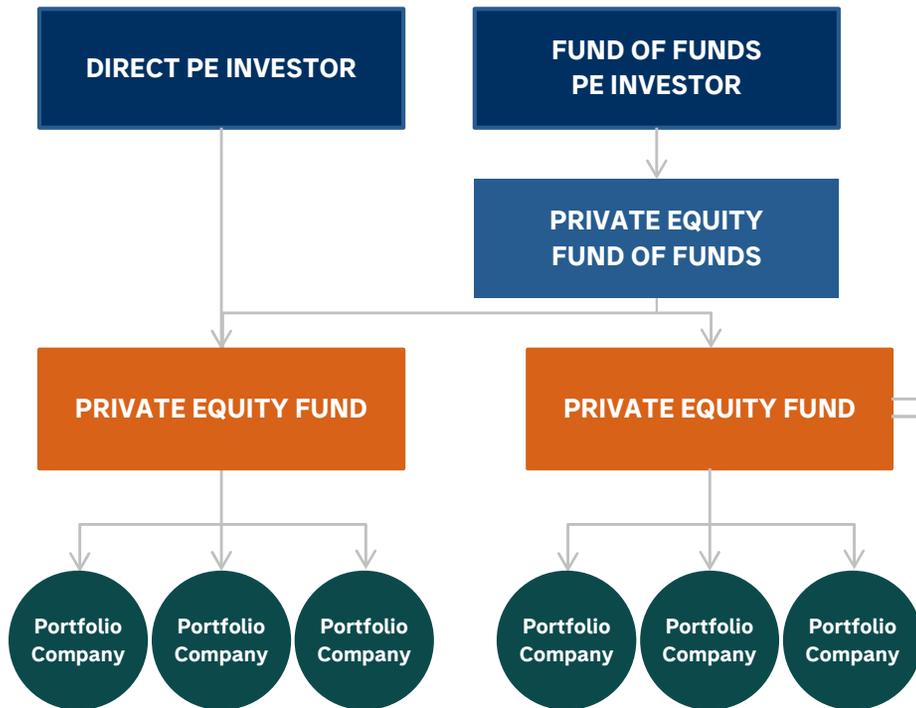


What is Private Equity?

With investment opportunities, generally in privately held companies, that are not available through traditional public markets, private equity may offer both attractive long-term return potential and the opportunity for diversification through historically low correlation to traditional strategies.

DIRECT FUNDS VS. FUND OF FUNDS



MEANS OF PRIVATE EQUITY ACCESS

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PRIMARY FUNDS
Private equity funds are typically based on a ‘GP-LP’ structure, whereby investors (the limited partners, or LPs) commit funds to the private equity fund (the general partner, or GP). The GP pools LP commitments and draws down capital to invest in underlying assets. Once the investments are realized, capital distributions are made back to the LPs.

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SECONDARY FUNDS
Secondary transactions refer to the buying and selling of pre-existing limited partnership interests in private equity funds. The purchasing of secondary fund interests provides several benefits to investors, including mitigation of the J-curve and manager diversification.

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CO-INVESTMENTS
Invest alongside GPs in individual deals which are typically offered to larger existing LPs in the fund. Co-investments are increasingly prevalent in the current market environment where investors see the benefit of investing in single direct deals.

Source: Morgan Stanley Wealth Management GIMA. Note: These investments are only appropriate for long-term investors willing to forgo liquidity and put capital at risk for an indefinite time. Since direct private equity and fund of funds invest over multiple years, vintage year diversification is achieved. Vintage year is defined as the first year that a private equity fund draws down or "calls" committed capital. Private equity valuations are generally estimates until there is a realization event.

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.

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.