Morgan Stanley

Alternative Investments

Explore investments beyond traditional portfolios. With unmatched experience, scale and reach across our vast global network, Morgan Stanley is an industry leader in alternative investments—providing access to exclusive offerings, preeminent fund managers and innovative investment opportunities.

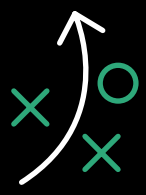
INVESTMENT PRODUCTS | NOT FDIC INSURED | NOT BANK GUARANTEED | MAY LOSE VALUE

Why Alternative Investments?

Alternatives are the investments that go beyond traditional stocks and bonds. They can open doors to help grow and protect your wealth, and have long sought to offer enhanced returns, portfolio diversification, lower volatility, as well as potential tax efficiency.

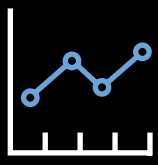
EXPANDED OPPORTUNITIES

Alternative investments offer access to private markets and other asset classes that would normally be difficult for some investors to access



YIELD/RETURN ADVANTAGE

Some alternative investments can offer higher income and total return opportunities than traditional stock or bond portfolios due to underlying risks, including illiquidity, credit and leverage



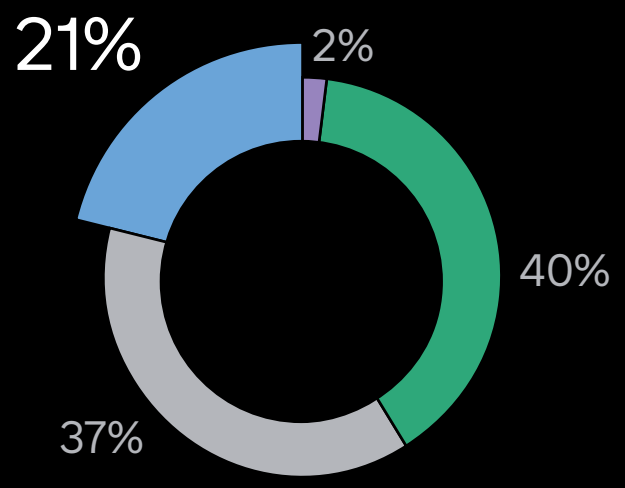
LOWER VOLATILITY

Alternative investments often exhibit low liquidity. While illiquidity is a risk, less-liquid strategies may not be subject to the same volatility as publicly traded securities

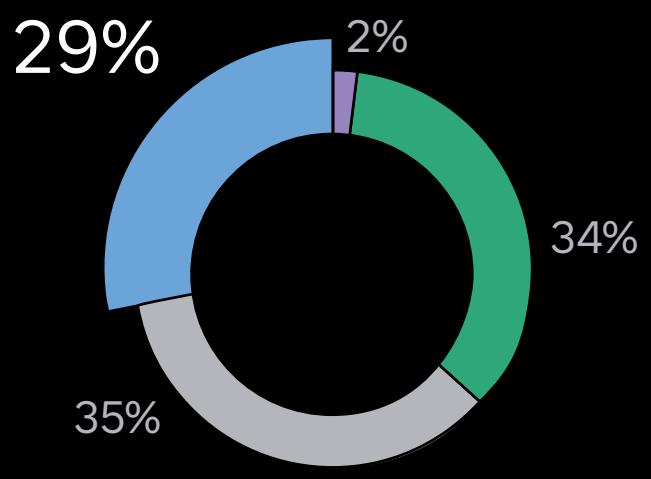
The statements on pages 2 and 3 reflect Morgan Stanley's views and opinions as of the date hereof and not as of any future date. All expressions of opinion are subject to change without notice and are not intended to be a forecast of future events or results. Diversification does not assure a profit or protect against loss in a declining market. Alternative investments are not appropriate for all investors.

Recommended Asset Allocation

Our Global Investment Committee recommends that alternatives make up as much as 25% of an efficient portfolio, and for some investors, even higher.



Level 1: Traditional Assets + Real Assets + Hedged Strategies



Level 2: Traditional Assets + Alternative Investments, Including Private Investments (>$10MM in investable assets)

- Alternative Investments
- Fixed Income
- Equities
- Ultrashort Fixed Income

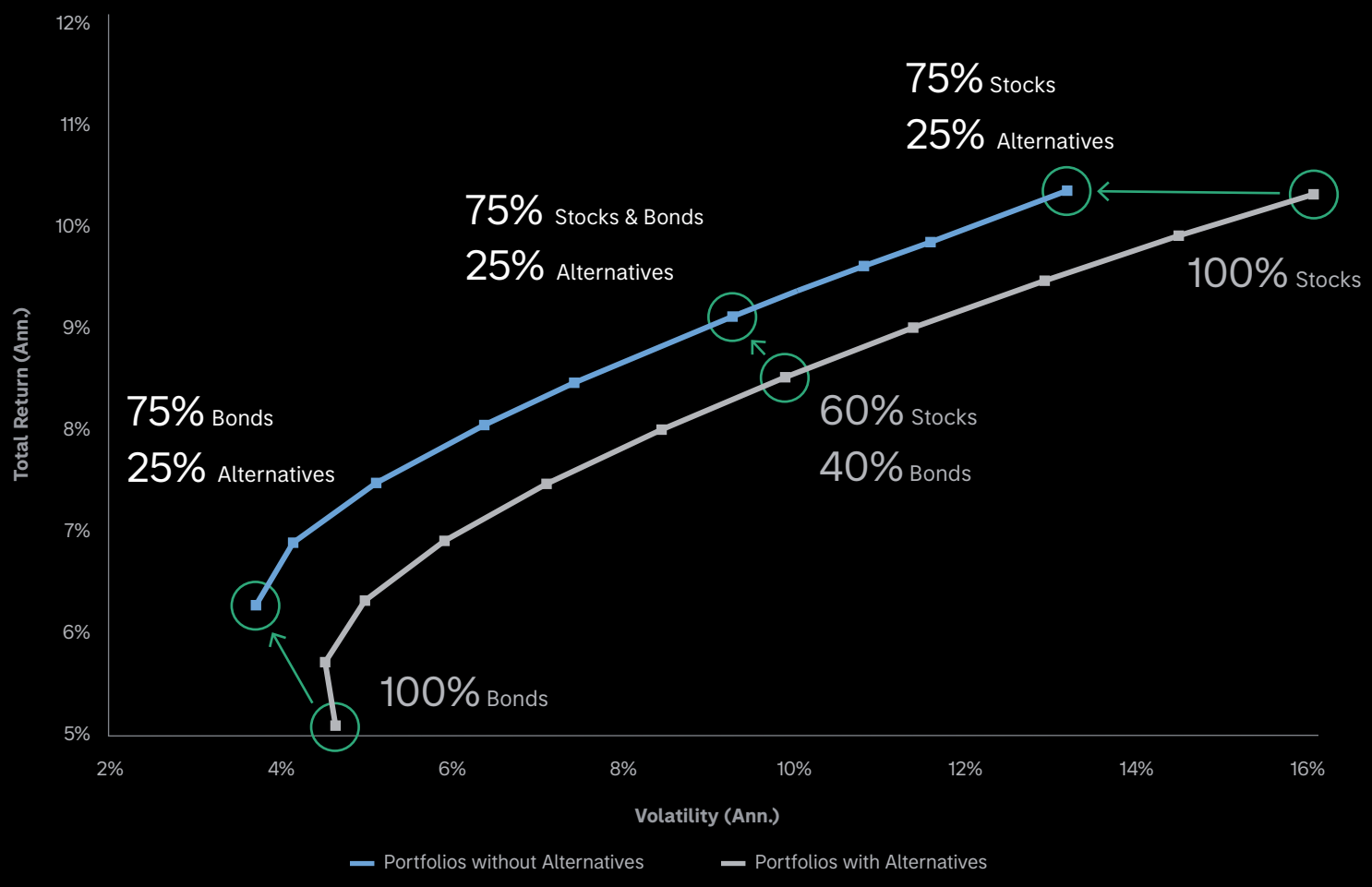
Morgan Stanley Wealth Management Global Investment Office. Last change to Strategic Asset Allocations: March 26, 2026. Please note there are five asset allocation models ranging from conservative to aggressive (Model 1: Wealth Conservation; Model 2: Income; Model 3: Balanced Growth; Model 4: Market Growth; Model 5: Opportunistic Growth). Strategic asset allocation models shown here are based on Model 3: Balanced Growth. Level 1 alternative investments strategic asset allocation ranges from 14–25%; Level 2 alternative investments strategic asset allocation for clients with >$10MM in investable assets ranges from 21–30%. The asset allocation models are subject to change from time to time. The GIC defines alternative investments as the following: REITS, Commodities, Energy Infrastructure/Master Limited Partnerships, Hedged Strategies (which include Traditional and 40 Act Alternative Investments, including: Hedge Funds, Funds of Funds, Alternative Mutual Funds), Managed Futures, Private Equity, Private Credit and Private Real Assets. For illustrative purposes only. This does not represent individually tailored investment advice. Actual client portfolio will vary based on individual circumstances.

Alternative Investments for Strategic Diversification

Go beyond the traditional 60/40 portfolio

Alternatives may help improve returns and reduce risk

In a traditional portfolio, there are combinations of stocks and bonds that offer an optimal expected return per level of risk. Higher levels of risk can result in higher expected returns. Over the last 35 years, adding an allocation to alternatives has been shown to enhance the traditional 60/40 portfolio while improving returns and reducing risk.[1]



Additionally, alternatives can offer diversification in challenging market environments, and have outperformed in rising-rate environments and equity bear markets.[1]

+26%

Average alternatives outperformance in rising-rate environments

+23%

Average alternatives outperformance in equity bear markets

1. Data as of January 1, 1990, to December 31, 2025. Bloomberg, Morgan Stanley Wealth Management Global Investment Office. Stocks are represented by the S&P 500 Total Return Index. Bonds are represented by Bloomberg U.S. Aggregate. Alternative Investments are composed of 16.6% Equity Hedge (HFRI Equity Hedge Index), 16.6% Equity Neutral (HFRI Equity Market Neutral Index), 33% Private Equity (Cambridge Associates Private Equity Index), and 33% Real Estate (National Council of Real Estate Investment Fiduciaries Property Index - NCREIF). NCREIF is a market weighted index of private commercial real estate properties held for investment purposes only. This is assessed quarterly, less frequently than the S&P 500 Total Return Index, which is a market weighted index that is made up of the 500 largest public companies in the United States. Alternatives investments are not suitable for all investors. Performance illustrated does not reflect fees or expenses; actual investor returns would be lower if these were deducted.

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PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RETURNS.

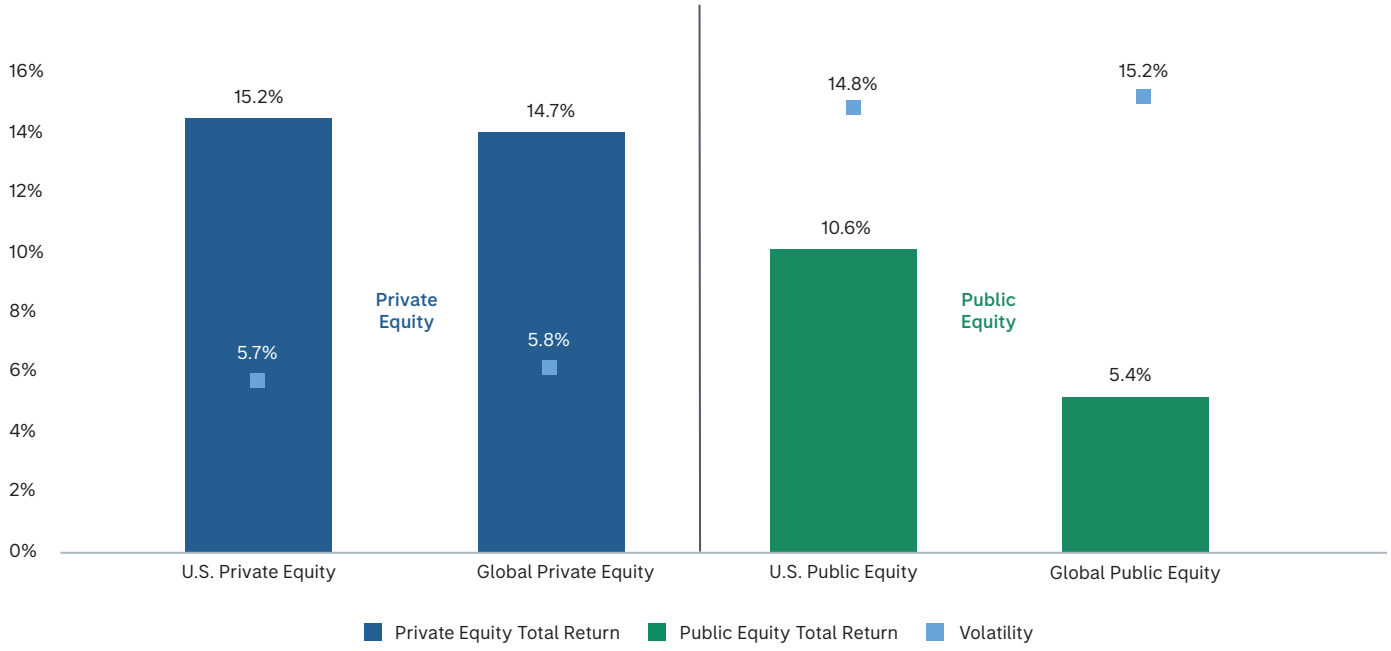
Sources of Return in Alternative Investments

Historically, private investment strategies have offered return premiums to investors willing to accept greater illiquidity, and have been shown to meaningfully outperform public markets over time.

ANNUALIZED RETURNS

PRIVATE EQUITY[1] VS. PUBLIC EQUITY: (1990 – 2025)

Annualized Total Returns through June 30, 2025[2,3]



Source: Morgan Stanley Wealth Management GIO, FactSet. (1) U.S. Private Equity Index Data: The Cambridge Associates Private Equity Index tracks the returns of buyout and growth equity. The data is updated quarterly using the Cambridge Associates Benchmark Calculator, with a lag of several months. Global Private Equity sourced from Cambridge Associates Global Private Equity Index and includes buyout and growth equity. (2) U.S. and Global Private Equity data subject to 5-month lag; therefore, all asset classes are depicted as of displayed date for consistency. Private equity returns are net to limited partners. (3) Private equity returns, and volatility metrics are historical datasets and may meaningfully differ from forecasts used in the CMA tool because the CMA estimates are meant to represent prospective forecasts and are not descriptives of past data.

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.

Innovative Strategies To Help You Achieve Your Goals

The power of alternative investments derives from their versatility and ability to offer innovative strategies that align with sophisticated investors' financial goals. Despite their variety, they can be organized into four core solutions:

	SITUATION	ASSET CLASS APPROACH	POTENTIAL OUTCOMES
Diversify Holdings	Your investment returns are heavily correlated to public markets	▪ Absolute Return Hedge Fund Strategies ▪ Equity Long/Short Funds ▪ Hedge Funds of Funds ▪ Relative Value Hedge Funds	▪ Potentially lower portfolio volatility ▪ Increased risk-adjusted return potential ▪ Reduced reliance on any one company, sector, country, etc.
Drive Portfolio Growth	You're seeking to beat current benchmarks	▪ Private Equity – Venture Capital – Growth Equity – Leveraged Buyout – Secondaries and Co-Investments ▪ Equity Long/Short Funds	▪ Potential to generate excess return and provide wealth accumulation strategies ▪ Historically has provided diversification and exhibited lower correlation to public markets
Generate Income	You're seeking to generate income uncorrelated to traditional markets	▪ Non-Traded REITs ▪ Private Credit – BDCs – Direct Lending – Opportunistic Strategies ▪ Private Real Estate Funds	▪ Potential to produce higher returns/yield and lower volatility versus traditional fixed income investments ▪ Low correlation to stocks and bonds ▪ Potential for a reliable current income stream and inflation hedge
Mitigate Tax Liabilities	You're looking to defer capital gains or diversify a concentrated stock position	▪ Private Placement Variable Annuities ▪ Private Placement Life Insurance ▪ 1031 Exchange Funds ▪ Equity Exchange Funds ▪ Qualified Opportunity Zone Funds	▪ Deferred payment of taxable gains ▪ Tax-managed structures ▪ Step up in basis and tax-advantaged income

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Alternative Investments: The Morgan Stanley Advantage

Leadership matters in alternative investments, where opportunities grow out of a strong network. Morgan Stanley's leadership is built on our team's expertise, unique channels and commitment to clients. That's why many of the most compelling ideas and managers come to us first.

Partner of choice for leading alternative investments managers

$300Bn+
in client assets under management[1]

$40Bn+
in 2025 sales, and ~$13Bn in 1Q26 sales

Exclusive offerings with lower investment minimums and attractive pricing

~70% of new offerings are first look, exclusive or offer favorable economics[2]

~250
alternative funds available

Rigorous investment and operational due diligence

~340 dedicated professionals, including 49 investment and operational due diligence analysts[3]

~7% of funds meet our highest standards and are approved out of 900-1,000 funds reviewed annually[4]

Data sourced from Morgan Stanley Wealth Management Alternative Investments Group as of March 31, 2026, unless otherwise indicated.

1. Assets include ~$35Bn from Alternative Investments Performance Reporting assets. As of May 31, 2026.
2. For Qualified Purchaser offerings available broadly on the platform (excluding democratized funds).
3. Headcount includes dedicated offshore resources. There can be no assurance that any of these professionals will remain with the Firm or that past performance of such professionals serve as an indicator of the Fund's performance or success.
4. Morgan Stanley Global Investment Manager Analysis team. As of March 31, 2026. Includes offerings available broadly on the platform. A majority of investments reviewed and selected by GIMA pay or cause to be paid an ongoing fee to Morgan Stanley Wealth Management (MSWM) in connection with MSWM clients that purchase such investments. Please see the disclosures at the end of this presentation for more information.

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A Curated Selection of Investment Opportunities

Qualified investors benefit from a broad range of products across the liquidity spectrum.

UNDERLYING INVESTMENT: PUBLIC → PRIVATE

70-80 SINGLE MANAGER HEDGE FUNDS

Professionally managed investment funds to potentially offset losses during a market downturn

4-7 MANAGED FUTURES FUNDS

Investments in global currencies, commodities and other assets through the use of futures, forwards and options

10-20 FUNDS OF FUNDS

Professionally managed portfolio of individual hedge funds or other alternative investments that may offer diversification across managers, strategies, styles and/or sectors

3-5 EXCHANGE FUNDS

A tax-efficient diversification strategy for concentrated stock positions that includes swapping shares in exchange for interest in a fund

15-20 CUSTOM SOLUTIONS FUNDS

Customized portfolios to help meet the target objectives of a client or subset of clients offered through Hedge Funds, Private Equity Funds, Outsourced CIO and traditional investments

15-25 DIRECT PRIVATE INVESTMENTS

Opportunity to invest in private companies either alongside an asset manager, or directly in the private company

30-40 PRIVATE EQUITY FUNDS

Investment opportunities, generally in privately held companies, that may offer both attractive long-term return potential and the opportunity for diversification through historically low correlation to traditional strategies

30-40 PRIVATE CREDIT FUNDS

Business loans or existing debt with the potential to generate attractive risk-adjusted return and capture reasonably rich illiquidity premium

35-45 REAL ESTATE FUNDS/INFRA-STRUCTURE FUNDS

Private investments in real estate that may offer diversification and risk-adjusted returns while potentially serving as a hedge against inflation

LIQUIDITY: — +

Illustrative number of funds open for investment on an annual basis and subject to change.
Alternative investments are not appropriate for all investors.

Alternative Investments Eligibility

Investors participating in alternative investments offered through Morgan Stanley must meet certain SEC and/or state standards depending on the structure of the fund or service. Morgan Stanley may impose a qualification standard that is higher than those required to meet SEC/state standards. Additionally, individual funds or services may have their own investment minimum and eligibility criteria.

Alternative investments are offered only to qualified investors. Client eligibility[1] to purchase alternative investments is typically based on the client's net worth or, as applicable, net investable assets, as shown:

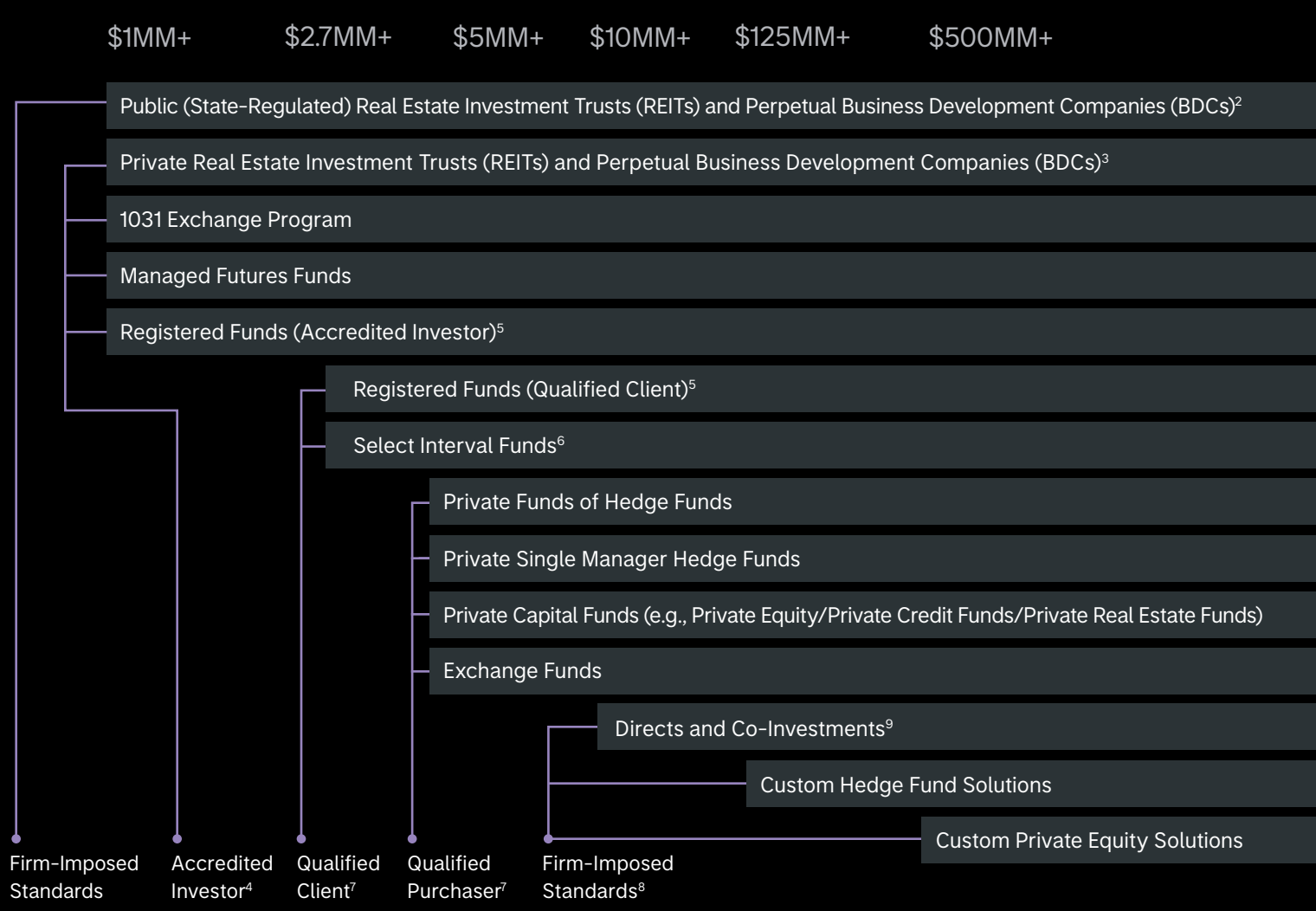
Innovative Strategies for Your Wealth

Reach out to your Morgan Stanley Financial Advisor to learn how alternative investments may strengthen your portfolio and help meet your financial goals.

Learn more about Morgan Stanley's alternative investments offerings, access insights and watch our video.

http://www.morganstanley.com/alts

CLIENT NET WORTH/NET INVESTABLE ASSET MINIMUMS



1. Eligibility on its own does not satisfy all requirements and guidelines, nor does it imply appropriateness. Speak with your Financial Advisor or Private Wealth Advisor to help determine if alternative investments may be appropriate for you. Please see the Important Disclosures at the end of this publication for additional information and the applicable offering documents for specific eligibility requirements.
2. Public (State-Regulated) Real Estate Investment Trusts and Perpetual Business Development Companies generally require a minimum net worth of $1 million, or income of $200K and net worth of $250K for an individual, and $5 million for an entity, and must meet specific liquid net worth requirements.
3. Private Real Estate Investment Trusts & Perpetual Business Development Companies generally do not have state-regulated liquid net worth requirements.
4. Funds that rely on an Accredited Investor standard generally require a minimum net worth of $1 million for an individual (excluding primary residence), and $5 million for an entity.
5. The specific Registered Fund structure will determine eligibility standards. Funds that rely on an Accredited Investor standard and/or a Qualified Client Standard generally include Registered Funds of Hedge Funds, Registered Single Manager Hedge Funds, Registered Private Equity Funds, Registered or Private Real Asset Funds and Private Business Development Companies.
6. Interval Funds have varying eligibility requirements. Please consult applicable offering documents.
7. Funds that rely on a Qualified Client standard require a client to have a net worth (together, in the case of a natural person, with assets held jointly with a spouse) of more than $2.7 million, excluding primary residence and related debt, at the time the contract is entered into with the fund (the "net worth test"). Funds that rely on a Qualified Purchaser standard must also meet Accredited Investor standards and require minimum net investable assets of $5 million for an individual, and $25 million for an entity.
8. In addition to meeting Accredited Investor and Qualified Purchaser standards, these funds are subject to firm-imposed higher eligibility standards.
9. Eligibility is reviewed on a case-by-case basis and is subject to change.

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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. Certain of these risks may include but are not limited to:

Loss of all or a substantial portion of the investment due to leveraging, short-selling or other speculative practices;

Lack of liquidity in that there may be no secondary market for a fund;

Volatility of returns;

Restrictions on transferring interests in a fund;

Potential lack of diversification and resulting higher risk due to concentration of trading authority when a single advisor is utilized;

Absence of information regarding valuations and pricing;

Complex tax structures and delays in tax reporting;

Less regulation and higher fees than mutual funds;

Risks associated with the operations, personnel and processes of the manager; and

Risks associated with cybersecurity.

As a diversified global financial services firm, Morgan Stanley engages in a broad spectrum of activities, including financial advisory services, investment management activities, sponsoring and managing private investment funds, engaging in broker-dealer transactions and principal securities, commodities and foreign exchange transactions, research publication, and other activities. In the ordinary course of its business, Morgan Stanley therefore engages in activities where Morgan Stanley interests may conflict with the interests of its clients, including the private investment funds it manages. Morgan Stanley can give no assurance that conflicts of interest will be resolved in favor of its clients or any such fund.

All expressions of opinion are subject to change without notice and are not intended to be a forecast of future events or results. Further, opinions expressed herein may differ from the opinions expressed by Morgan Stanley Wealth Management and/or other businesses/affiliates of Morgan Stanley Wealth Management.

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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.

A majority of Alternative Investment managers reviewed and selected by GIMA pay or cause to be paid an ongoing fee for distribution from their management fees to Morgan Stanley Wealth Management in connection with Morgan Stanley Wealth Management clients that purchase an interest in an Alternative Investment and in some instances pay these fees on the investments held by advisory clients. Morgan Stanley Wealth Management rebates such fees that are received and attributable to an investment held by an advisory client and retains the fees paid in connection with investments held by brokerage clients. Morgan Stanley Wealth Management has a conflict of interest in offering alternative investments because Morgan Stanley Wealth Management or our affiliates, in most instances, earn more money in your account from your investments in alternative investments than from other investment options.

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

The returns on a portfolio consisting primarily of Environmental, Social and Governance ("ESG") aware investments may be lower or higher than a portfolio that is more diversified or where decisions are based solely on investment considerations. Because ESG criteria exclude some investments, investors may not be able to take advantage of the same opportunities or market trends as investors that do not use such criteria.

The Advisory accounts are described in the applicable Morgan Stanley Smith Barney ADV brochure available at www.smithbarney.com/ADV

Alternative investment securities discussed herein are not covered by the protections provided by the Securities Investor Protection Corporation, unless such securities are registered under the Securities Act of 1933, as amended, and are held in a Morgan Stanley Wealth Management Individual Retirement Account.

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