WEALTH MANAGEMENT

Understanding Opportunity Zones

Morgan Stanley

Opportunity Zones

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What Are Opportunity Zones?

Designed to Encourage Growth and Job Creation in Areas Designated as Economically Distressed, Qualified Opportunity Zones ("QOZs") May Offer Investors Exposure to Potentially Attractive Real Estate Returns, Notable Federal Income Tax Benefits, and Meaningful Community and Social Impact.

REAL ESTATE RETURNS

Seek to provide long-term capital appreciation and risk-adjusted returns through tax-advantaged investments in QOZ projects that are positioned to capitalize on long-term fundamental growth:

- May provide regular quarterly distributions of current income once properties are stabilized
- May realize long-term capital appreciation in the value of investments
- Manage risks through rigorous due diligence to help preserve invested capital

TAX ADVANTAGES

Designed to incentivize investment with tax benefits, QOZs usually offer deferred or reduced federal income taxes on capital gains. In general, the longer an investor holds their qualified investment, the potentially smaller the tax burden:

- Defer recognized capital gains by reinvesting in a QOZ within 180 days of sale
  - Investments made by December 31, 2026, are eligible for deferral through that date
  - Post-2026 investments have a five-year deferral from the investment date
- Potential exclusion of capital gains on a QOZ investment when held for 10 years or longer [(1)]

SOCIAL IMPACT

Opportunity zones are designated by each state as economically distressed communities:

- Opportunity to invest in underfunded, low-income and distressed communities
- 8,700+ QOZs exist across all 50 states, DC and five territories [(2)]
  - New zone designations are refreshed every 10 years under the One Big Beautiful Bill Act (OBBBA); a new map takes effect January 1, 2027
- Must make "substantial improvements" to properties within 30 months after the property is acquired
- Includes multifamily affordable housing, office, senior housing, medical facilities
- Certain businesses are ineligible (e.g., golf courses, country clubs, gambling facilities)

1. This exclusion applies to federal tax and deferral of state tax subject to state tax laws.
2. As identified by Internal Revenue Service April 2022; 8,700+ low-income communities have been designated as Opportunity Zones.

Original QOZ Program Rules and Benefits

For Investments Made by December 31, 2026.

Investors may realize federal income tax benefits based on how long they hold the QOZ investment.

DEFERRAL

Investors can defer capital gains tax on appreciated assets if they reinvest those gains in a QOZ within 180 days after the sale:

- Investors may defer capital gains tax until either the date on which the QOZ investment is sold or December 31, 2026, whichever is earlier [1]
  - Investors must recognize the deferred gain on their 2026 tax return even if they do not sell
  - The 180-day period generally starts on the day the gain is realized (the sale date)

ELIMINATION

Federal income taxes on capital gains may be eliminated for investors who hold their QOZ investment for 10 years or longer and sell or exchange the investment within the applicable time frame: [2]

- In many cases, after 10 years the tax burden on appreciation within the QOZ investment is eliminated

1. For investments made after December 31, 2026, a rolling five-year deferral applies under OBBBA rules. See following slide.
2. The 10-year Opportunity Zone benefit for excluding tax on post-investment appreciation is subject to statutory timing limitations. In general, to claim the exclusion, an investor must sell or exchange, or otherwise dispose of, its Qualified Opportunity Fund (QOF) investment by the applicable deadline (commonly referenced as no later than December 31, 2047—i.e., before January 1, 2048) and make the applicable election. Investors should consult their tax advisors regarding eligibility and the application of any updated guidance.

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 MSWM does not provide tax or legal advice.

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Choosing a Qualified Opportunity Zone Fund

Not All Qualified Opportunity Zone (QOZ) Funds are Created Equal, as Market Dynamics, Real Estate Fundamentals and Manager Capabilities Differ. The Underlying Investment Opportunity is the Most Important Consideration, Followed By Tax and Other Potential Benefits.

QOZ REGULATIONS

QOZ funds are privately managed vehicles subject to specific investment and business-eligibility rules, including:

- QOZ funds, as privately managed investment vehicles organized as corporations or partnerships, are required to invest and hold at least 90% of their assets in a QOZ property
- Excludes businesses such as gambling facilities, liquor stores, golf courses and country clubs
- Unlike a 1031 exchange, QOZ reinvestment generally applies to eligible gains (not sale proceeds/principal) and does not require like-kind replacement property

ATTRACTIVE SUBMARKET OPPORTUNITIES

An experienced QOZ manager may generally focus its development efforts on neighborhoods with the following attributes:

- Robust household formation
- Positive employment outlook
- Transit-oriented and live/work/play neighborhoods
- Favorable population trends

Opportunities for Tax-Loss Selling

AS OF DECEMBER 31, 2024

- When global inflationary pressures prompted central banks to respond by tightening monetary policy off low interest rates, equities and bonds met new bear market lows in the Fall of 2022 and experienced the sharpest losses in decades by the end of the year. For example, **the traditional 60% stock/40% bond portfolio fell 16.1% through 2022**, the largest annual total return drawdown for the index since 2008. Diversified portfolios' drawdowns provided potential tax-loss selling opportunities across assets, including fixed income allocations.

- **Tax-loss harvesting** is a process that allows an investor to sell one asset with an unrealized capital loss while simultaneously purchasing a different asset - with generally similar objectives - to maintain market exposure, offset portfolio gains, and improve the tax efficiency of a client's taxable portfolio. This process can take place throughout the year.

- The main catalyst for tax-loss harvesting is to **maximize "tax alpha,"** or the difference between pretax and after-tax excess returns relative to an applicable benchmark. This also includes minimizing tax drag, or the reduction in an investor's returns due to the need to pay taxes on realized gains.

- **Wash-sale rules** cover situations when investors sell securities at a loss, including funds. The tax loss will not be valid if the investor acquired (or entered into a contract or option on) the same or substantially identical securities or funds 30 days before or after the sale that generated the loss. Investors undertaking such strategies should evaluate the tax implementations and consult a tax advisor.

- **Morgan Stanley Total Tax 365** provides active tax management solutions, tailored to help mitigate portfolio tax drag.

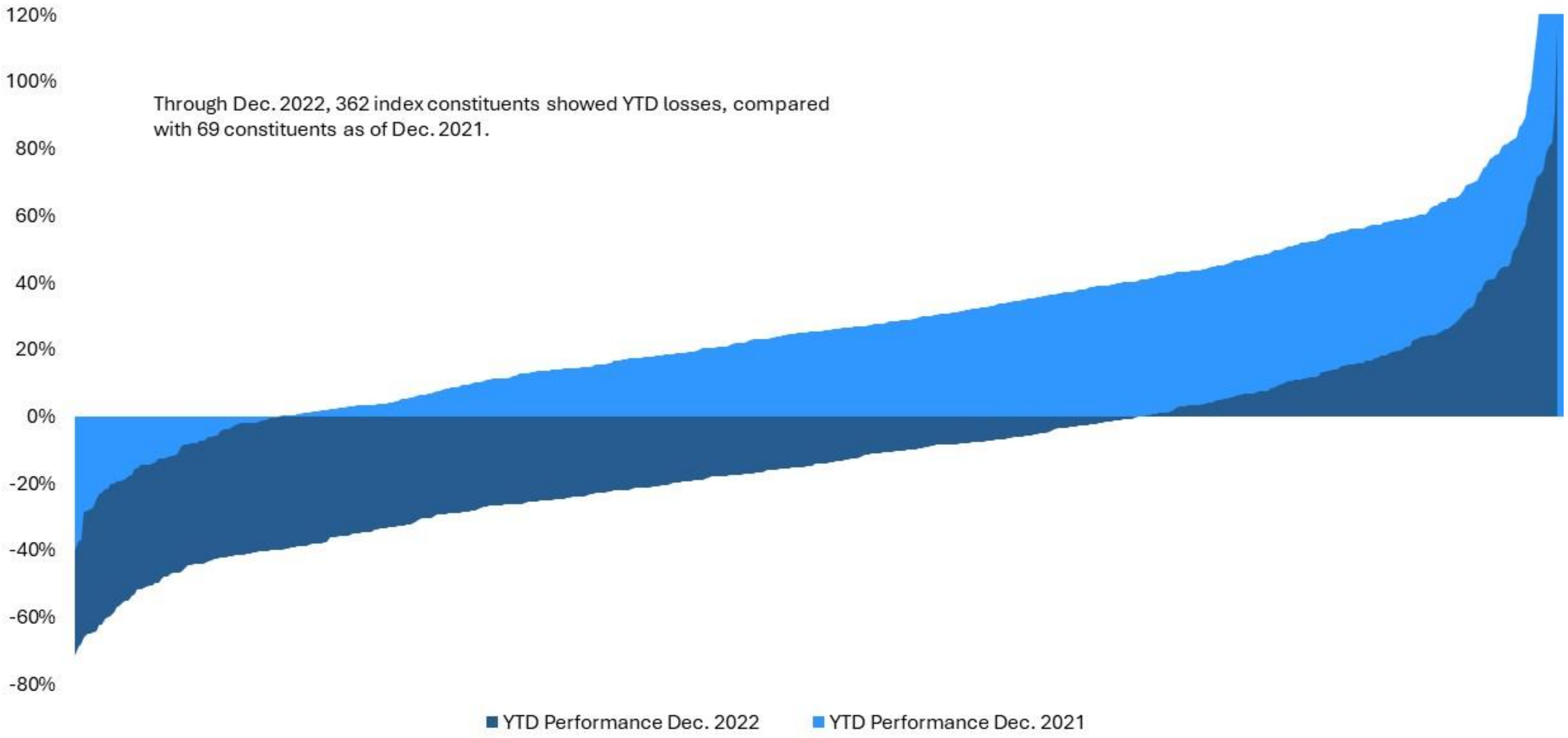
Source: Morgan Stanley Wealth Management GIO.

Opportunities for Tax-Loss Selling: Equities

An example of tax-loss selling opportunities in 2022

YEAR-TO-DATE PERFORMANCE S&P 500 CONSTITUENTS

AS OF DECEMBER 31, 2022



Source: Morgan Stanley Wealth Management GIO, Bloomberg.

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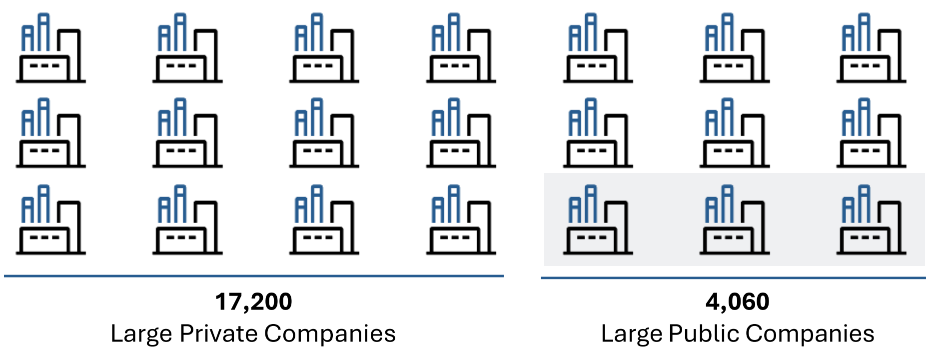
The Private Markets Opportunity

The Private Markets Landscape has Evolved into a Fast-Growing Source of Potential Investment Opportunities

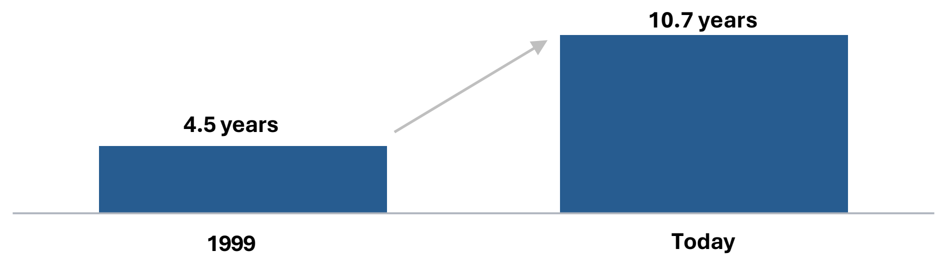
THERE ARE MORE LARGE PRIVATE COMPANIES [1]

While only 4,060 public companies have annual revenues greater than $100MM, there are 17,200 private businesses of that size



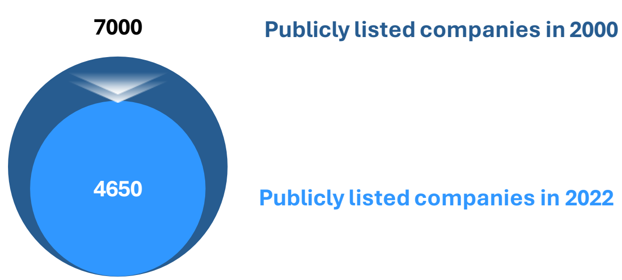
COMPANIES ARE STAYING PRIVATE LONGER

Over the past 25 years, the average time a company remains private before going Public has more than doubled, reaching to 10.7 years - with the value they create going to private shareholders. [2]



THE SIZE OF THE PUBLIC PIE IS SHRINKING [2]

At the beginning of 2000, there were ~7,000 publicly listed companies. By the end of 2020, there were just ~4,650. [3]



MORE VALUE CREATION IS OCCURRING WHILE COMPANIES ARE PRIVATE

As an example, Amazon and Netflix both went public more than 20 years ago, stayed private for five years or less, and created nearly all of their value in the public markets.

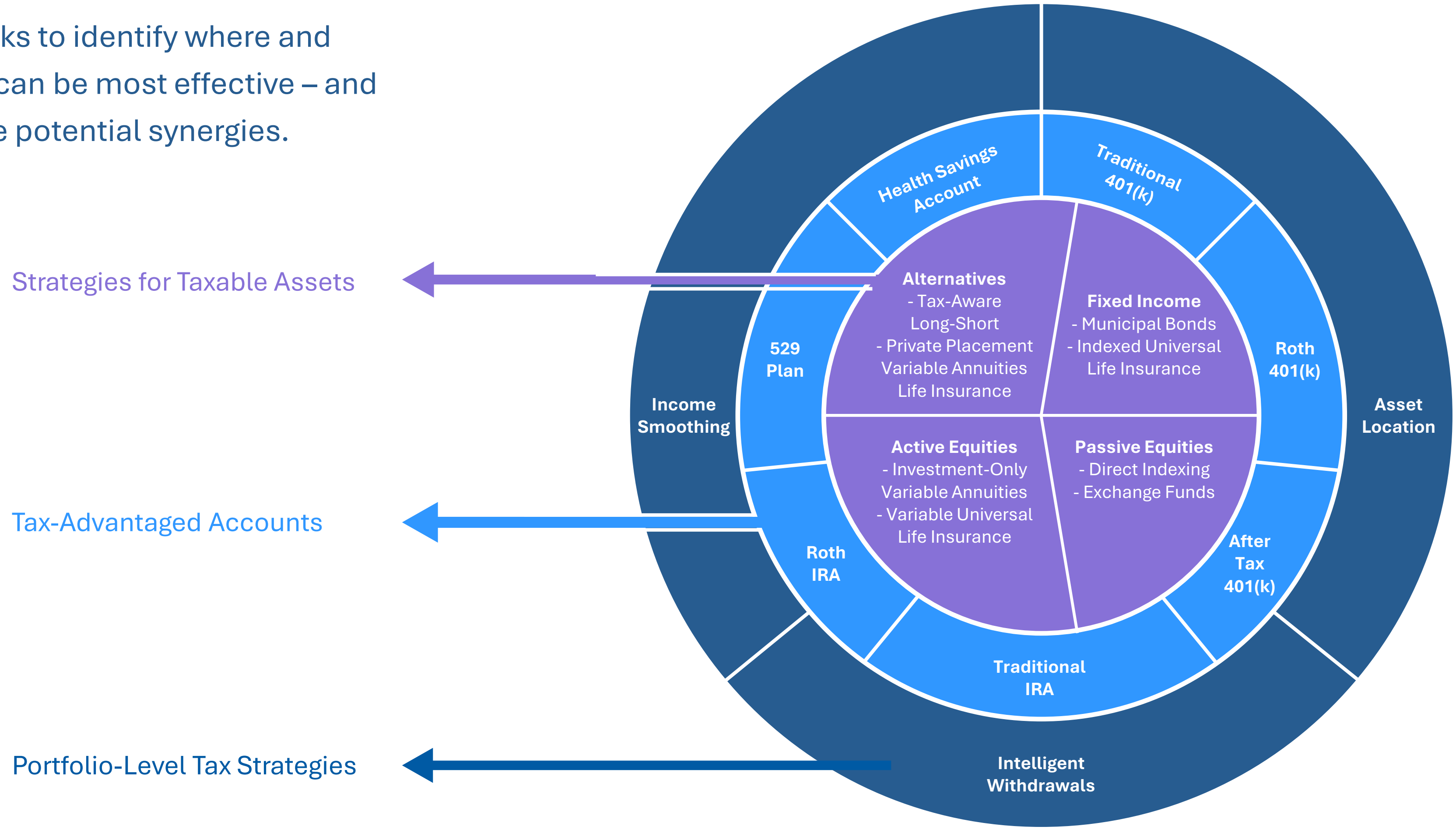
Public Markets	Private Markets
Amazon and Netflix	Spotify and Airbnb

AirBnB and Spotify, who went public more recently, stayed private for twelve years before going public and generated most of their value while private. [4]

1. Source: Capital IQ, Data as of December 2024.
2. Source: Morningstar, "Unicorns and the growth of private markets | Morningstar Indexes", 1/21/25.
3. Source: World Bank: Listed domestic companies, total - United States | Data, as of December 2022.
4. Source: Company filings and valuation as of 11/1/2024.

Identify Opportunities for Tax-Efficiency Across Three Levels

Our framework seeks to identify where and how each strategy can be most effective – and where there may be potential synergies.



Source: Morgan Stanley Wealth Management GIO. For additional details, see the November 2024 report titled "Preparing for the Next Tax Regime: Six Steps to a More Tax-Efficient Portfolio."
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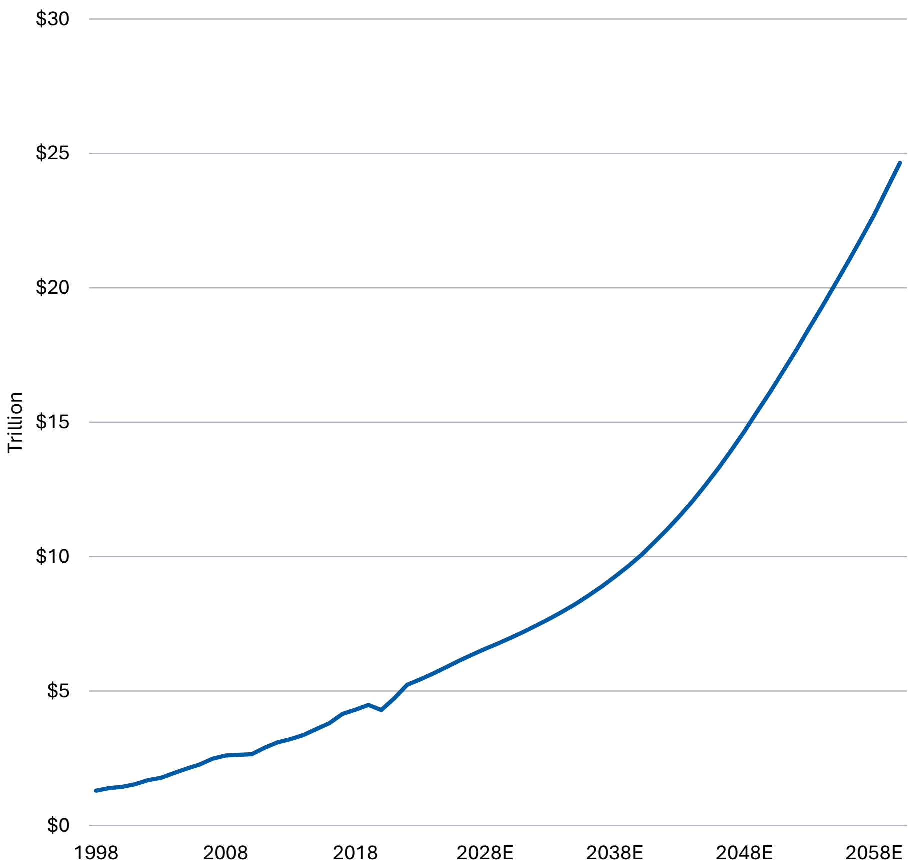
The Economic Opportunity

Over the past two decades, the 55+ age group has increased its share of total US consumer spending by 10 percentage points to 30%, where it will hover through 2050. In absolute dollar terms, 55+ spending is expected to rise from $5.4 trillion in 2023 to $16 trillion. We think the wealth effect from the aging population could drive 40% of overall consumer spending over next 20 years, or $517 billion per year.

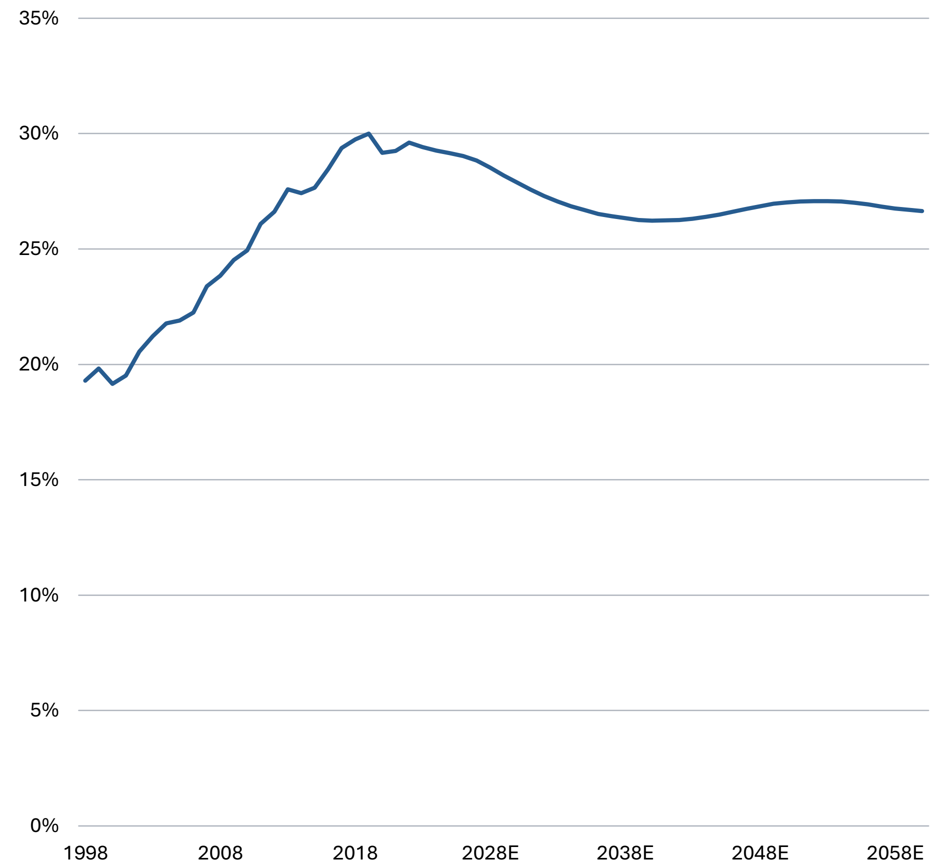
55+ SHARE OF TOTAL US SPENDING

AS OF APRIL 16, 2025



55+ SPENDING IN THE US

AS OF APRIL 16, 2025



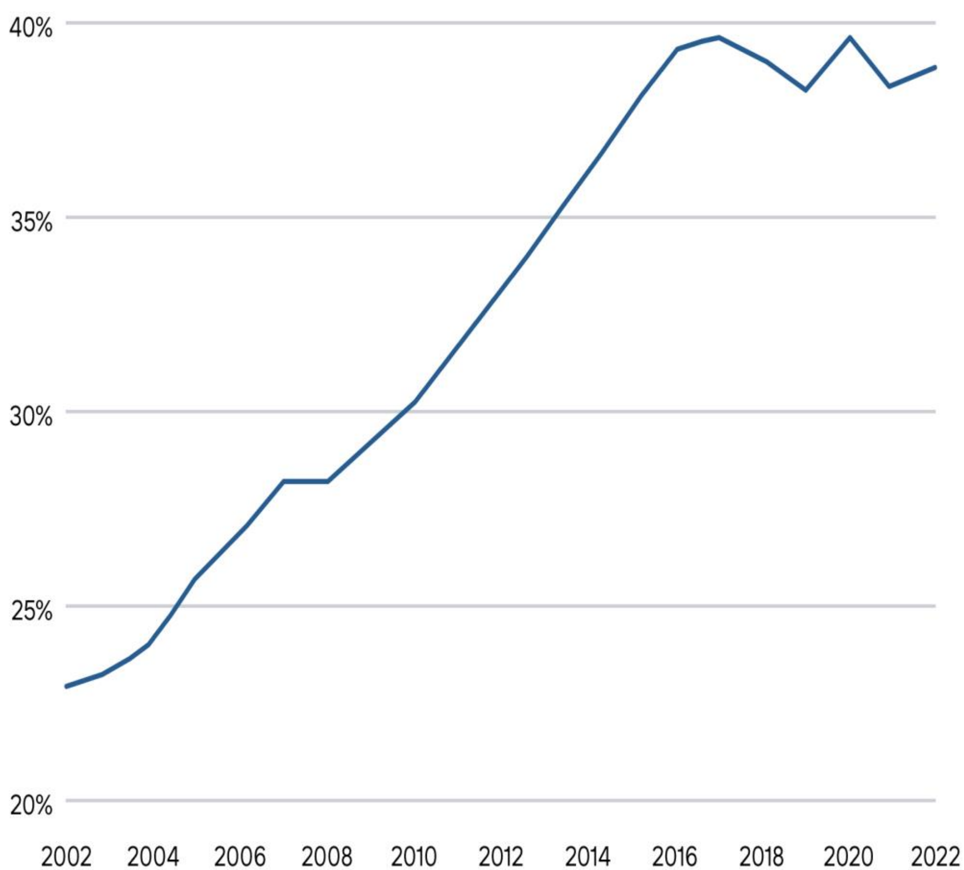
Source: Morgan Stanley Wealth Management GIO, Bureau of Labor Statistics, United Nations.

The Economic Opportunity

Japan, where 65-plus individuals make up 30% of the population and drive 40% of consumer spending, offers a glimpse into our global future. Increased sales of items like reading glasses and adult diapers reflect how markets adapt to an aging demographic.

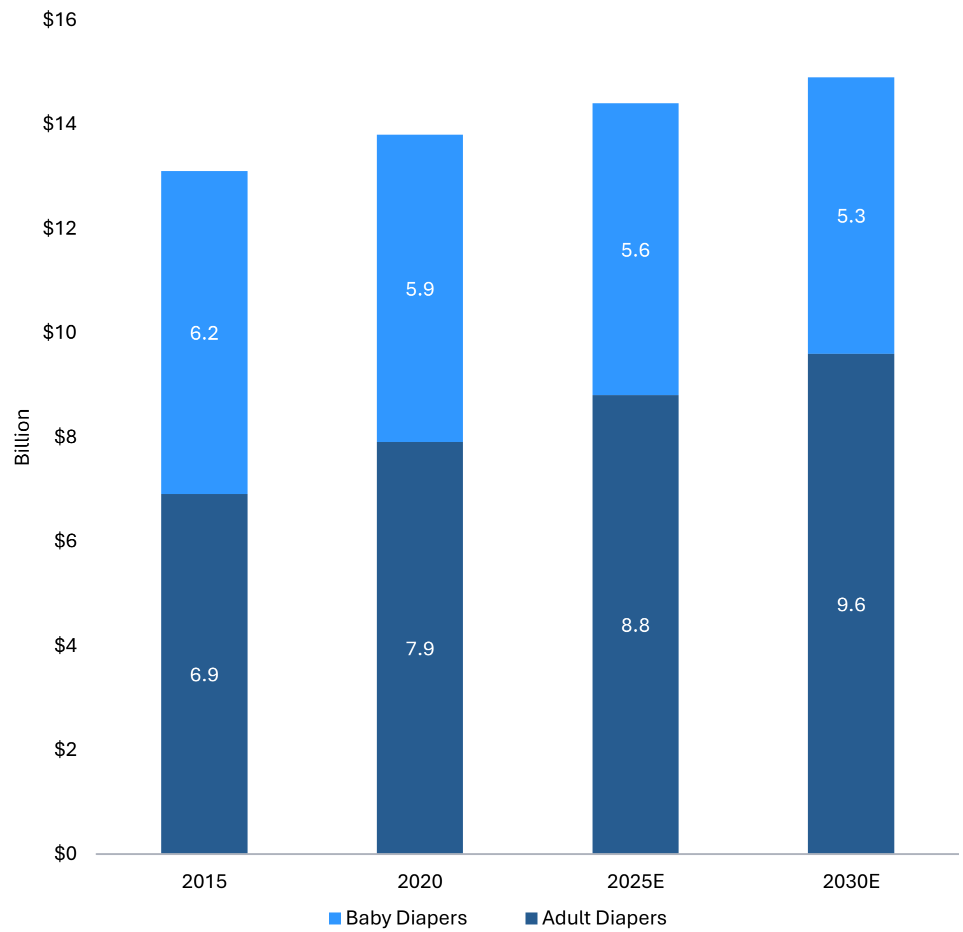
65+ POPULATION COHORT SHARE OF CONSUMPTION IN JAPAN

AS OF APRIL 16, 2025



SHARE OF JAPAN'S DIAPER MARKET

AS OF NOVEMBER 16, 2022



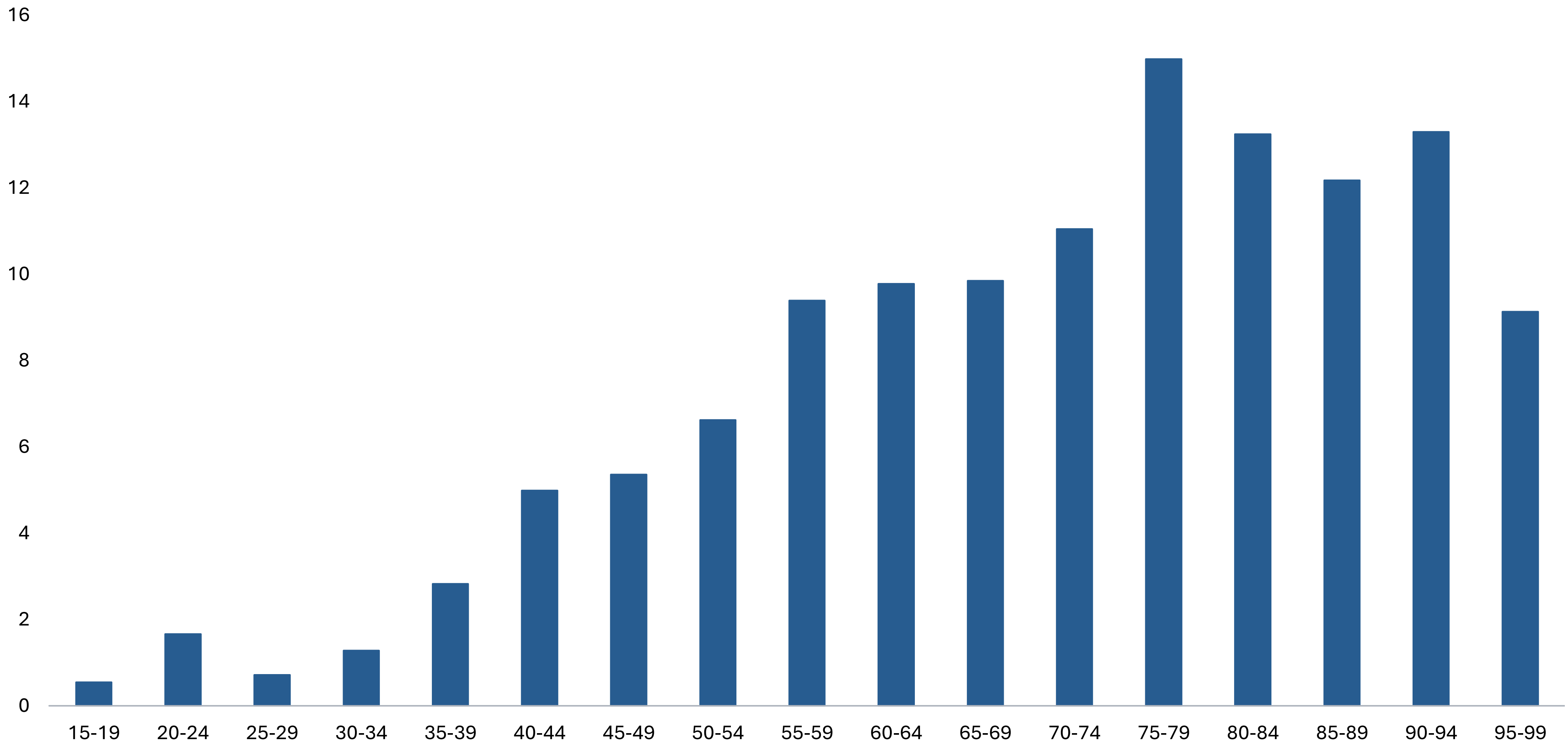
Source: Morgan Stanley Wealth Management GIO, Japan's Ministry of Internal Affairs and Communications, Unicharm.

The Economic Opportunity

We find wealth-to-income ratios by age peak at the 75-79 age range and then hold steady until 94. Applying a marginal propensity to consume out of wealth by age, we find that "Great Wealth Transfer" from the aging population could account for 2% of consumer spending, on average, each year through 2048, or for nearly 40% of dollars spent over the entire period of approximately 24 years.

US WEALTH-TO-INCOME RATIO

AS OF APRIL 16, 2025



Source: Morgan Stanley Wealth Management GIO, Bureau of Labor Statistics, Federal Reserve.

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A Holistic Ecosystem that Offers Several Programs for Clients

Co-Investments / Directs

BUY

CO-INVESTMENT / DIRECTS: MSPM – SELECT

- Client investment opportunities in private companies, either directly or alongside an asset manager, on which MSWM has completed due diligence and advisors can provide advice
- Clients have access to investment materials and data room
- Advisors may provide advice

BUY

CO-INVESTMENT / DIRECTS: MSPM - ACCESS

- Client investment opportunities that are referred by MSWM but have not been evaluated. Clients are responsible for doing their own diligence and are directly notified about new deals
- Clients must be enrolled in the program and will have access to additional deals beyond what is available in MSPM Select
- Advisors cannot provide advice

BUY

CO-INVESTMENT / DIRECTS: MSPM - PREMIER

- Client investment opportunities that are referred by MSWM but have not been evaluated. Advisors selectively identify opportunities to share with appropriate clients who are then responsible for doing their own diligence
- Clients must be enrolled in the program and will have access to additional deals beyond what is available in MSPM Select and MSPM Access
- Advisors cannot provide advice

And There Are Some Opportunities

S&P 500 SECTOR PERFORMANCE AND VALUATION

AS OF APRIL 2, 2026

	Return							
Index Name	One-Week	YTD	One-Year	Div. Yield	Beta	20-Year Avg. Forward P/E	Forward P/E	PEG Ratio
S&P 500	**3.4%**	**-3.8%**	**16.1%**	**1.2%**		**16.3x**	**19.8x**	**1.2**
Energy	-5.3%	32.5%	26.4%	2.6%	0.75	13.9x	17.1x	2.4
Materials	3.4%	10.6%	15.9%	1.7%	0.86	15.7x	19.1x	1.5
Industrials	2.9%	5.6%	23.1%	1.1%	0.94	16.9x	24.8x	2.5
Consumer Discretionary	2.7%	-9.9%	6.9%	0.7%	1.23	20.7x	25.5x	2.0
Consumer Staples	0.7%	7.1%	3.7%	2.4%	0.26	17.9x	22.0x	2.5
Health Care	2.4%	-5.2%	1.7%	1.8%	0.54	15.1x	17.2x	1.8
Financials	3.6%	-9.5%	-1.3%	1.6%	0.89	13.0x	14.4x	2.3
Information Technology	4.6%	-7.6%	28.8%	0.5%	1.39	18.7x	21.2x	1.8
Telecommunication Services	6.4%	-5.7%	32.3%	0.6%	1.01	15.9x	20.3x	2.9
Utilities	1.6%	8.6%	16.7%	2.6%	0.41	16.1x	18.9x	1.8
Real Estate	3.8%	3.8%	0.2%	3.5%	0.52	16.4x	17.5x	1.8

Source: Morgan Stanley Wealth Management GIO, Bloomberg, Factset

Geo-Politics Are Creating Opportunities in EM

LEVERAGE TO IRAN/US CEASE FIRE IS HIGHEST TO EM

Emerging markets are likely to benefit from the positive combination of rising economic growth and falling inflation.

- China's global trade surplus continues to grow robustly, and they are exporting deflation. They have made up 100% of the volume lost to US trading and tariffs.
- EM is benefitting from stronger currencies, especially against the US dollar, which is flattering purchasing power.
- EM is benefitting from the materials and commodities boom.
- Cheaper oil is substantial positive for India and China.

Tariffs are not likely to be a show-stopper in 2026.

- Supreme Court ruling will likely slow things as will mid-term election pressures.
- One-year China truce (after the elections).
- India probably emboldened by events.

EM will likely benefit from both China and US approaches to GenAI.

- China is open source and application specific; cheaper; lower power chips.
- US is energy intensive, with NVIDIA-centric architectures.

The new Monroe Doctrine creates opportunities for US dollar investors in Latin America: China will likely fill other voids.

EMERGING MARKETS FORWARD P/E RELATIVE TO S&P 500

AS OF APRIL 6, 2026

Source: Morgan Stanley Wealth Management GIO, Bloomberg

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EMERGING MARKETS FORWARD P/E RELATIVE TO S&P 500

AS OF FEBRUARY 10, 2026

Source: Morgan Stanley Wealth Management GIO, Bloomberg

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EMERGING MARKETS FORWARD P/E RELATIVE TO S&P 500

AS OF MARCH 9, 2026

Source: Morgan Stanley Wealth Management GIO, Bloomberg

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Investable Opportunity

The most compelling opportunities sit at the intersection of constraint and policy support.

AS OF APRIL 15, 2026

- **Grid and electrification enablers.** The electrical grid has become the quiet gatekeeper of much of the modern economy. Electrification trends and rapid growth of data infrastructure increase demand, while aging infrastructure and long equipment lead times constrain supply. Companies tied to grid equipment, power systems and related infrastructure can benefit from sustained demand.
- **Energy security and reliability.** In a system where disruptions can carry outsized economic consequences, maintaining stable supply becomes a strategic priority. Investments tied to dispatchable power, fuel logistics and reliability-enabling infrastructure may benefit from this shift.
- **Critical minerals beyond mining.** Processing, refining and specialty chemical production often represent the stages where capacity is most constrained and barriers to entry are highest. These conversion nodes can become central within the broader industrial ecosystem.
- **Industrial resilience and automation.** As supply chains become more regional and labor constraints persist, automation and productivity-enhancing technologies can help offset higher costs associated with reshoring and diversification.
- **Defense production and secure communications.** Modernization increasingly emphasizes production capacity, secure components and resilient communications infrastructure—supporting multi-year investment cycles that may be less sensitive to typical economic fluctuations.

Source: Morgan Stanley Wealth Management GIO.

QOZ 2.0: What Changes in 2027

The One Big Beautiful Bill Act (OBBBA) Makes the QOZ Program Permanent, Introducing Clarity and Long-term Enhancements for Investments Made After December 31, 2026.

A PERMANENT, ROLLING PROGRAM

- **PERMANENT PROGRAM**: The OBBBA makes the QOZ program a lasting part of the federal tax code, with no sunset
- **10-YEAR DESIGNATION CYCLE**: New zones take effect January 1, 2027, on a rolling decennial basis. Current QOZ maps also remain valid through 2028
- **CONTIGUOUS TRACTS ELIMINATED**: Tracts that qualified solely by adjacency to a low-income community, not on their own merits, are ineligible under 2027 rules
- **TIGHTENED ELIGIBILITY OF LOW-INCOME COMMUNITIES**: The 2027 rules require median family income at or below 70% of area median, down from 80%, potentially reducing/eliminating census tracts available today

ENHANCED TAX BENEFITS POST-2026

- **ROLLING FIVE-YEAR DEFERRAL:** Deferred gain is recognized on the fifth anniversary of the investment date, not a fixed calendar deadline [(1)]
- **10% BASIS STEP-UP:** At the five-year mark, 10% of the originally deferred gain is permanently eliminated
- **TAX-FREE GROWTH:** Capital gains on QOZ investments held 10+ years may be eliminated for up to 30 years from the investment date [(2)]
- **QUALIFIED RURAL OPPORTUNITY FUNDS ("QROF"):** QROFs invest in rural QOZs and receive a 30% step-up in basis after five years, triple the standard rate. Designed to direct additional capital toward rural communities.

THE 2026 INVESTMENT WINDOW

- **CORE BENEFIT UNCHANGED:** Long-term tax-free growth applies to both the current program and QOZ 2.0
- **PASS-THROUGH ENTITIES:** Gains generated in 2026 may retain QOZ investment eligibility into 2027, subject to applicable 180-day rules [(3)]
- **FAVORABLE ENTRY POINTS:** Current commercial real estate valuations may represent attractive long-term opportunities

1. Investments made by December 31, 2026, remain subject to original TCJA rules, including deferral until December 31, 2026.
2. At the 30-year anniversary, basis steps up to fair market value. Appreciation beyond that point may be subject to tax.
3. Pass-through entities (e.g., partnerships, S Corps, or trusts) may elect to start their 180-day window on the date their K-1s returns are due, potentially extending eligibility into 2027. Please consult a tax advisor regarding your specific window and applicable rules.

General Disclosures

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Asset allocation, diversification, rebalancing and dollar cost averaging do not guarantee a profit or protect against loss in declining markets. Past performance is no guarantee of future results and actual results may vary. Rebalancing strategies may also have tax consequences; investors should consult a qualified tax advisor before implementing such strategies.

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Indices are unmanaged and cannot be invested in directly. For index, indicator and survey definitions referenced in this report, please visit: www.morganstanley.com/wealth-investmentsolutions/wmir-definitions

For more information, please refer to additional General Disclosures here: www.morganstanley.com/wealthbooks#general-disclosures.

Risks Associated With Investing

Investing in the markets entails the risk of market volatility. The value of all types of investments, **including stocks, mutual funds, exchange-traded funds ("ETFs"), closed-end funds, and unit investment trusts,** may increase or decrease over varying time periods. **Please carefully consider the investment objectives, risks, charges and expenses of investment fund(s) before investing. The fund prospectus contains this and other information about the fund(s). To obtain a prospectus, contact your financial advisor. Please read the prospectus carefully before investing.** There is no assurance that investment funds will achieve their investment objectives. Besides the general investment risk of holding securities that may decline in value and the possible loss of principal invested, **closed-end funds** may have additional risks related to declining market prices relative to net asset values (NAVs), active manager underperformance and potential leverage. To the extent the investments depicted herein represent **international securities**, you should be aware that there may be additional risks associated with international investing, including foreign economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes, and differences in financial and accounting standards. These risks may be magnified in emerging markets and frontier markets. Some funds also invest in foreign securities, which may involve currency risk. **Equity securities** may fluctuate in response to news on companies, industries, market conditions and general economic environment Companies paying dividends can reduce or cut payouts at any time. Small- and mid-capitalization companies may lack the financial resources, product diversification and competitive strengths of larger companies. In addition, the securities of **small- and mid-capitalization** companies may not trade as readily as, and be subject to higher volatility than, those of larger, more established companies. **Growth investing** does not guarantee a profit or eliminate risk. Growth stocks can trade at relatively high valuations which may increase risk compared with an investment in a company with more modest growth expectations. **Value investing** does not guarantee a profit or eliminate risk. Not all companies deemed value stocks are able to turn around their business or successfully execute corrective strategies, and their stock prices may not rise as initially expected.

The value of **fixed income securities** will fluctuate and, upon a sale, may be worth more or less than their original cost or value at maturity. Bonds are subject to interest rate risk, call risk, reinvestment risk, liquidity risk, and credit risk of the issuer. Yields may change with economic conditions and should be considered alongside other factors when making investment decisions. Credit ratings are subject to change. **High yield bonds** carry additional risks, including increased risk of default and greater volatility due to lower credit quality of the issues. In the case of **municipal bonds**, income is generally exempt from federal income taxes, though some income may be subject to state and local taxes and to the federal alternative minimum tax. Capital gains, if any, are subject to tax. **Treasury Inflation Protection Securities (TIPS)** adjust coupon payments and underlying principal to compensate for inflation in line with the consumer price index (CPI). While the real rate of return is guaranteed, TIPS typically offer lower returns and may significantly underperform conventional U.S. Treasuries during periods of low inflation. There is no guarantee that investors will receive par if TIPS are sold prior to maturity. The **Ultrashort-term fixed income** asset class consists of high-quality securities with very short maturities and is therefore still subject to the risks associated with debt securities such as credit and interest rate risk.

Money Market Funds: You could lose money in money market funds. Although government money market funds (defined as investing 99.5% of total assets in cash and/or securities backed by the U.S. government) and retail funds (defined as money market funds open to natural person investors only) seek to preserve value at $1.00 per share, they cannot guarantee doing 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 purchases, withdrawals, check writing or ATM debits. A money market fund investment is not insured or guaranteed by the Federal Deposit Insurance Corporation or other government agency. The Fund's sponsor has no legal obligation to provide financial support to the Fund and investors should not expect that the sponsor will provide financial support to the Fund at any time.

Investing in **Commodities:** Commodity prices may be affected by factors such as supply and demand, government policies, domestic or international political and economic events (including war or terrorism), changes in interest and exchange rates, trading activity in commodities and related contracts, pestilence, technological developments, weather, price volatility, and liquidity constraints. Physical precious metals are speculative, non-regulated products that may experience short- and long-term price volatility. Precious metals do not make interest or dividend payments and therefore may not be appropriate for investors who require current income. Precious metals must be stored, which may impose additional costs on investors.

Master Limited Partnerships (MLPs): Investments in MLPs are subject to the risks generally applicable to companies in the energy and natural resources sectors, including commodity price fluctuations, supply and demand imbalances, resource depletion and exploration risk. MLPs also carry interest rate risk and may underperform in rising interest rate environments. In addition, MLP funds accrue deferred income taxes on net operating gains and capital appreciation; as a result their after-tax performance could differ significantly from that of its underlying assets.

Exchange Funds are private placement vehicles that enable holders of concentrated single-stock positions to exchange those stocks for a diversified portfolio. Investors may benefit from greater diversification.

Alternative investments are often speculative and include a high degree of risk. Investors can lose all or a substantial amount of their investment. They are appropriate only for eligible, long-term investors willing to forgo liquidity and put capital at risk for an indefinite period. They are often illiquid, may employ leverage, short-selling, or other speculative practices that increase volatility and risk of loss, and may require large minimum investments and initial lock-ups. Alternative investments may also involve complex tax structures, tax-inefficient investing, and delays in distributing important tax documents. Clients should consult their own tax and legal advisors, as Morgan Stanley Wealth Management does not provide tax or legal advice. They also typically carry higher fees and expenses than traditional investments, which can reduce overall returns.

Sector investments, due to their narrow focus, tend to be more volatile than broadly diversified investments. **Non-diversified portfolios:** Portfolios that hold a concentrated number of securities may experience greater overall declines when those securities lose value compared with more diversified portfolios. Portfolios that invest heavily in one or a few industry sectors are more vulnerable to price fluctuations than those diversified across a wider range of sectors.

Environmental, Social and Governance (ESG) investments in a portfolio may experience performance that is lower or higher than a portfolio not employing such practices. Portfolios with ESG restrictions and strategies as well as ESG investments may not be able to take advantage of the same opportunities or market trends as portfolios where ESG criteria is not applied. There are inconsistent ESG definitions and criteria within the industry, as well as multiple ESG ratings providers that provide ESG ratings of the same subject companies and/or securities that vary among the providers. Certain issuers of investments may have inconsistent views concerning ESG criteria where the ESG claims made in offering documents or other literature may overstate ESG impact. ESG designations are as of the date of this material, and no assurance is provided that the underlying assets have maintained or will maintain any such designation or any stated ESG compliance. As a result, it is difficult to compare ESG investment products or to evaluate an ESG investment product in comparison to one that does not focus on ESG. Investors should also independently consider whether the ESG investment product meets their own ESG objectives or criteria. There is no assurance that an ESG investing strategy or techniques employed will be successful. Past performance is not a guarantee or a dependable measure of future results.

Buying, selling, and transacting in Bitcoin, Ethereum or other digital assets ("Digital Assets"), and related funds and products, is highly speculative and may result in a loss of the entire investment. Risks and considerations include but are not limited to: Digital Assets have only been in existence for a short period of time and historical trading prices for Digital Assets have been highly volatile. The price of Digital Assets could decline rapidly, and investors could lose their entire investment. Although any Digital Asset product and its service providers have in place significant safeguards against loss, theft, destruction and inaccessibility, there is nonetheless a risk that some or all of a product's Digital Asset could be permanently lost, stolen, destroyed or inaccessible by virtue of, among other things, the loss or theft of the "private keys" necessary to access a product's Digital Asset. Digital Assets may not have an established track record of credibility and trust. Further, any performance data relating to Digital Asset products may not be verifiable as pricing models are not uniform.

For more information, please refer to additional Risks Associated With Investing here: www.morganstanley.com/wealthbooks#risks-associated-with-investing.

Investment Advisory Programs

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. MSWM offers investment program services through a variety of investment programs, which are opened pursuant to written client agreements. Each program offers investment managers, funds and features that are not available in other programs; conversely, some investment managers, funds or investment strategies may be available in more than one program. For more information, please see the Morgan Stanley Smith Barney LLC MSWM program disclosure brochure (the "Morgan Stanley ADV"). The Morgan Stanley ADV is available at www.morganstanley.com/ADV.

The Morgan Stanley Pathway Funds, Firm Discretionary UMA Model Portfolios, and other asset allocation or any other model portfolios that are discussed in this material are available only to investors participating in Morgan Stanley Consulting Group advisory programs. For additional information on the Morgan Stanley Consulting Group advisory programs, see the applicable ADV brochure, available at www.morganstanley.com/ADV or request from your Morgan Stanley Financial Advisor or Private Wealth Advisor. To learn more about the Morgan Stanley Pathway Funds, visit the Funds' website at www.morganstanley.com/wealth-investmentsolutions/cgcm.

Generally, investment advisory accounts are subject to an **annual asset-based fee** (the "Fee") which is payable monthly in advance (some account types may be billed differently). In general, the Fee covers Morgan Stanley investment advisory services, custody of securities with Morgan Stanley, trade execution with or through Morgan Stanley or its affiliates, as well as compensation to any Morgan Stanley Financial Advisor.

In addition, each account that is invested in a program that is eligible to purchase certain investment products, such as mutual funds, will also pay a **Platform Fee** (which is subject to a Platform Fee offset) as described in the Morgan Stanley ADV. Accounts invested in the Select UMA program may also pay a separate Sub-Manager fee, if applicable.

If your account is invested in mutual funds or exchange traded funds (collectively "funds"), you will pay the fees and expenses of any funds in which your account is invested. **Fees and expenses are charged directly to the pool of assets** the fund invests in and are reflected in each fund's share price. These fees and expenses are an additional cost to you and would not be included in the Fee amount in your account statements. The advisory program you choose is described in the Morgan Stanley ADV.

Morgan Stanley or Executing Sub-Managers, as applicable, in some of Morgan Stanley's SMA programs may effect transactions through broker-dealers other than Morgan Stanley or our affiliates. In such instances, you may be assessed additional costs by the other firm in addition to the Morgan Stanley and Sub-Manager fees. Those costs will be included in the net price of the security, not separately reported on trade confirmations or account statements. Certain Sub-Managers have historically directed most, if not all, of their trades to outside firms. Information provided by Sub-Managers concerning trade execution away from Morgan Stanley is summarized at: www.morganstanley.com/wealth/investmentsolutions/pdfs/adv/sotresponse.pdf. For more information on trading and costs, please refer to the **Morgan Stanley ADV** or contact your Financial Advisor / Private Wealth Advisor.

GIMA Conflicts of Interest: Our business is subject to various conflicts of interest. For example, ideas and suggestions for which investment products should be evaluated by Global Investment Manager Analysis (GIMA) come from a variety of sources, including our MSWM Financial Advisors and their direct or indirect managers, and other business persons within MSWM or its affiliates. Such persons may have an ongoing business relationship with certain investment managers or mutual fund companies whereby they, MSWM or its affiliates receive compensation from, or otherwise related to, those investment managers or mutual funds or for which a portion of their clients' assets are already invested. Separately, certain strategies managed or sub-advised by us or our affiliates, including but not limited to MSIM and Eaton Vance Management ("EVM") and its investment affiliates, may be included in your account. See the conflicts of interest section in the applicable Morgan Stanley ADV brochure for a discussion of other types of conflicts that may be relevant to GIMA's evaluation of managers and funds. In addition, MSWM, Morgan Stanley & Co. LLC ("MS & Co."), managers and their affiliates provide a variety of services (including research, brokerage, asset management, trading, lending and investment banking services) for each other and for various clients, including issuers of securities that may be recommended for purchase or sale by clients or are otherwise held in client accounts, and managers in various advisory programs.

MSWM, managers, MS & Co., and their affiliates receive compensation and fees in connection with these services. MSWM believes that the nature and range of clients to which such services are rendered is such that it would be inadvisable to exclude categorically all these companies from an account.

Morgan Stanley charges each fund family we offer a **mutual fund support fee**, also called a "revenue-sharing payment," on client account holdings in fund families according to a tiered rate that increases along with the management fee of the fund so that lower management fee funds pay lower rates than those with higher management fees.

For more information, please refer to additional Investment Advisory Programs disclosures here: www.morganstanley.com/wealthbooks#investment-advisory-programs.

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Residential mortgage loans and home equity lines of credit are offered by MSPBNA, Member FDIC an Equal Housing Lender. Nationwide Mortgage Licensing System Unique Identifier #663185. **The proceeds from a residential mortgage loan (including draws and advances from a home equity line of credit) are not permitted to be used to purchase, trade, or carry eligible margin stock; repay margin debt that was used to purchase, trade, or carry margin stock; or to make payments on any amounts owed under the note, loan agreement, or loan security agreement; and cannot be deposited into a MSSB or other brokerage account.** The pledged-asset feature allows eligible securities to be used as a substitute for a cash down payment. The pledged-asset feature allows eligible securities to be used as an alternative to a cash down payment. Clients must maintain collateral levels and may be subject to liquidation if requirements are not met. Interest-only and adjustable-rate mortgages (ARMs) carry specific risks, including payment increases and higher total interest costs. ARMs are based on the SOFR 30-Day Average. Relationship-based pricing is available based on eligible household assets held at the Firm.

Cards and Cash Management: Debit Cards offered through the Firm are issued by MSPBNA under license from Mastercard. American Express Cards offered through the Firm include the Platinum Card®, Blue Cash Preferred®, and the Morgan Stanley Credit Card. Eligibility requires an "Eligible Account" at the Firm. Cards are issued by American Express National Bank. Terms, conditions, and restrictions apply. The Greenlight App and Debit Card is provided by Greenlight Financial Technologies, not the Firm or any of its affiliates. The Morgan Stanley CashPlus is a brokerage account offered through MSSB. Conditions and restrictions apply. For more information, see the CashPlus Disclosure Statement.

Deposit Products and FDIC: Under the Bank Deposit Program, free credit balances held in an account(s) at Morgan Stanley Smith Barney LLC are automatically deposited into an interest-bearing deposit account(s) at FDIC-insured banks. Certain conditions must be met. For more information, view the Bank Deposit Program Disclosure Statement. The Savings and Preferred Savings Programs offer FDIC-insured deposit accounts at Morgan Stanley Private Bank, National Association, Member FDIC or Morgan Stanley Bank, N.A., Member FDIC. The Savings programs are not intended for clients who need to have frequent access to funds and those funds will not be automatically accessed to reduce a debit or margin loan in your brokerage account. Withdrawals are limited to 10 per calendar month, and excess withdrawals may incur fees. Promotional rates may be offered from time to time and are subject to change at any time.

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