written approval from an independent fiduciary in accordance with the terms of exemptions available from the Department of Labor.

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

We or our affiliates, in certain circumstances, and where permitted by applicable law, will engage in principal transactions with a CLO that we manage. In such instances, the Firm will comply with any disclosure and consent requirements applicable under the Advisers Act.

Services to Issuers Activities

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

Investment Banking Activities

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

Morgan Stanley could be engaged in financial advising, whether on the buy-side or sell-side, or in financing or lending assignments that could result in Morgan Stanley's determining in its discretion or being required to act exclusively on behalf of one or more third parties, which could limit our clients' ability to transact with respect to one or more existing or potential investments. Morgan Stanley may have relationships with third-party funds, companies or investors who may have invested in or may look to invest in portfolio companies, and there could be conflicts between our clients' best interests, on the one hand, and the interests of a Morgan Stanley client or

counterparty, on the other hand. To the extent that Morgan Stanley advises creditor or debtor companies in the financial restructuring of companies either prior to or after filing for protection under Chapter 11 of the Bankruptcy Code or similar laws in other jurisdictions, our flexibility in making investments in such restructurings on a client's behalf may be limited.

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

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

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

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

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 Affiliated Broker-Dealer is performing investment banking services. You will not be advised of that fact. In particular, when an Affiliated Broker-Dealer is engaged in an underwriting or other distribution of securities of a company, we may be prohibited from purchasing or recommending the purchase of

certain securities of that company for our clients. Notwithstanding the circumstances described above, you, on your own initiative, may direct us to place orders for specific securities transactions in your account. 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.

Investment Limits

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

Investments in Affiliated Investment Funds

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

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

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

Investment Management Activities

It is possible that our officers or employees buy or sell securities or other instruments that we have purchased on behalf of or recommended to clients. Moreover, we from time to time will purchase and sell on behalf of or recommend to clients the purchase or sale of securities in which we or our officers, employees or related persons have a financial interest. These transactions are subject to our policies and procedures regarding personal securities trading, as well as to the requirements of the Advisers Act, the 1940 Act and other applicable laws. Our policies and procedures, the Advisers Act and the 1940 Act require that we put your interests before our own.

From time to time, various potential and actual conflicts of interest arise from the overall advisory, investment and other activities of us, and our affiliates, and personnel (each, an “Advisory Affiliate” and, collectively, the “Advisory Affiliates”).

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

From time to time, conflicts also arise due to the fact that certain securities or instruments maybe held in some Advisory Clients but not in others, or the Advisory Clients may have different levels of holdings in certain securities or instruments, and because the Advisory Clients pay different levels of fees to us. In addition, at times an Advisory Affiliate will give advice or take action with respect to the investments of one or more Advisory Clients that is not given or taken with respect to other Advisory Clients with similar investment programs, objectives, and strategies. Accordingly, Advisory Clients with similar strategies will not always hold the same securities or instruments or achieve the same performance. Advisory Affiliates also advise Advisory Clients with conflicting programs, objectives or strategies.

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

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

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

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

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

General Process with Potential Conflicts

All of the transactions described above involve the potential for conflicts of interest between us or related persons of ours and our clients. The Advisers Act, the 1940 Act and ERISA impose certain requirements designed to decrease the possibility of conflicts of interest between an investment

adviser and its clients. In some cases, transactions may be permitted subject to fulfillment of certain conditions. Certain other transactions may be prohibited. In addition, we have instituted policies and procedures designed to prevent conflicts of interest from arising and, when they do arise, to ensure that it effects transactions for clients in a manner that is consistent with its fiduciary duty to its clients and in accordance with applicable law. We seek to ensure that potential or actual conflicts of interest are appropriately resolved taking into consideration the overriding best interest of the client.

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

ITEM 12 BROKERAGE PRACTICES

Best Execution and Brokerage Selection Factors

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

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

When selecting an approved broker-dealer (including an affiliate) to execute securities transactions, the trading desk considers some or all of the following factors:

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

- Counterparty restrictions associated with a portfolio, including regulatory trading, documentation requirement, or any specific clearing broker-dealer requirements;
- Client directed execution;
- Client specific restrictions;
- Assignment fees;
- Agent bank considerations (i.e., whether to trade with or away from the administrative agent); and
- Such other factors as may be appropriate.

Soft Dollars – Commission Sharing Arrangements

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

We have adopted policies and procedures designed to help us track and evaluate the benefits we receive from brokerage and research services, as well as to track how much our clients pay above the amount that broker-dealers from which we receive brokerage and research services would have charged solely for execution of such trades. We and the MS Advisers utilize a voting system to assist us in making a good faith determination of the value of brokerage and research services we receive in accordance with Section 28(e) and applicable law. In many cases, these involve subjective judgments or approximations. We and the MS Advisers have established a process for budgeting research costs and allocating such costs across client accounts. Each of our portfolio management ("PM") teams establishes a research budget at the start of each calendar year that sets the expected cost to be spent by the team on external research services for the same year. These research budgets are reviewed and approved by our Research Committee, allocated across all accounts managed by the PM team in accordance with our policies. We and certain of the MS Advisers have entered into commission sharing arrangements ("CSAs") with executing brokers ("CSA Partners") and a third party vendor ("CSA Aggregator") that assist us with administration of research payments and commissions. Pursuant to these arrangements, and under our supervision, the CSA Partners and the CSA Aggregator track execution and research commissions separately and pool and distribute research credits in accordance with the policies and procedures discussed above to approved research providers (which include executing brokerage firms or independent research providers ("Approved Research Providers")) that provide us with brokerage and research services. The CSA Aggregator also reconciles research credits from trades with CSA Partners and that are payable to Approved Research Providers and provide other related administrative functions. In addition, from time to time a CSA Partner will provide us and the MS Advisers with proprietary research it has developed and, upon our instruction, retain research commission credits as compensation for the provision of such proprietary research services.

Transactions that generate research credits include equity transactions executed on an agency and riskless principal basis where the executing broker-dealer receives a commission. We and the MS

Advisers do not use CSAs or otherwise have arrangements to pay for brokerage and research services with client commissions in connection with trading fixed income securities. Consistent with long-standing industry practice in the fixed income markets, however, we and the MS Advisers, subject to applicable law, receive brokerage and research services and other information, including access to fixed income trading platforms that dealers provide for no charge to their customers in the ordinary course of business. Fixed income instruments typically trade at a bid/ask spread and without an explicit brokerage charge. While there is not a formal trading expense or commission, clients will bear the implicit trading costs reflected in these spreads.

We and the MS Advisers receive “mixed use” products and services from Approved Research Providers, where a portion of the product or service assists us in our investment decision-making process in accordance with Section 28(e) and a portion may be used for other purposes.

Where a product or service has a mixed use, we will make a reasonable allocation of its cost according to its use and will use client commissions to pay only for the portion of the product or service that assists us in our investment decision-making process. We and the MS Advisers have an incentive to allocate the costs to uses that assist us in our investment decision-making process because, in such instances, we pay for such costs with client commissions rather than our own resources. To the extent we receive “mixed use” products and services, we and the MS Advisers will allocate the anticipated costs of a mixed use product or service in good faith and maintain records concerning our allocations in order to mitigate such conflicts.

Client accounts that pay a greater amount of commissions relative to other accounts generally bear a greater share of the cost of brokerage and research services than such other accounts. We, at times, will use brokerage and research services obtained with brokerage commissions from some clients for the benefit of other clients whose brokerage commissions do not pay for such brokerage and research services. We also, from time to time, share brokerage and research services with the MS Advisers, and the clients of the MS Advisers receive the benefits of such brokerage and research services. These arrangements remain subject to our overall obligation to seek best execution for our client trading. Certain of the MS Advisers are subject to the European Union’s Markets in Financial Instruments Directive II (“MiFID II” and such MS Advisers, “MiFID II Affiliated Advisers”), which is a European regulation governing conduct by investment advisers, among others. Under MiFID II, our MiFID II Affiliated Advisers are permitted to receive research (other than research that qualifies as a “Minor Non-Monetary Benefit” under MiFID II (“MNB”)) without it constituting an unlawful inducement if they pay for the research directly from their own resources or from research payment accounts funded by their clients. Our MiFID II Affiliated Advisers engage us as sub-adviser or otherwise delegate to us authority to manage their client accounts (“MiFID II Accounts”). While we are not directly subject to the provisions of MiFID II, in accordance with those arrangements, we make a reasonable valuation and allocation of the cost of the research as between MiFID II Accounts and other accounts that participate in CSAs and will pay for any research we receive with respect to MiFID II Accounts (other than research that qualifies as a MNB) from our own resources. We and our MiFID II Affiliated Advisers may separately pay for fixed income research from their own resources. As a result, MiFID II Accounts at times will pay commission rates that are below the total commission rates paid by other client accounts.

For information about the soft dollar practices of the EV Advisers, please refer to the disclosure brochure of the applicable EV Adviser.

Trade Aggregations

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

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

We and the MS Advisers are subject to differing requirements governing aggregation of orders, including provisions of the 1940 Act that restrict joint transactions and MiFID II that govern the circumstances under which MiFID II Accounts are permitted to pay for research. As a result, MiFID II Accounts at times will pay commission rates that are below the total commission rates paid by other client accounts included in the order.

Directed, Restricted or Constrained Brokerage Arrangements; Wrap Fee Programs

Depending on the particular program selected or contractual arrangement, clients may limit our authority to advise accounts or execute transactions in a number of ways, including by:

- (1) requiring that certain securities transactions be authorized by them in advance;
- (2) prohibiting or limiting the purchasing of certain securities or industry groups;
- (3) seeking to require a designated broker-dealer (“Designated Broker”) to execute all or a portion of their transactions (“Directed Trades”), which may be structured as “directed brokerage” arrangements or “brokerage recapture” arrangements; and/or
- (4) restricting us from executing transactions through a particular broker-dealer and/or imposing restrictions, conditions or other constraints on the terms of a trade or broker arrangement to which a particular broker-dealer may not agree (“Restricted/Constrained Trades”).

In addition, a Wrap Fee Program client may impose reasonable restrictions on the management of their account. In most Wrap Fee Programs, the Sponsor or overlay manager is responsible for implementing client restrictions and guidelines. In those Wrap Fee Programs in which we are responsible for implementing client restrictions and guidelines, the client is responsible for identifying any security or group of securities which are restricted within the account. If a client identifies a category of restricted securities without identifying the underlying companies of which the category is comprised or a source for identifying such underlying companies, we can utilize outside service providers to identify the universe of companies that will be considered in such

category. When a security is required to be sold or is restricted from being purchased for an account, this may adversely affect the account's performance and cause it not to track the performance of the managers' investment strategies. The change of the classification of a company, the grouping of an industry or the credit rating of a security may force us to sell securities in a client's account at an inopportune time, possibly causing a taxable event to the client. Clients will still be exposed to securities they restrict if they hold in their account commingled vehicles that invest in such securities.

In certain instances, Wrap Fee Program accounts bear additional costs as compared to our other client accounts. For example, Wrap Fee Program accounts that hold fixed income instruments will bear the implicit costs of such instruments' bid/ask spread that are in addition to the "wrap" fee paid to the Sponsor. With respect to certain Wrap Fee Programs, rather than "wrap" our fees for investment advisory services together with the Sponsor's fees for brokerage, custody and other services, we enter into an investment advisory contract directly with the Wrap Fee Program Sponsor's clients and receive our investment advisory fee directly from those clients. Because the clients have also entered into an agreement with the Sponsor to provide for brokerage and other services at a fixed cost or rate, we place most or all trades for those clients through the Sponsor. We enter into arrangements with certain Wrap Fee Programs where we have discretion to select broker-dealers to execute trades for accounts. If we select a broker-dealer other than the Sponsor to execute a trade, the Wrap Fee Program accounts typically will bear any execution costs charged by that other broker-dealer in addition to the "wrap" fee paid to the Sponsor.

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

- A client direction, restriction or constraint will frequently restrict our ability to obtain as favorable a transaction price or commission rate as we might otherwise be able to obtain on an unconstrained trade;
- The account may forego benefits from savings on execution costs that may otherwise be obtained, most notably commission savings and/or price improvement that derive from aggregating orders for various client accounts;
- If a Designated Broker or Wrap Fee Program Sponsor is not on our approved list of brokers, there may be additional credit and/or settlement risk for such trades;
- We will not be obligated to, and in most cases will not, negotiate with a Designated Broker or Wrap Fee Program Sponsor to obtain commission rates more favorable or otherwise different from those to which the client has agreed;
- A Directed Trade, Restricted/Constrained Trade or Wrap Fee Program trade may result in a client account paying higher or otherwise different commissions than other clients of ours for transactions in the same security; and
- We may effect a Directed Trade or a Restricted/Constrained Trade or provide the applicable models, recommendations or updates to one or more Wrap Fee Program Sponsors after another broker has effected transactions in the same security for client accounts for which we have discretion to select the broker and trading venue, which also could negatively affect the prices received by clients that direct, restrict or otherwise constrain trades or Wrap Fee Program clients.

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

With respect to Wrap Fee Programs, the terms of each client’s account in a Wrap Fee Program is governed by the client’s agreement with the Sponsor and the disclosure document for each Wrap Fee Program. Wrap Fee Program clients are urged to refer to the appropriate disclosure document and client agreement for more information about the Wrap Fee Program, MSIM’s advisory services and fees. The fees for a Wrap Fee Program may result in higher costs than a client would otherwise realize by paying our standard advisory fees and negotiating separate arrangements for trade execution, custodial and consulting services.

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

ITEM 13 REVIEW OF ACCOUNTS

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

If we manage your money as a separate account, you are provided reports of transactions as they are effected (if you request), portfolio valuations and summaries of portfolio changes on a quarterly basis or as otherwise negotiated with you. Additionally, we will meet with you quarterly, annually or as requested to discuss the performance of your account, our management of your account, and any other issues of concern to you. We will provide additional reports or information to you upon request.

With respect to model portfolios offered through our Wrap Fee Program, models are generally reviewed on a daily basis.

With respect to single contract Wrap Account, the portfolio managers generally review all accounts on a daily basis.

With respect to the CLO, the governing documents include certain investment guidelines and restrictions and contain other tests, including coverage tests, overcollateralization tests, and interest coverage tests that are monitored. The CLO trustee prepares schedules of fees and expenses, distributions, and dividends (the “priority of payment waterfalls”). On at least a monthly and quarterly basis (as applicable), we review the CLO for compliance with relevant guidelines, restrictions, and tests. We will produce written reports as detailed in the CLO’s governing documents. Investors in the CLO receive monthly trustee reports and quarterly distribution reports from the CLO’s trustee.

ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

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

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

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

ITEM 15 CUSTODY

We are deemed to have “custody” of client assets in a variety of circumstances, and in each case we will comply with the custody requirements under the Advisers Act. We have custody of client assets any time that we have authority or ability to obtain possession of client assets. We may be deemed to have custody of the assets of the funds for which we or an affiliate serves as general partner or for which we or an affiliate serves as the managing member or otherwise has the authority or ability to obtain possession of fund assets. In those cases, the funds generally provide audited financial statements on an annual basis in accordance with applicable law. Additionally, where we are deemed to have custody over other advisory client accounts, clients will receive quarterly account statements from the qualified custodian for such account. Clients should carefully review the account statements received from the qualified custodian and compare them to statements received from us. If a client elects to retain our affiliate, MSSB, to act as qualified custodian of its account we will generally be deemed to have "custody" of the funds and securities held in such accounts as well. We also will be deemed to have "custody" over our client accounts from which we are authorized to deduct fees or other expenses.

With respect to Wrap Fee Program clients, we may be deemed to have custody of assets if we contract directly with the Wrap Fee Program clients for services and if an affiliate of MSIM acts as Sponsor of the Wrap Fee Program. In such cases, the Sponsor or a qualified custodian will send required periodic account statements to the Wrap Fee Program client.

ITEM 16 INVESTMENT DISCRETION

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

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

ITEM 17 VOTING CLIENT SECURITIES

Voting Proxies for Equity Securities

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Voting Consents for Fixed Income Instruments

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

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

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

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

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

ITEM 18 FINANCIAL INFORMATION

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about our financial condition. We are not aware of any financial condition that impairs our ability to meet contractual and fiduciary commitments to you, and have not been the subject of a bankruptcy proceeding.

APPENDIX A

Fee Schedules

Investment Team	Strategy	Attribute	Schedule
Active International Allocation	Active International Allocation	Minimum Initial Investment	USD \$25M
		Management Fee	0.650% on the first \$100 M of assets under management
			0.600% on the next \$100 M of assets under management
			0.550% in excess of \$200 M of assets under management
	Global Equity Allocation	Minimum Initial Investment	USD \$25M
		Management Fee	0.650% on the first \$100 M of assets under management
			0.600% on the next \$100 M of assets under management
			0.550% in excess of \$200 M of assets under management
Counterpoint Global	Advantage	Minimum Initial Investment	USD \$50M
		Management Fee	0.750% on the first \$50 M of assets under management
			0.650% on the next \$50 M of assets under management
			0.500% in excess of \$100 M of assets under management
	Global Insight	Minimum Initial Investment	USD \$50M
		Management Fee	0.750% on the first \$100 M of assets under management
			0.650% in excess of \$100 M of assets under management
	Discovery¹	Minimum Initial Investment	USD \$50M
		Management Fee	0.750% on the first \$50 M of assets under management
			0.650% on the next \$50 M of assets under management
			0.550% in excess of \$100 M of assets under management
	Growth²	Minimum Initial Investment	USD \$50M
		Management Fee	0.750% on the first \$50 M of assets under management
			0.650% on the next \$50 M of assets under management
			0.500% in excess of \$100 M of assets under management
	Inception¹	Minimum Initial Investment	USD \$50M
		Management Fee	1.000% on the first \$50 M of assets under management

¹ MSIM closed the Inception and Discovery Strategies to new investors, with limited exceptions, effective April 5, 2021 to preserve the ability of the investment team to manage the strategy for existing clients.

² MSIM closed the Growth Strategy to new investors, with limited exceptions, effective April 23, 2021 to preserve the ability of the investment team to manage the strategy for existing clients.

Investment Team	Strategy	Attribute	Schedule
			0.900% on the next \$50 M of assets under management
			0.850% in excess of \$100 M of assets under management
	Insight	Minimum Initial Investment	USD \$50M
		Management Fee	Asset Based Fee: 1.00% on total assets under management or Performance Based Fee: 0.80% on all assets plus 10% of alpha over benchmark per annum, no high water mark
	Global Permanence	Minimum Initial Investment	USD \$50M
		Management Fee	0.750% on the first \$100 M of assets under management
			0.650% in excess of \$100 M of assets under management
	Permanence	Minimum Initial Investment	USD \$50M
		Management Fee	0.750% on the first \$50 M of assets under management
			0.650% on the next \$50 M of assets under management
			0.500% in excess of \$100 M of assets under management
	Asia Opportunity	Minimum Initial Investment	USD \$100M
		Management Fee	0.750% on the first \$200 M of assets under management
			0.700% in excess of \$200 M of assets under management
	Developing Opportunity	Minimum Initial Investment	USD \$100M
		Management Fee	0.750% on the first \$200 M of assets under management
			0.700% in excess of \$200 M of assets under management
	Established Opportunity	Minimum Initial Investment	USD \$100M
		Management Fee	0.750% on the first \$200 M of assets under management
			0.700% in excess of \$200 M of assets under management
	Global Change	Minimum Initial Investment	USD \$100M
		Management Fee	0.750% on the first \$200 M of assets under management
			0.700% in excess of \$200 M of assets under management
	Global Opportunity³	Minimum Initial Investment	USD \$200M
		Management Fee	0.750% on the first \$200 M of assets under management

³ MSIM closed the Global Opportunity Strategy to new investors, with limited exceptions, effective December 31, 2020 to preserve the ability of the investment team to manage the strategy for existing clients.

Investment Team	Strategy	Attribute	Schedule
			0.700% in excess of \$200 M of assets under management
	International Opportunity	Minimum Initial Investment	USD \$100M
		Management Fee	0.750% on the first \$200 M of assets under management
			0.700% in excess of \$200 M of assets under management
	Europe Opportunity	Minimum Initial Investment	USD \$100M
		Management Fee	0.750% on the first \$200 M of assets under management
			0.700% in excess of \$200 M of assets under management
	International Advantage	Minimum Initial Investment	USD \$100M
		Management Fee	0.750% on the first \$200 M of assets under management
			0.700% in excess of \$200 M of assets under management
Emerging Markets	Global Emerging Markets Equity	Minimum Initial Investment	USD \$100M
		Management Fee	0.950% on the first \$100 M of assets under management
			0.900% on the next \$100 M of assets under management
			0.850% on the next \$100 M of assets under management
			0.800% in excess of \$300 M of assets under management
	Emerging Markets Leaders	Minimum Initial Investment	USD \$100M
		Management Fee	0.750% on total assets
	Sustainable Asia Equity	Minimum Initial Investment	USD \$50M
		Management Fee	0.700% on the first \$50 M of assets under management
			0.650% in excess of \$50 M of assets under management
	China A Equity	Minimum Initial Investment	USD \$50M
		Management Fee	0.900% on total assets
	Emerging Europe, Middle East and Africa Equity	Minimum Initial Investment	USD \$50M
		Management Fee	0.950% on the first \$50 M of assets under management
			0.900% on the next \$50 M of assets under management
			0.850% in excess of \$100 M of assets under management

Investment Team	Strategy	Attribute	Schedule
	India Equity	Minimum Initial Investment	USD \$50M
		Management Fee	0.900% on total assets
	Latin America Equity	Minimum Initial Investment	USD \$50M
		Management Fee	0.950% on the first \$50 M of assets under management
			0.900% on the next \$50 M of assets under management
			0.850% in excess of \$100 M of assets under management
International Equity	International Equity	Minimum Initial Investment	USD \$100M
		Management Fee	0.800% on the first \$25 M of assets under management
			0.600% on the next \$25 M of assets under management
			0.500% on the next \$25 M of assets under management
			0.400% in excess of \$75 M of assets under management
	Global Franchise	Minimum Initial Investment	USD \$50M
		Management Fee	0.800% on the first \$25 M of assets under management
			0.750% on the next \$25 M of assets under management
			0.700% on the next \$50 M of assets under management
			0.650% in excess of \$100 M of assets under management
			Fee Schedule available for mandates over \$200M
	Global Quality	Minimum Initial Investment	USD \$50M
		Management Fee	0.800% on the first \$25 M of assets under management
			0.750% on the next \$25 M of assets under management
			0.700% on the next \$50 M of assets under management
			0.650% in excess of \$100 M of assets under management
			Fee Schedule available for mandates over \$200M
	Global Sustain	Minimum Initial Investment	USD \$50M
		Management Fee	0.725% on the first \$50 M of assets under management
			0.650% on the next \$50 M of assets under management
			0.600% in excess of \$100 M up to \$200M, flat on all assets
			0.530% in excess of \$200 M up to \$350M, flat on all assets
			0.500% in excess of \$350 M flat on all assets
Global Listed Real Assets	Global Real Estate Securities	Minimum Initial Investment	USD \$20M
		Management Fee	0.750% on the first \$100 M of assets under management
			0.500% on the next \$300 M of assets under management
			0.400% in excess of \$400 M of assets under management

Investment Team	Strategy	Attribute	Schedule
	Asian Real Estate Securities	Minimum Initial Investment	USD \$20M
		Management Fee	0.650% on the first \$100 M of assets under management
			0.500% on the next \$300 M of assets under management
			0.400% in excess of \$400 M of assets under management
	European Real Estate Securities	Minimum Initial Investment	USD \$20M
		Management Fee	0.650% on the first \$100 M of assets under management
			0.500% on the next \$300 M of assets under management
			0.400% in excess of \$400 M of assets under management
	North American Real Estate Securities	Minimum Initial Investment	USD \$20M
		Management Fee	0.650% on the first \$100 M of assets under management
			0.500% on the next \$300 M of assets under management
			0.400% in excess of \$400 M of assets under management
	U.S. Real Estate Securities	Minimum Initial Investment	USD \$20M
		Management Fee	0.650% on the first \$100 M of assets under management
			0.500% on the next \$300 M of assets under management
			0.400% in excess of \$400 M of assets under management
	Global Focus Real Estate Securities	Minimum Initial Investment	USD \$20M
		Management Fee	0.750% on the first \$100 M of assets under management
			0.650% on the next \$300 M of assets under management
			0.550% in excess of \$400 M of assets under management
	US Focus Real Estate Securities	Minimum Initial Investment	USD \$20M
		Management Fee	0.700% on the first \$100 M of assets under management
			0.600% on the next \$300 M of assets under management
			0.500% in excess of \$400 M of assets under management

Investment Team	Strategy	Attribute	Schedule
	Global Infrastructure Securities	Minimum Initial Investment	USD \$50M
		Management Fee	0.700% on the first \$50 M of assets under management
			0.600% on the next \$50 M of assets under management
			0.500% on the next \$300 M of assets under management
			0.400% in excess of \$400 M of assets under management
	Global Infrastructure Securities Unconstrained	Minimum Initial Investment	USD \$50M
		Management Fee	0.700% on the first \$50 M of assets under management
			0.600% on the next \$50 M of assets under management
			0.500% on the next \$300 M of assets under management
			0.400% in excess of \$400 M of assets under management
Applied Equity Advisors	Applied Global Concentrated Equity	Minimum Initial Investment	USD \$25M
		Management Fee	0.550% on the first \$25 M of assets under management
			0.500% on the next \$25 M of assets under management
			0.450% on the next \$50 M of assets under management
			0.400% on balance of assets under management
			Negotiable if over \$200 M of assets under management
	Applied Global Concentrated ESG Equity	Minimum Initial Investment	USD \$25M
		Management Fee	0.550% on the first \$25 M of assets under management
			0.500% on the next \$25 M of assets under management
			0.450% on the next \$50 M of assets under management
			0.400% on balance of assets under management
			Negotiable if over \$200 M of assets under management
	Applied Global Core Equity	Minimum Initial Investment	USD \$25M
		Management Fee	0.550% on the first \$25 M of assets under management
			0.500% on the next \$25 M of assets under management
			0.450% on the next \$50 M of assets under management
			0.400% on balance of assets under management
			Negotiable if over \$200 M of assets under management
	Applied US Core Equity	Minimum Initial Investment	USD \$25M
		Management Fee	0.450% on the first \$25 M of assets under management
			0.400% on the next \$25 M of assets under management
			0.350% on the next \$50 M of assets under management
			0.300% on balance of assets under management Negotiable if over \$200 M of assets under management

Investment Team	Strategy	Attribute	Schedule
	Applied Enhanced Index	Minimum Initial Investment	USD \$25M
		Management Fee	0.250% on the first \$25 M of assets under management
			0.230% on the next \$25 M of assets under management
			0.200% on the next \$50 M of assets under management
			0.180% on balance of assets under management
			Negotiable if over \$200 M of assets under management
Global Multi-Asset	Absolute Return	Minimum Initial Investment	USD \$100M
		Management Fee	0.850% on the first \$100 M of assets under management
			0.750% on the next \$150 M of assets under management
			0.650% on the next \$250 M of assets under management
			0.550% thereafter
	Global Tactical Asset Allocation	Minimum Initial Investment	USD \$100M
		Management Fee	0.750% on the first \$100 M of assets under management
			0.650% on the next \$150 M of assets under management
			0.550% on the next \$250 M of assets under management
			0.450% thereafter
	Integrated Global Equity	Minimum Initial Investment	USD \$25M
		Management Fee	0.900% on the first \$25 M of assets under management
			0.750% on the next \$25 M of assets under management
			0.650% on the next \$25 M of assets under management
			0.600% on the next \$25 M of assets under management
			0.550% on the next \$100 M of assets under management
			0.500% in excess of \$200 M of assets under management
Global Fixed Income	Global Aggregate Fixed Income	Minimum Initial Investment	USD \$100M
		Management Fee	0.300% on the first \$100 M of assets under management
			0.250% in excess of \$100 M of assets under management
	Strategic Income	Minimum Initial Investment	USD \$100M
		Management Fee	0.350% on the first \$100 M of assets under management
			0.300% in excess of \$100 M of assets under management

Investment Team	Strategy	Attribute	Schedule
	Global Buy and Maintain Credit	Minimum Initial Investment	USD \$50M
		Management Fee	0.300% on the first \$50 M of assets under management
			0.300% on the next \$50 M of assets under management
			0.250% in excess of \$100 M of assets under management
	Global Credit	Minimum Initial Investment	USD \$50M
		Management Fee	0.300% on the first \$50 M of assets under management
			0.300% on the next \$50 M of assets under management
			0.250% in excess of \$100 M of assets under management
	Global Opportunistic Credit	Minimum Initial Investment	USD \$50M
		Management Fee	0.300% on the first \$50 M of assets under management
			0.300% on the next \$50 M of assets under management
			0.250% in excess of \$100 M of assets under management
	Global Fixed Income Opportunities	Minimum Initial Investment	USD \$100M
		Management Fee	0.350% on the first \$100 M of assets under management
			0.300% in excess of \$100 M of assets under management
	Global High Yield	Minimum Initial Investment	USD \$50M
		Management Fee	0.500% on the first \$50 M of assets under management
			0.450% on the next \$50 M of assets under management
			0.400% in excess of \$100 M of assets under management
	Global Securitized	Minimum Initial Investment	USD \$75M
		Management Fee	0.350% on the first \$100 M of assets under management
			0.300% in excess of \$100 M of assets under management
	Global Securitized High Yield	Minimum Initial Investment	USD \$75M
		Management Fee	0.50% on the first \$100 M of assets under management
			0.45% on the next \$150 M of assets under management
			0.40% in excess of \$250 M of assets under management

Investment Team	Strategy	Attribute	Schedule
	Global Limited Duration	Minimum Initial Investment	USD \$50M
		Management Fee	0.250% on the first \$50 M of assets under management
			0.150% on the next \$50 M of assets under management
			0.100% in excess of \$100 M of assets under management
	Global Opportunistic Sovereign	Minimum Initial Investment	USD \$100M
		Management Fee	0.220% on the first \$100 M of assets under management
			0.170% in excess of \$100 M of assets under management
	Global Sovereign	Minimum Initial Investment	USD \$100M
		Management Fee	0.200% on the first \$100 M of assets under management
			0.150% in excess of \$100 M of assets under management
U.S. Taxable Fixed Income	Opportunistic Mortgage	Minimum Initial Investment	USD \$75M
		Management Fee	0.300% on the first \$100 M of assets under management
			0.250% on the next \$150 M of assets under management
			0.200% in excess of \$250 M of assets under management
	U.S. Mortgage	Minimum Initial Investment	USD \$50M
		Management Fee	0.150% on the first \$250 M of assets under management
			0.125% in excess of \$250 M of assets under management
	Core Fixed Income	Minimum Initial Investment	USD \$50M
		Management Fee	0.200% on the first \$50 M of assets under management
			0.150% on the next \$50 M of assets under management
			0.125% in excess of \$100 M of assets under management
	Core Plus Fixed Income	Minimum Initial Investment	USD \$50M
		Management Fee	0.250% on the first \$50 M of assets under management
			0.200% on the next \$50 M of assets under management
			0.150% in excess of \$100 M of assets under management
	U.S. High Yield	Minimum Initial Investment	USD \$50M
		Management Fee	0.500% on the first \$50 M of assets under management
			0.400% on the next \$50 M of assets under management
			0.300% in excess of \$100 M of assets under management

Investment Team	Strategy	Attribute	Schedule
	U.S. Investment Grade Corporate	Minimum Initial Investment	USD \$50M
		Management Fee	0.300% on the first \$50 M of assets under management
			0.250% on the next \$50 M of assets under management
			0.200% in excess of \$100 M of assets under management
	U.S. Long Duration	Minimum Initial Investment	USD \$50M
		Management Fee	0.200% on the first \$50 M of assets under management
			0.150% on the next \$50 M of assets under management
			0.125% in excess of \$100 M of assets under management
	U.S. Limited Duration	Minimum Initial Investment	USD \$150M
		Management Fee	0.140% on the first \$150 M of assets under management
			0.120% on the next \$350 M of assets under management
			0.100% in excess of \$500 M of assets under management
	U.S. Short Duration	Minimum Initial Investment	USD \$150M
		Management Fee	0.140% on the next \$150 M of assets under management
			0.120% on the next \$350 M of assets under management
			0.100% in excess of \$500 M of assets under management
Emerging Markets Debt	Emerging Markets Corporate Debt	Minimum Initial Investment	USD \$50M
		Management Fee	0.600% on the first \$50 M of assets under management
			0.550% on the next \$50 M of assets under management
			0.500% in excess of \$100 M of assets under management
	Emerging Markets Domestic Debt	Minimum Initial Investment	USD \$50M
		Management Fee	0.500% on the first \$50 M of assets under management
			0.450% on the next \$50 M of assets under management
			0.400% in excess of \$100 M of assets under management
	Emerging Markets External Debt	Minimum Initial Investment	USD \$50M
		Management Fee	0.500% on the first \$50 M of assets under management
			0.450% on the next \$50 M of assets under management
			0.400% in excess of \$100 M of assets under management

Investment Team	Strategy	Attribute	Schedule
European Fixed Income	European Credit	Minimum Initial Investment	EUR €50M
		Management Fee	0.350% on the first €50 M of assets under management
			0.250% on the next €50 M of assets under management
			0.200% in excess of €100 M of assets under management
	European Fixed Income Opportunities	Minimum Initial Investment	EUR €50M
		Management Fee	0.300% on the first €50 M of assets under management
			0.250% in excess of €50 M of assets under management
Liquidity	Euro Liquidity	Minimum Initial Investment	USD \$150M
		Management Fee	0.130% on total AUM \$150-299 M
			0.110% on total AUM \$300-499 M
			0.090% on total AUM \$500-799 M
			0.080% thereafter
	Taxable USD MM - Institutional	Minimum Initial Investment	USD \$150M
		Management Fee	0.130% on total AUM \$150-299 M
			0.110% on total AUM \$300-499 M
			0.090% on total AUM \$500-799 M
			0.080% thereafter
	Tax-Exempt USD MM - Institutional	Minimum Initial Investment	USD \$150M
		Management Fee	0.130% on total AUM \$150-299 M
			0.110% on total AUM \$300-499 M
			0.090% on total AUM \$500-799 M
			0.080% thereafter
	Ultra-Short Income	Minimum Initial Investment	USD \$150M
		Management Fee	0.130% on total AUM \$150-299 M
			0.110% on total AUM \$300-499 M
			0.090% on total AUM \$500-799 M
			0.080% thereafter

APPENDIX B

Privacy Notice

U.S. Customer Privacy Notice

April 2021

FACTS

WHAT DOES MSIM DO WITH YOUR PERSONAL INFORMATION?

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

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

To limit our sharing	<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?	Call toll-free (844) 312-6327 or email: imprivacyinquiries@morganstanley.com

Who we are

Who is providing this notice?	Morgan Stanley Investment Management Inc. and its investment management affiliates ("MSIM") (see Investment Management Affiliates definition below)
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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

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

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