Top (from left to right): Fitzroy Whyte, John Vessa, Richard Frank, Corey Fleisher, Jeffrey Winik, Jeffrey Di Napoli. Bottom (from left to right): Hugo Rea; Client Service Associate, Dawn Mazzey; Registered Client Service Associate, Diana Patrascu; Director of Investments, Iraida Gonzalez; Group Director, Katherine Khouri; Director of Business Strategy

QI 2024

EXECUTIVE SUMMARY

Last year, weaker data in the fourth quarter prompted the Fed to increase its guidance from two rate cuts in 2024 to three, further catalyzing a strong year-end rally. The narrative has since shifted from a slowing economy saved by rate cuts to one of renewed expectations for positive earnings growth. So far this year, economic growth has been much stronger than expected, reigniting hopes that profit growth can continue to drive stock prices higher. This has allowed equity markets to reach new all-time highs even as both interest rates and inflation expectations have moved up. The two main drivers of this have been excess liquidity and conviction in artificial intelligence's (AI) ability to boost productivity and increase corporate margins. While we are encouraged about AI's prospects, many companies are still figuring out how to best integrate it into their businesses. Much of the productivity improvement that the market is already pricing in is likely to take place in the future, despite the increase in AI related spending occurring today. So far, earnings revisions have remained muted outside of a handful of favored stocks. We believe there is potential for those numbers to move higher later in the year as more and more companies learn to reap the benefits of these new technologies. However, in the near term, companies still need to navigate sticky inflation and a higher for longer cost of capital. As expected, the Federal Reserve left interest rates unchanged and maintained their outlook for three quarter-point rate cuts this year. The market found comfort in Chair Powell's lack of concern over the reacceleration in inflation, stating it did not alter the longer-term outlook. In fact, the Fed raised its economic growth expectations and lowered unemployment forecasts, strengthening the market's belief in a soft landing. The Fed's upward adjustments to growth and rate forecasts beyond 2024 imply that more policymakers now anticipate a higher neutral interest rate. While we are optimistic that a soft landing will be achieved, pockets of stubborn inflation may cause the Fed to deliver fewer rate cuts than anticipated. We continue to advocate for active management and diversification as market breadth has started to improve and a higher for longer environment is likely to produce even more winners and losers.

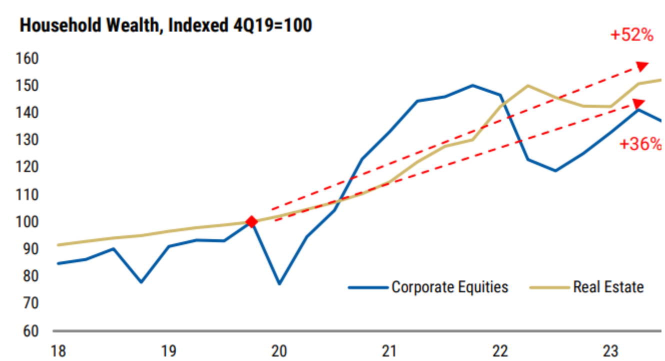
Current Thoughts

- We remain optimistic on US equities as more companies are investing in productivity-enhancing expenditures to reduce costs.
- We expect stock price dispersion to remain high as sustained pricing power and demand appear idiosyncratic across different companies and industries.
- We see potential for a continued rebound in high quality stocks overseas that are benefitting from the same drivers as their US counterparts.
- We continue to overweight large caps in a potentially higher for longer environment. We do not expect to see a sustainable small cap rally until front-end interest rates remain lower.
- We remain opportunistic on fixed income with a keen eye for shorter duration and floating rate investments.
- We stay neutral on duration in the case that the Fed may not be able to deliver as many cuts as they expect.
- We continue to view structured products and alternative investments as options to mitigate risk and portfolio diversifiers for eligible investors, where appropriate.

Markets

The economy has clearly become much less interest rate sensitive than it has been historically. Corporates and households have generally avoided the pain of tighter lending standards as most have locked in lower rates during 2020 and 2021, when lending standards were more favorable. That has allowed debt demand to remain relatively low despite constrained debt supply and has allowed the consumer to keep spending despite higher inflation related pricing. Furthermore, $5 trillion of fiscal payments to small businesses and vulnerable populations, Social Security cost-of-living adjustments and excess household savings have insulated consumption. To some extent, we believe that the past year's peak interest rates have further added to investors' and corporations' cash bucket, as higher rates produced an excess level of income. We are now three months into the new year and a strong labor market has allowed the US consumer to remain resilient. Consumption, which makes up more than two-thirds of annual output, has allowed the US economy to generate nominal growth well above the pre-COVID levels and cause inflation to surprise to the upside once again. As expected, the consumer has continued to increasingly prioritize spending on services over goods. In fact, rising prices for services have pushed inflation-adjusted sales numbers even higher. While things like food services and accommodations have benefitted from that and may have more room to run, healthcare services spending has also risen and is less discretionary in nature. We see opportunities for companies that are finally seeing a recovery in procedures after a long pandemic related delay. We expect this to continue and believe this component of service-related inflation may remain sticky. Another major contributor to inflation has been shelter. Shelter prices comprise about one-third of the CPI weighting and accounted for more than half of the rise in CPI. Shelter has gotten incredibly expensive over the last few years, as prices, rents and mortgage rates have all skyrocketed. And, due to the lack of inventory and higher borrowing costs, those prices seem unlikely to plunge any time soon despite some new supply and cooling rents.

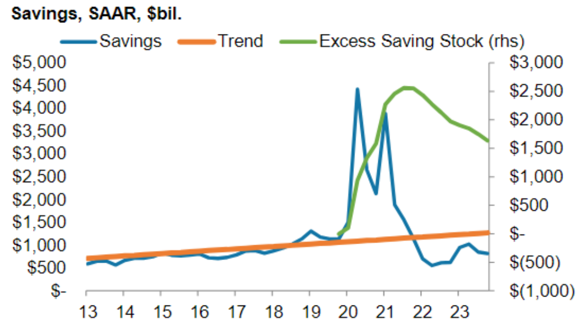
While high home valuations have been a pain point for new first-time buyers, they have so far preserved most of households' record-high real estate wealth and have played a role in enabling spending to continue. Estimates of the marginal propensity to consume (MPC) out of housing wealth ranges from 3-5 cents for every dollar increase in wealth, compared to 1-3 cents for stock market wealth. This is in part because the top 20% account for over 80% of corporate equity wealth, compared to only 50% of real estate wealth.[1]



Source: Bureau of Economic Analysis, Federal Reserve, Morgan Stanley Research

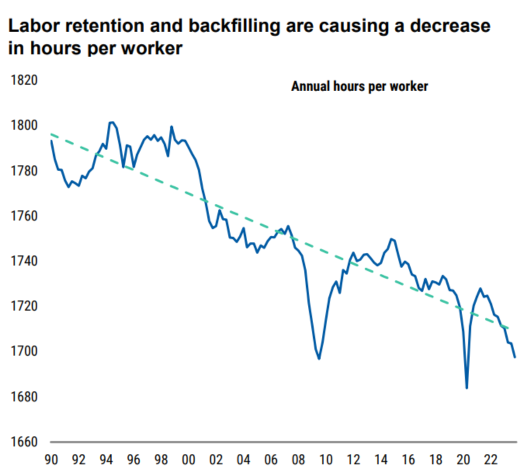
While many have cited the large drawdown in savings that went into spending as a headwind, we note that this is largely behind us and returning to trend. In 2022, the saving rate averaged 3.3%, reflecting a drawdown in excess savings and impact of higher inflation. Since bottoming in September 2022 at 3.0%, the savings rate is normalizing, averaging 4.7% in 2023. [1]

1 Morgan Stanley Research US Consumer Chartbook 1Q 2024.



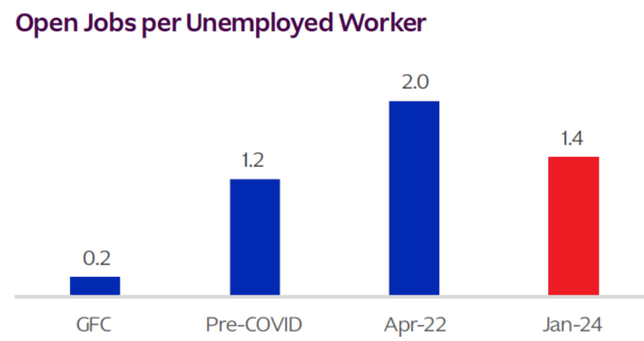
Note: Charts are through December 2023.
Source: Bureau of Economic Analysis, Federal Reserve, Morgan Stanley Research

While a slowdown in consumer spending overall is likely, we do not expect any shift to be drastic enough to derail the economy. As long as the labor market continues to remain strong, consumer spending is expected to remain healthy, even if it slows. Most recently, we have seen an increase in payrolls coupled with a larger than expected increase in new jobs, albeit both were at a slower pace. The unemployment rate increased to 3.9% with the majority of the job gains coming from health care, government, bars and restaurants, and social assistance. In addition, productivity has improved as employers have been cutting hours as opposed to implementing mass layoffs, resulting in more productivity per working hour while keeping employment levels stable. Despite media headlines for layoffs and job cuts, this has been largely contained and idiosyncratic. Overall, the labor picture remains strong enough but not overheating. While we expect hiring to cool, the structural tightness of the labor market is likely to keep unemployment levels range bound. We are still trying to backfill the loss of labor we've seen post Covid from the 55+ age cohort, many of whom have retired early from the work force.



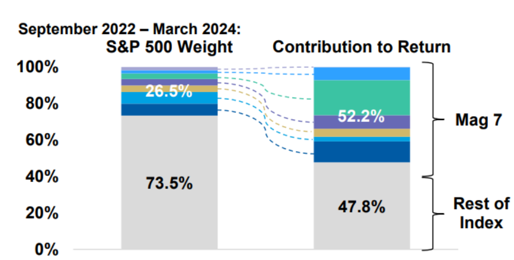
Source: Bureau of Labor Statistics, Bureau of Economic Analysis, Morgan Stanley Research

Leisure and hospitality employment are still below the pre-COVID peak, even as demand remains strong. We have also seen a meaningful influx of immigration which can further contribute to both demand as well as a larger labor pool. Given the hiring challenges during the pandemic and the continuing shortage of labor, companies are more likely to hold on to employees in order to remain prepared during periods of high demand.



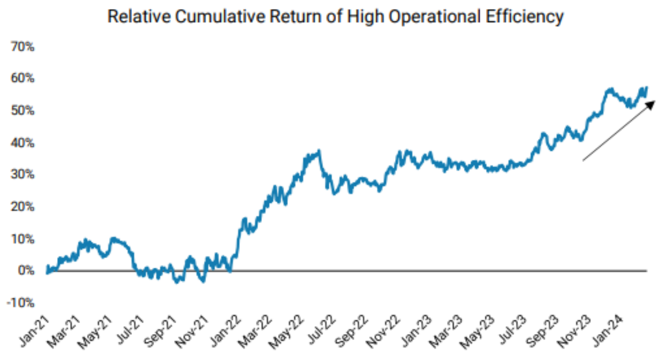
Data as at February 29, 2024. Source: U.S. Bureau of Labor Statistics, KKR Global Macro & Asset Allocation analysis.

On the corporate side, earnings have been positive. According to Factset, for Q1 2024, the estimated year-over-year earnings growth rate for the S&P 500 is 3.4%, making this the third-straight quarter of year-over-year earnings growth for the index. 2 (Earnings Insights, Factset; John Butters. March 21, 2024) Last year, the Magnificent 7 essentially drove all the S&P 500's returns and profit growth, with profits up an estimated 31% in the Magnificent 7 in 2023 compared to profits contracting 4.3% in the rest of the S&P 500.[2] So far this year, three of the "Magnificent 7" have been the largest contributors to their three different respective sectors' year-over-year earnings growth. Nevertheless, companies that have continued to exert strong pricing power and high operational efficiency are being rewarded for it.



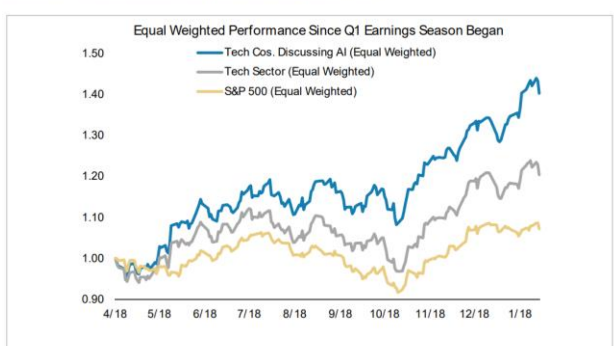
Source: Morgan Stanley Wealth Management GIC, Bloomberg as of March 11, 2024.
Weight reflects the average index weight during the period from Sep. 30, 2022–Mar. 11, 2024.

2 JP Morgan Global Markets Strategist Insights; 02/14/2024).



AI has become an important part of that conversation. While we are still in the early stages of AI impacting revenues and margins, there are companies that have already started to benefit today, some of which are outside of the Magnificent 7. Looking forward, Morgan Stanley & Co. believes that broad AI-driven productivity could add 30 basis points to 2025 S&P 500 net margins. 68% of CIOs surveyed by MS & Co.'s Tech Research Team have mentioned making AI-related allocations to their IT budgets in 4Q23. This is further supported by recent AI-related data center expansions, which we expect to continue.[3] While we are excited about the prospects of AI as it pertains to productivity and efficiency, we do not recommend trying to invest in outright themes as a rising tide will likely not lift all boats.

Theme: AI - Stocks Discussing AI Have Outperformed

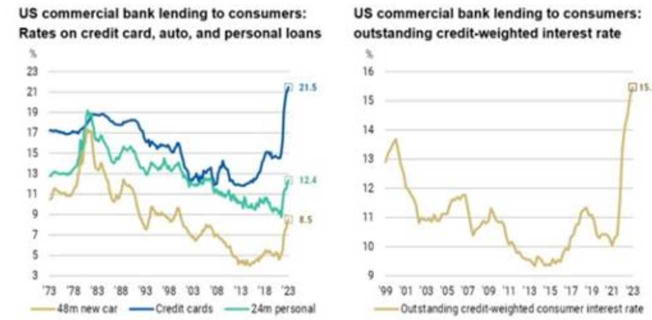


Source: AlphaSense, Morgan Stanley Research. Universe for "AI" series is mega cap US tech companies with market caps greater than $30B that discussed "AI" on Q1 '23 earnings calls.

We are pleased to see positive earnings growth so far although forward guidance has been cautious as the economy slows back to trend.

The positive results and long-term tailwinds of some of the largest index components have explained why the index has been able to reach new highs. Meanwhile, the current mix of loose fiscal and tight monetary policy has widened the gap between the haves and the have nots. Higher rates are having a greater negative impact on interest rate-sensitive businesses and on lower and middle income consumers.

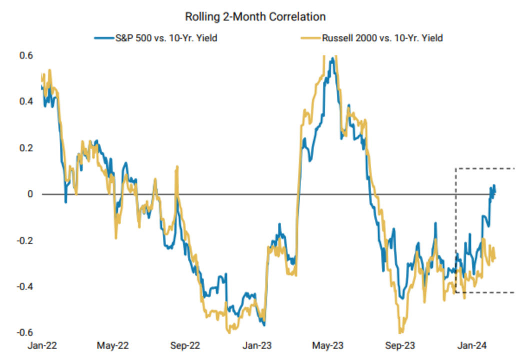
Exhibit 3: ...As Borrowing Costs Are Rising Rapidly



Source: Morgan Stanley Research

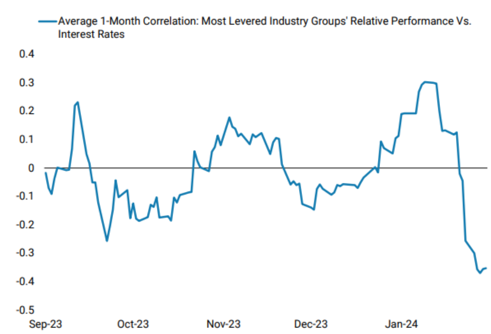
Dispersion among individual stocks, even intra-sector, has also remained high. The market has been putting a premium on quality, with low leverage companies and larger caps outperforming high leverage companies and small caps.

Exhibit 1: Small Caps Exhibiting Greater Interest Rate Sensitivity Than Large Caps



Source: Bloomberg, Morgan Stanley Research.

Exhibit 2: Industry Groups with Higher Leverage Are Also Exhibiting Greater Rate Sensitivity



Source: FactSet, Morgan Stanley Research.

We continue to advocate for active stock picking among high quality, low debt companies with strong pricing power and operational efficiencies. While some of the largest index names have shown they deserve their praise, we remind investors to be mindful of overconcentration risks in addition to

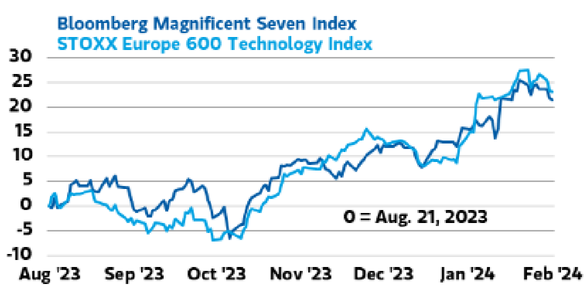
3 US Equity Strategy; Leveraging AI to Drive Efficiency.

potential opportunities beneath the surface. At large, the software sector has cited an increase in order books while several consumer staple companies have seen volumes decline after pushing higher prices. Healthcare has been another area with wide dispersion and opportunity for stock picking. Weight loss drug manufacturers have continued to benefit from high demand for their products while managed care stocks have sold off on higher medical costs. In addition to idiosyncratic opportunities in US markets, we also see opportunities for stock picking overseas.

International & EM

Historically, weak macro data hasn't always translated into weak market performance. That has held true globally. Both Europe and Japan have seen their indices hit new highs and advance this year. While we do not advocate for buying index exposure, it is worth noting that so far this year, 32 of the top 50 best performing companies are internationally listed. Even last year, 17 of the top 50 companies were international.[4] Companies in Europe and Japan derive a high percentage of their revenues from abroad. Therefore, they have benefitted from higher end-consumer prices. We prefer active management for overseas exposure to take advantage of these opportunities. Like their US counterparts, international companies have a lot of exposure to long-term structural trends including artificial intelligence via semiconductor related companies in North Asia and Europe, GLP-1 drugs through pharmaceutical companies in Europe, and the growth of the EM middle class outside of China via leading luxury companies in Europe.

European Tech Has Kept Pace With US Big Tech



Source: Bloomberg as of Feb. 21, 2024

4 JP Morgan Global Markets Strategist Insights; 02/23/2024

Inflation has moderated in Europe and we see a much more clear path for rate cuts. Japan has finally pulled away from its negative-rate regime, showing the Bank of Japan's confidence that the country has emerged from deflation. New proposed regulations have motivated companies to focus more on shareholder returns. Share buybacks are growing and are becoming a meaningful component of stock performance in Japan. Despite the wars in Europe and the Middle East and ongoing tensions with China, we remind investors that good stock picking opportunities exist beyond the macro overcast. We continue to shy away from China as corporate profits have lagged emerging markets at large. China faces lower consumer spending in the wake of real estate company China Evergrande Group's liquidation. Export struggles and investor bearishness have also impacted flows and asset price levels.

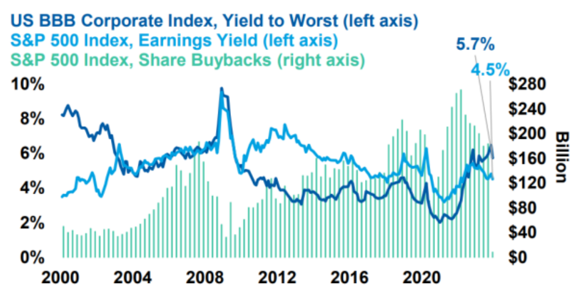
Fixed Income & Rates

As expected, the Federal Reserve left rates unchanged and continued to expect three rate cuts this year. Inflation has been erratic and unpredictable although it has been trending down. Furthermore, the Fed also signaled that it is nearing a decision on slowing the pace of its balance sheet run-off. So far, the Fed's quantitative tightening (QT) program hasn't tightened liquidity conditions as reserves are higher than when the Fed started the program. The Fed will likely continue to reduce the size of its asset holdings throughout the year and into 2025. We therefore continue to advise against loading up on long duration bonds. Our economists forecast continued declines in the balance sheets of the Federal Reserve, European Central Bank, Bank of England and Bank of Japan. That means central banks will be selling, adding to the supply of bonds, which would prevent any drastic fall in rates. We maintain a preference for floating rate and shorter duration assets for now where yields remain attractive. While defaults have remained low, we become increasingly cautious around credit quality amid earnings pressures for cyclical industries as well as generally tight credit spreads. We believe that the result may be a range-bound Treasury market with potential for a bond rally later in the year if inflation begins to moderate more sustainably. In a higher for longer environement, a focus on a company's cost of capital becomes increasignly critical.

Alternatives

Fund managers have relied more on strategic buyers as a means of exiting positions in portfolio companies while M&A (mergers and acquisitions) activity as well as IPO activity (initial public offerings) remain muted. Middle market companies benefitted from this theme as their lower leverage made them easier to integrate. More managers have cited opportunities in corporate carve outs and divestitures as businesses began to focus more on their core competencies and sell non-core assets to raise cash in a tougher macro environment. Fundraising became difficult for many managers, opening the door to more co-investment opportunities. Managers with dry powder and experience across sectors have been well positioned as others relied on them for extra capital in order to close deals. Tighter lending conditions have forced buyers to use less debt to make financing deals more feasible. In the current environment, growth equity deals have become more prevalent given that they are typically all-equity deals. Going forward, we see more opportunities in private equity and secondaries as the cost of public equity is much lower than the cost of both public and private debt. This is likely to force more volume in both the IPO and M&A markets.

Balance Sheet Restructuring Is Coming… Equity Is Cheaper Than Debt



Source: Morgan Stanley & Co. Research, Bloomberg as of December 8, 2023

Past performance is no guarantee of future results. Estimates of future performance are based on assumptions that may not be realized. This material is not a solicitation of any offer to buy or sell any security or other financial instrument or to participate in any trading strategy. Please refer to important information, disclosures and qualifications at the end of this material.

As limited partners have seen a pickup in capital calls, they have put more pressure on general partners to return cash to them more quickly. These GPs have sold assets in the secondary markets at discounts in order to do so, providing an attractive backdrop.

Direct lending funds continued to benefit from higher rates and taking market share away from traditional banks, which are lending less. While private equity deal activity, which is the primary engine for private credit origination, remains relatively muted, the shift away from the syndicated market to private direct lending continues to play a role. In comparison to the syndicated loan market, the private credit market benefits from improved covenant protection and larger equity buffers which can contribute to greater alignment between private equity sponsors and private lenders during restructurings. As the direct lending space has grown, we look for larger managers with scale, experience across various credit cycles, and competitive advantages in deal sourcing.

We also see opportunities in infrastructure focused on essential assets with stable income that have historically been less correlated to macroeconomic conditions.

As uncertainty is on the rise, we remind eligible investors that such tools are available to help mitigate risk and diversify portfolios.

To Sum Up

Fiscal stimulus has supported better than expected economic data, keeping the Fed on hold for longer. We remain in an environment of accommodative liquidity provided by the reverse repo facility that has helped finance our ever-growing budget deficit. We continue to have strong consumer spending and a healthy labor market. Corporate profit growth is turning positive yet dispersion in results remains elevated. We are more cautious on economically sensitive areas of the market. Companies that have responded to the uncertain macro backdrop through expense discipline and tactical investments to improve productivity are likely to outperform. Factors that we will be watching include fading fiscal stimulus, impacts from rising geopolitical tension, and increased volatility around the 2024 election.

Hot Topic
After 40 years, Jeffrey Winik, one of the founding members of the Harbor Group, will be retiring. We would like to congratulate him on a great career and wish him all the best!

Honors
The Harbor Group is proud to have been named #3 on the **Forbes Best-In-State Wealth Management Teams** list for 2024! John Vessa was also recognized as **Barron's Top 1,200 Financial Advisors: State-by-State** 2024. It's an honor to be recognized among this group of outstanding Financial Advisors. A special thank you to our clients who helped to make this possible!

Source: Forbes.com (Awarded Jan 2024) Data compiled by SHOOK Research LLC based for the period from 3/31/22–3/31/23.

Source: Source: Barron's.com (Awarded Mar 2024) Data compiled by Barron's based on time period from Sept 2022 - Sept 2023.

See criteria and methodology at the end of the material.

Awards Disclosures

THE HARBOR GROUP
at MORGAN STANLEY

John Vessa, CIMA®, CFP®
Managing Director, Wealth Management
Family Wealth Director
Financial Advisor
212-603-6293
John.vessa@morganstanley.com
NMLS: 1270033

Jeffrey Winik, CFP®
Managing Director, Wealth Management
Family Wealth Director
Financial Advisor
212-603-6294
Jeffrey.winik@morganstanley.com
NMLS: 125530

Jeffrey Di Napoli, CFP®, CRPS®
Executive Director, Wealth Management
Financial Advisor
212-603-6290
Jeffrey.dinapoli@morganstanley.com
NMLS: 1268401

Corey Fleisher
Vice President, Wealth Management
Financial Advisor
212-603-6205
Corey.s.fleisher@morganstanley.com
NMLS: 1724239

Richard Frank
Financial Advisor
212-603-6231
Richard.frank@morganstanley.com
NMLS #: 1913313

Fitzroy Whyte
Financial Planning Specialist, Wealth Management
Financial Advisor
212 296-6398
Fitzroy.Whyte@morganstanley.com

522 Fifth Avenue, 11th Floor,
New York, NY 10036

fa.morganstanley.com/harborgroup

Disclaimers

The sole purpose of this material is to inform, and it in no way is intended to be an offer or solicitation to purchase or sell any security, other investment or service, or to attract any funds or deposits. Investments mentioned may not be appropriate for all clients. Any product discussed herein may be purchased only after a client has carefully reviewed the offering memorandum and executed the subscription documents. Morgan Stanley Wealth Management has not considered the actual or desired investment objectives, goals, strategies, guidelines, or factual circumstances of any investor in any fund(s). Before making any investment, each investor should carefully consider the risks associated with the investment, as discussed in the applicable offering memorandum, and make a determination based upon their own particular circumstances, that the investment is consistent with their investment objectives and risk tolerance.

Alternative investments often are speculative and include a high degree of risk. Investors could lose all or a substantial amount of their investment. Alternative investments are appropriate only for eligible, long-term investors who are willing to forgo liquidity and put capital at risk for an indefinite period of time. They may be highly illiquid and can engage in leverage and other speculative practices that may increase the volatility and risk of loss. Alternative Investments typically have higher fees than traditional investments. Investors should carefully review and consider potential risks before investing.

Past performance is no guarantee of future results. Actual results may vary. Diversification does not assure a profit or protect against loss in a declining market.

Alternative investments involve complex tax structures, tax inefficient investing, and delays in distributing important tax information. Individual funds have specific risks related to their investment programs that will vary from fund to fund. Clients should consult their own tax and legal advisors as Morgan Stanley Wealth Management does not provide tax or legal advice.

Interests in alternative investment products are offered pursuant to the terms of the applicable offering memorandum, are distributed by Morgan Stanley Smith Barney LLC and certain of its affiliates, and (1) are not FDIC-insured, (2) are not deposits or other obligations of Morgan Stanley or any of its affiliates, (3) are not guaranteed by Morgan Stanley and its affiliates, and (4) involve investment risks, including possible loss of principal. Morgan Stanley Smith Barney LLC is a registered broker-dealer, not a bank.

Actual results may vary and past performance is no guarantee of future results.

Private equity funds typically invest in securities, instruments, and assets that are not, and are not expected to become, publicly traded and therefore may require a substantial length of time to realize a return or fully liquidate. They typically have high management, performance and placement fees which can lower the returns achieved by investors. They are often speculative and include a high degree of risk. Investors can lose all or a substantial amount of their investment.

They may be highly illiquid with significant lock-up periods and no secondary market, can engage in leverage and other speculative practices that may increase volatility and the risk of loss, and may be subject to large investment minimums.

An investment in Structured Investments is subject to significant risks and may not be appropriate for all investors. These risks can include, but are not limited, to: fluctuations in the price, level or yield of underlying asset(s), interest rates, currency values and credit quality; substantial loss of principal; limits on participation in appreciation of underlying asset(s); limited liquidity; credit risk of the issuer; and, conflicts of interest.

The views expressed herein are those of the author and do not necessarily reflect the views of Morgan Stanley Wealth Management or its affiliates. All opinions are subject to change without notice. Neither the information provided nor any opinion expressed constitutes a solicitation for the purchase or sale of any security. Past performance is no guarantee of future results.

The investments listed may not be appropriate for all investors. Morgan Stanley Smith Barney LLC recommends that investors independently evaluate particular investments, and encourages investors to seek the advice of a financial advisor. The appropriateness of a particular investment will depend upon an investor's individual circumstances and objectives.

Investing in commodities entails significant risks. Commodity prices may be affected by a variety of factors at any time, including but not limited to, (i) changes in supply and demand relationships, (ii) governmental programs and policies, (iii) national and international political and economic events, war and terrorist events, (iv) changes in interest and exchange rates, (v) trading activities in commodities and related contracts, (vi) pestilence, technological change and weather, and (vii) the price volatility of a commodity. In addition, the commodities markets are subject to temporary distortions or other disruptions due to various factors, including lack of liquidity, participation of speculators and government intervention.

International investing may not be appropriate for every investor and is subject to additional risks, including currency fluctuations, political factors, withholding, lack of liquidity, the absence of adequate financial information, and exchange control restrictions impacting foreign issuers. These risks may be magnified in emerging markets.

The interest rate on a floating-rate security may be lower than that of a fixed-rate security of the same maturity. The reference rate could be an index or an interest rate. There can be no assurance that the reference rate will increase. The interest rate is subject to change and the projected yield to maturity at purchase may or may not be realized due to changes in the reference rate. Some floating rate securities specify rate minimums (floors) and maximums (caps). Some floating-rate securities may be subject to call risk.

Duration, the most commonly used measure of bond risk, quantifies the effect of changes in interest rates on the price of a bond or bond portfolio. The longer the duration, the more sensitive the bond or portfolio would be to changes in interest rates. Generally, if interest rates rise, bond prices fall and vice versa. Longer-term bonds carry a longer or higher duration than shorter-term bonds; as such, they would be affected by changing interest rates for a greater period of time if interest rates were to increase. Consequently, the price of a long-term bond would drop significantly as compared to the price of a short-term bond.

This material contains forward looking statements and there can be no guarantees they will come to pass. The information and statistical data contained herein have been obtained from sources believed to be reliable but in no way are guaranteed by Morgan Stanley as to accuracy or completeness. There is no guarantee that the investments mentioned will be in each client's portfolio.

Technical analysis is the study of past price and volume trends of a security in an attempt to predict the security's future price and volume trends. Its limitations include but are not limited to: the lack of fundamental analysis of a security's financial condition, lack of analysis of macroeconomic trend forecasts, the bias of the technician's view and the possibility that past participants were not entirely rational in their past purchases or sales of the security being analyzed. Investors using technical analysis should consider these limitations prior to making an investment decision.

Equity securities may fluctuate in response to news on companies, industries, market conditions and the general economic environment. Companies cannot assure or guarantee a certain rate of return or dividend yield; they can increase, decrease or totally eliminate their dividends without notice.

Because of their narrow focus, sector investments tend to be more volatile than investments that diversify across many sectors and companies.

Growth investing does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be riskier than an investment in a company with more modest growth expectations.

Value investing does not guarantee a profit or eliminate risk. Not all companies whose stocks are considered to be value stocks are able to turn their business around or successfully employ corrective strategies which would result in stock prices that do not rise as initially expected.

When Morgan Stanley Smith Barney LLC, its affiliates and Morgan Stanley Financial Advisors and Private Wealth Advisors (collectively, "Morgan Stanley") provide "investment advice" regarding a retirement or welfare benefit plan account, an individual retirement account or a Coverdell education savings account ("Retirement Account"), Morgan Stanley is a "fiduciary" as those terms are defined under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and/or the Internal Revenue Code of 1986 (the "Code"), as applicable. When Morgan Stanley provides investment education, takes orders on an unsolicited basis or otherwise does not provide "investment advice", Morgan Stanley will not be considered a "fiduciary" under ERISA and/or the Code. For more information regarding Morgan Stanley's role with respect to a Retirement Account, please visit www.morganstanley.com/disclosures/dol. Tax laws are complex and subject to change. Morgan Stanley does not provide tax or legal advice. Individuals are encouraged to consult their tax and legal advisors (a) before establishing a Retirement Account, and (b) regarding any potential tax, ERISA and related consequences of any investments or other transactions made with respect to a Retirement Account.

Indices are unmanaged. An investor cannot invest directly in an index.

For index, indicator and survey definitions referenced in this report please visit the following: https://www.morganstanley.com/wealth-investmentsolutions/wmir-definitions

Interest on municipal bonds is generally exempt from federal income tax. However, some bonds may be subject to the alternative minimum tax (AMT). Typically, state tax-exemption applies if securities are issued within one's state of residence and, local tax-exemption typically applies if securities are issued within one's city of residence. The tax-exempt status of municipal securities may be changed by legislative process, which could affect their value and marketability.

Bonds are affected by a number of risks, including fluctuations in interest rates, credit risk and prepayment risk. In general, as prevailing interest rates rise, fixed income securities prices will fall. Bonds face credit risk if a decline in an issuer's credit rating, or creditworthiness, causes a bond's price to decline. Finally, bonds can be subject to prepayment risk. When interest rates fall, an issuer may choose to borrow money at a lower interest rate, while paying off its previously issued bonds. As a consequence, underlying bonds will lose the interest payments from the investment and will be forced to reinvest in a market where prevailing interest rates are lower than when the initial investment was made. NOTE: High yield bonds are subject to additional risks such as increased risk of default and greater volatility because of the lower credit quality of the issues.

Real estate investments are subject to special risks, including interest rate and property value fluctuations, as well as risks related to general and economic conditions.

Risks of private real estate include: illiquidity; a long-term investment horizon with a limited or nonexistent secondary market; lack of transparency; volatility (risk of loss); and leverage.

Investors should carefully consider the investment objectives and risks as well as charges and expenses of a mutual fund before investing. To obtain a prospectus, contact your Financial Advisor or visit the fund company's website. The prospectus contains this and other important information about the mutual fund. Read the prospectus carefully before investing.

Treasury and Government Money Market: You could lose money by investing in the Fund. Although the Fund seeks to preserve your investment at $1.00 per share, it cannot guarantee it will do so. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund’s sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.

You could lose money by investing in a Money Market Fund. Because the share price of the Fund will fluctuate, when you sell your shares they may be worth more or less than what you originally paid for them. The Fund may impose a fee upon sale of your shares or may temporarily suspend your ability to sell shares if the Fund’s liquidity falls below required minimums because of market conditions or other factors. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund’s sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.

Asset Allocation, Diversification and Rebalancing do not protect against a loss in declining financial markets. There may be a potential tax implication with a rebalancing strategy. Investors should consult with their tax advisor before implementing such a strategy.

CDs are insured by the FDIC, an independent agency of the U.S. Government, up to a maximum of $250,000 (including principal and accrued interest) for all deposits held in the same insurable capacity (e.g. individual account, joint account, IRA etc.) per CD depository. Investors are responsible for monitoring the total amount held with each CD depository. All deposits at a single depository held in the same insurable capacity will be aggregated for the purposes of the applicable FDIC insurance limit, including deposits (such as bank accounts) maintained directly with the depository and CDs of the depository. For more information visit the FDIC website at www.fdic.gov.

Morgan Stanley Smith Barney LLC is a registered Broker/Dealer, Member SIPC, and not a bank. Where appropriate, Morgan Stanley Smith Barney LLC has entered into arrangements with banks and other third parties to assist in offering certain banking related products and services.

Investment, insurance and annuity products offered through Morgan Stanley Smith Barney LLC are: NOT FDIC INSURED | MAY LOSE VALUE | NOT BANK GUARANTEED | NOT A BANK DEPOSIT | NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY

2024 Forbes Best-In-State Wealth Management Teams
Source: Forbes.com (Jan 2024) 2024 Forbes Best-In-State Wealth Management Teams ranking awarded in 2024. This ranking was determined based on an evaluation process conducted by SHOOK Research LLC (the research company) in partnership with Forbes (the publisher) for the period from 3/31/22–3/31/23. Neither Morgan Stanley Smith Barney LLC nor its Financial Advisors or Private Wealth Advisors paid a fee to SHOOK Research LLC, for placement on its rankings. This ranking is based on in-person and telephone due diligence meetings to evaluate each Financial Advisor qualitatively, a major component of a ranking algorithm that includes client retention, industry experience, review of compliance records, firm nominations, and quantitative criteria, including assets under management and revenue generated for their firms. Investment performance is not a criterion. Rankings are based on the opinions of SHOOK Research LLC, and may not be representative of any one client's experience; investors must carefully choose the right Financial Advisor or team for their own situation and perform their own due diligence. This ranking is not indicative of the Financial Advisor's future performance. Morgan Stanley Smith Barney LLC is not affiliated with SHOOK Research LLC or Forbes. For more information, see www.SHOOKresearch.com.

2024 Barron's Top 1,200 Financial Advisors: State-by-State
Source: Barron's (March 2024) Barron's Top 1,200 Financial Advisors: State-by-State ranking awarded in 2024. This ranking was determined based on an evaluation process conducted by Barron's for the period from Oct 2022-Sept 2023. Neither Morgan Stanley Smith Barney LLC nor its Financial Advisors or Private Wealth Advisors paid a fee to Barron's to obtain or use the ranking. This ranking is based on an algorithm that includes client retention, industry experience, review of compliance records, firm nominations, and quantitative criteria, including assets under management and revenue generated for their firms. Investment performance is not a criterion. Rankings are based on the assessment of Barron's and may not be representative of any one client's experience. This ranking is not indicative of the Financial Advisor's future performance. Morgan Stanley Smith Barney LLC is not affiliated with Barron's.

CRC # 6521125 04//2024

Morgan Stanley