

Morgan Stanley



# Morgan Stanley Wealth Management Overview

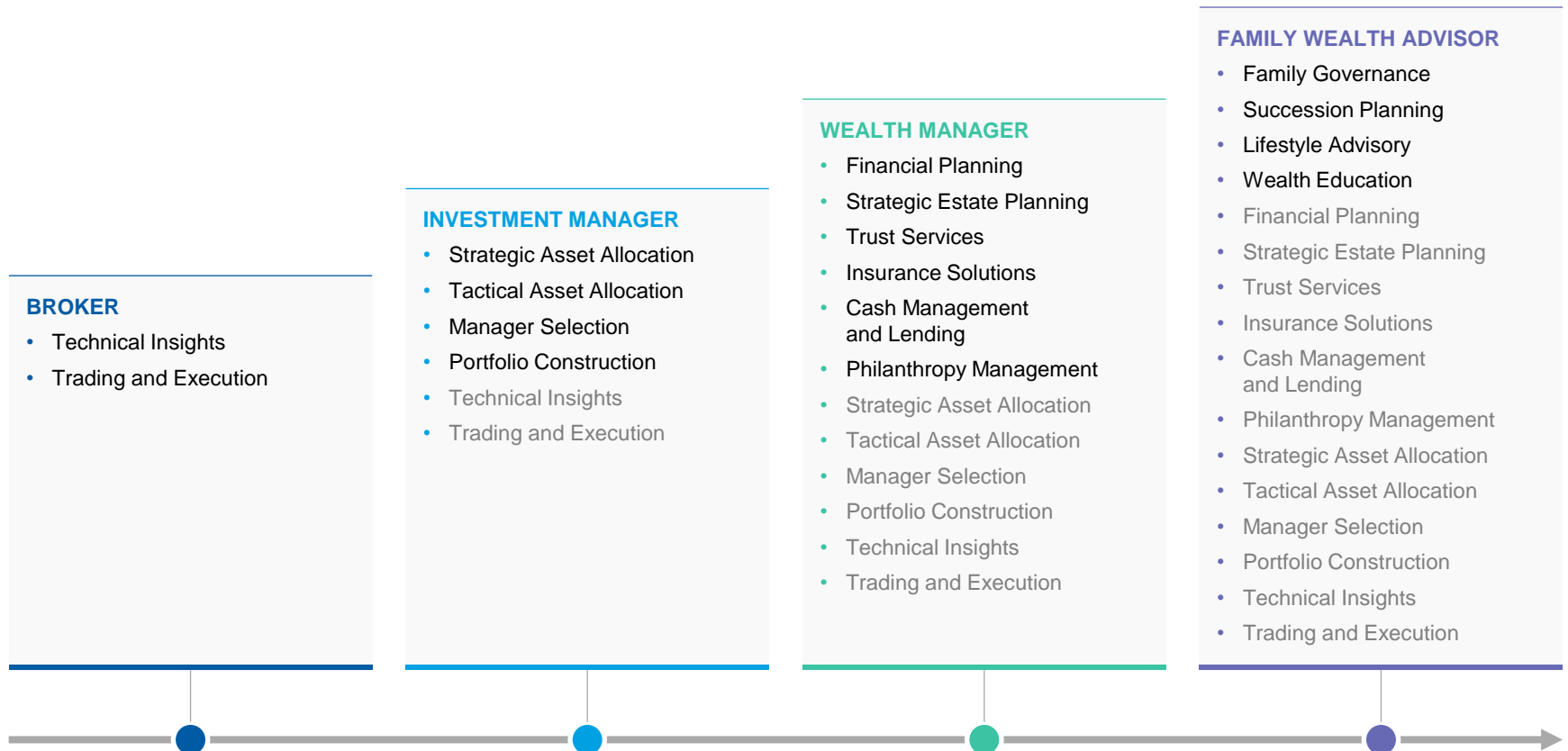
[The Alpine Vista Group at Morgan Stanley](#)

*“Keeping more of what you earn through tax-efficient wealth management”*

*– Matthew Swaffin-Smith, CFP®*

# The Expanding Role of The High Net Worth Advisor

As the demands of your family grow and evolve, you are likely to need advisors who have expanded their capabilities



## Your Wealth Management Team

### ABOUT OUR TEAM

- Serve approximately 100 high net worth families
- A 6-member core team combining diverse talents to create comprehensive wealth management solutions
- A holistic approach to financial planning
- Dedicated and experienced in handling complex financial matters
- A never-ending passion for superior client service
- Unwavering commitment to Clients

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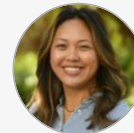
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## Your Wealth Management Team (cont.)

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# Founder and Early Employee Playbook

## Our process

FINANCIAL PLANNING	ASSET PROTECTION	INCOME TAX	BALANCE SHEET	INVESTMENT	ESTATE
<p><b>DISCOVERY</b></p> <ul style="list-style-type: none"> <li>Asset / Liability Inventory</li> <li>Income / Tax Analysis</li> <li>Establishing a 'Base Camp' Financial Plan</li> </ul>	<p><b>TRUST &amp; ESTATE <sup>(1)</sup></b></p> <ul style="list-style-type: none"> <li>Basic Estate Planning: Revocable Trust, Pour-Over Will, Power of Attorney, Healthcare Directive(s)</li> </ul>	<p><b>PRE – LIQUIDITY PLANNING <sup>(3)</sup></b></p> <ul style="list-style-type: none"> <li>QSBS Analysis and Planning</li> <li>Option Exercise Analysis and Planning</li> </ul>	<p><b>PRE – LIQUIDITY FINANCING</b></p> <ul style="list-style-type: none"> <li>Secondary Sale / Loan Analysis</li> <li>Financing Option Exercise</li> <li>Tax Payment Planning</li> </ul>	<p><b>ASSET ALLOCATION</b></p> <ul style="list-style-type: none"> <li>Asset Allocation Analysis</li> <li>Asset Location Analysis</li> <li>Risk Management</li> <li>Cash Management</li> </ul>	<p><b>ESTATE TAX PLANNING <sup>(1) (3)</sup></b></p> <ul style="list-style-type: none"> <li>Morgan Stanley Trust &amp; Estate Specialists</li> <li>GRAT, GST, QTIP – Alphabet Soup Analysis</li> </ul>
<p><b>GOALS PLANNING</b></p> <ul style="list-style-type: none"> <li>List of Personal / Lifestyle / Career Goals</li> <li>Goal Prioritization &amp; Budgeting</li> </ul>	<p><b>INSURANCE PLANNING <sup>(2)</sup></b></p> <ul style="list-style-type: none"> <li>Life and Health</li> <li>Group or Individual – Term, Permanent or Private Placement Life</li> <li>Property and Casualty</li> <li>Liability Umbrella Policy</li> </ul>	<p><b>POST – LIQUIDITY PLANNING <sup>(3)</sup></b></p> <ul style="list-style-type: none"> <li>Cost Benefit of Attaining Goals, Diversification and Tax Deferral</li> <li>Tax Deferral Strategy Analysis</li> </ul>	<p><b>POST – LIQUIDITY FINANCING</b></p> <ul style="list-style-type: none"> <li>Securities Based Lines of Credit</li> <li>Tailored Lending Facilities</li> <li>Mortgages / Home Equity Loans</li> </ul>	<p><b>SELECTION PREFERENCE</b></p> <ul style="list-style-type: none"> <li>Income – Supplemental and / or Replacement</li> <li>Tax Deferral and / or Mitigation</li> <li>Socially Responsible Investment Screens</li> </ul>	<p><b>CHARITABLE GIFTING <sup>(1) (3)</sup></b></p> <ul style="list-style-type: none"> <li>Morgan Stanley Charitable Giving Specialist</li> <li>DAFs, Charitable Trusts</li> <li>Foundations</li> </ul>

1. In Conjunction w/ Trust and Estate Attorney

2. Through General Insurance Agent

3. In Conjunction w/ Accountant/Tax Attorney

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## TOOLS FOR CLIENTS LIKE YOU TO LEVERAGE



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### E-Authorization

With E-Authorization, you no longer need to sign a paper Letter of Authorization (LOA) to authorize a wire transfer request.

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### E-Sign

E-Sign is a digital, paperless alternative to the traditional means of obtaining signatures from clients on paperwork. There is no registration process for you to begin using E-Sign - all you need is a valid email address and phone number.

[Click here to learn how to sign up >](#)



### Total Wealth View

The ability to view all of your assets and liabilities together, whether held at Morgan Stanley or elsewhere, enables us to advise with your entire financial picture in mind.

[To learn more, click here >](#)



### eDelivery

Sign up for eDelivery today and start receiving email notifications as soon as your account documents are available on Morgan Stanley Online or the Morgan Stanley Mobile App. It's quick, convenient & secure.

[Enroll Today >](#)



### Financial Planning

A variety of planning-related tools—including our award-winning Goals Planning System (GPS) and LifeView—which enable us to provide a single, comprehensive snapshot of your finances and adapt a wealth plan to your ever-changing life demands and modify goals as needed.

[Morgan Stanley Goals-Based Wealth Management >](#)



### Digital Vault

Digital Vault lets you easily and securely manage and share important documents such as account statements, authorizations, tax filings and other relevant documents with your Financial Advisor.

[Get Started Today >](#)



### Portfolio Risk Platform

Our Portfolio Risk Platform, backed by institutional-caliber analytics, assesses thousands of risk factors using a holdings-based approach to assess a portfolio's exposures, analyze how securities behave together across portfolios and forecast how they influence risk and return moving forward.

[Portfolio Risk Platform >](#)

## What We Believe

We understand that your needs, concerns and aspirations are unique. Your wealth management plan is successful only to the extent that it supports your vision of a successful life.

We believe that investment strategies should focus on what you keep more important than what you earn, and the proper tools and techniques are essential to achieving that goal. Strategies to minimize income tax can be as important as those to minimize estate and gift taxes, and tax-aware planning should apply to both sides of your personal ledger.

We understand that your needs have to come first, and your trust has to be earned through our competence, integrity and commitment to your success.



**Tax-aware advisory best practices require thoughtfully making the most of the after-tax return potential of each investor”.**

“Helping Your Clients Execute a Tax-Aware Investment Plan,” Stephen Riley and Richard Furmanski – The Tax Advisor® newsletter 2016

# A Customized Approach <sup>(1)</sup>

Your family's dynamics, goals and risk tolerance are unique. We will tailor our process to help meet your personal and financial needs and objectives

## DISCOVERY PROCESS

01

While every client situation is unique, we begin by learning about you, your family and your financial complexities. What we learn helps us to formulate specific strategies and, of equal importance, it helps us customize the entire relationship to your preferences and requirements.

## FORMULATION OF TAX, TRUST AND ESTATE STRATEGY WITH APPROPRIATE ADVISORS

02

After reviewing your balance sheet and existing estate plan, we help analyze your income and estate tax circumstances to identify planning techniques that may be effectively tailored to your personal and financial objectives. We will work with your tax and legal advisors in this effort.

## CREATION OF A CUSTOMIZED STRATEGIC ASSET ALLOCATION

03

Managing significant wealth often involves developing a customized asset allocation mix that reflects risk, opportunities and taxation across multiple entities, while integrating your investing and estate plans. This asset allocation<sup>1</sup> becomes the basis for a long-term strategy formalized in your investment policy.

## INTEGRATION OF TACTICAL ASSET ALLOCATION

04

These short-term adjustments in asset allocations<sup>(1)</sup> seek to take advantage of opportunities created by temporary market distortions. Before adjustments are made, we can analyze the impact of any taxes or trading costs on potential returns.

## IMPLEMENTATION OF A CUSTOMIZED WEALTH STRATEGY

05

After comprehensive due diligence and extensive analysis of expected results across a range of market scenarios, investment strategies from our global investment platform can be leveraged to create your portfolio. This process can help to create the most efficient balance of risk and return for your specific strategy.

## ONGOING ASSESSMENT OF A FAMILY'S PORTFOLIO AND WEALTH MANAGEMENT NEEDS

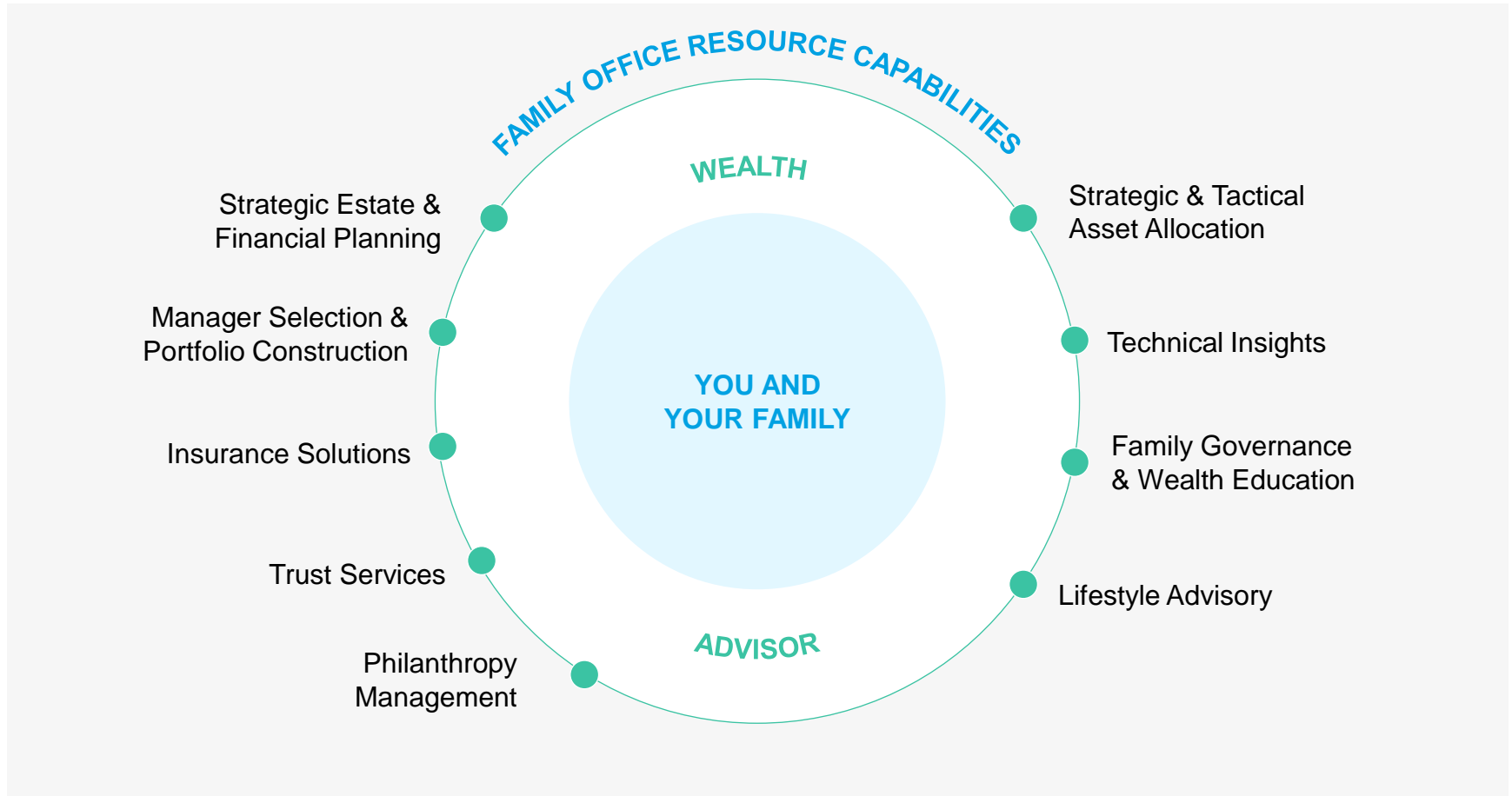
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Coordinating with you and your other advisors, we can conduct ongoing reviews and comprehensive reporting to help ensure that your strategy adapts to changing financial and family needs.

1. Asset allocation does not ensure a profit or protect against a loss in declining financial markets

## A Holistic Approach

Our family office resource group develops technical expertise, tools and networking events that enhance our ability to serve as your family wealth advisor



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**How Income & Estate Tax Planning Can Help Optimize  
Your Net Returns**

## It's What You Keep That Counts – Asset Location

Our Wealth Strategies Group looks at all aspects of an individual's estate to understand the potential income tax and estate planning attributes of each structure and investment vehicle to facilitate more informed decision making

	INCOME TAX PLANNING		INCOME TAX AND ESTATE PLANNING		ESTATE PLANNING
	INCOME TAX PLANNING		SPLIT INTEREST GIFTS	PHILANTHROPY	WEALTH TRANSFER
<b>ADDITIONAL TECHNIQUES</b>	All Wealth Levels	<ul style="list-style-type: none"> <li>• Tax Deductible Employee Benefit Contributions</li> <li>• Tax Deferred Retirement / Compensation Accounts</li> <li>• Qualified Dividends / Exempt Interest</li> <li>• Long Term Capital Gains</li> </ul>		<ul style="list-style-type: none"> <li>• Donor Advised Fund</li> </ul>	<ul style="list-style-type: none"> <li>• Wills</li> <li>• Health Care Documents</li> <li>• Financial Powers of Attorney</li> </ul>
	\$5MM+	<ul style="list-style-type: none"> <li>• Tax Managed Separately Managed Accounts for taxable investments</li> <li>• Tax deferral via Exchange Funds</li> </ul>	<ul style="list-style-type: none"> <li>• Charitable Remainder Trusts</li> </ul>		<ul style="list-style-type: none"> <li>• Credit Shelter Trust (within will)</li> <li>• Annual Exclusion Gifting</li> <li>• ILIT – Term Insurance</li> </ul>
	\$15MM+	<ul style="list-style-type: none"> <li>• Tax Aware Separately Managed Accounts in Taxable accounts</li> <li>• Tax deferral via Exchange Funds</li> <li>• Variable Life Insurance and Annuity policies (Including Private Placement)</li> </ul>	<ul style="list-style-type: none"> <li>• Charitable Lead Annuity Trusts</li> </ul>	<ul style="list-style-type: none"> <li>• Private Foundation</li> </ul>	<ul style="list-style-type: none"> <li>• Leveraged Gifting                             <ul style="list-style-type: none"> <li>– GRATs</li> <li>– Sale to Grantor Trusts</li> </ul> </li> <li>• ILIT – <i>Permanent Insurance</i></li> </ul>
	\$25MM+	<ul style="list-style-type: none"> <li>• Tax Aware Separately Managed Accounts in Taxable accounts</li> <li>• Tax deferral via Exchange Funds</li> <li>• Variable Life Insurance and Annuity policies (Including Private Placement)</li> </ul>			<ul style="list-style-type: none"> <li>• Lifetime \$12.92mm Gift</li> <li>• Irrevocable Trusts</li> <li>• Dynasty Trusts</li> </ul>

Illiquid individuals and estates may consider insurance and lending for liquidity for estate tax purposes and spending to maintain lifestyle.

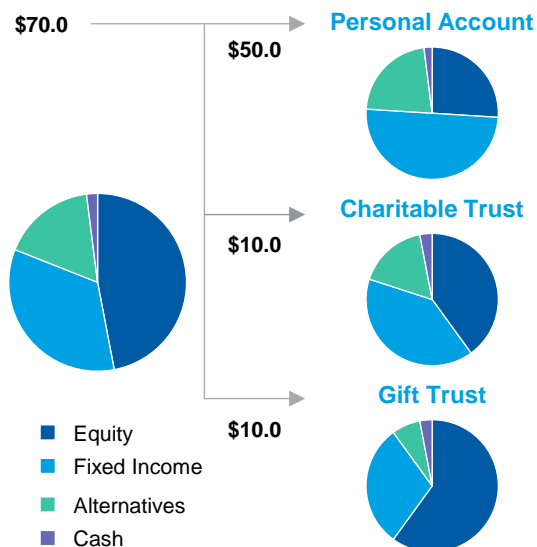
Morgan Stanley Smith Barney LLC, its affiliates, Financial Advisors and Private Wealth Advisors do not provide tax or legal advice. Clients should consult their tax advisor for matters involving taxation and tax planning and their attorney for matters involving trust and estate planning and other legal matters.

# It's What You Keep That Counts – Asset Allocation

## Hypothetical illustration

Our Wealth Strategies Group integrates the most common wealth transfer and philanthropic vehicles into their asset allocation modeling, which allows the team to analyze the potential impact of an asset allocation change on a static estate plan, an estate plan change on a static asset allocation or changes to both the estate plan and asset allocation. The model is able to capture the flows among all the entities and illustrate the potential remainder values for each entity and thus beneficiary.

### Sample Estate



### Transfer of Wealth

	NO PLANNING	IRREVOCABLE TRUSTS PAY TRUST INCOME TAXES	GRANTOR PAYS TRUST INCOME TAXES	TRUST INCOME TAXES ARE DEFERRED / ELIMINATED
<b>Transfer To Family</b>				
95 <sup>th</sup> Percentile	\$169.3	\$188.2	\$198.8	\$230.6
50 <sup>th</sup> Percentile	\$124.9	\$134.0	\$137.4	\$148.8
5 <sup>th</sup> Percentile	\$88.6	\$91.5	\$91.6	\$95.5
<b>Transfer To Charity</b>				
95 <sup>th</sup> Percentile	\$0.0	\$39.2	\$54.8	\$54.8
50 <sup>th</sup> Percentile	\$0.0	\$27.2	\$32.3	\$32.3
5 <sup>th</sup> Percentile	\$0.0	\$15.7	\$18.1	\$18.1
<b>Estate Tax</b>				
95 <sup>th</sup> Percentile	\$112.8	\$97.1	\$78.0	\$97.1
50 <sup>th</sup> Percentile	\$83.2	\$72.4	\$64.3	\$72.4
5 <sup>th</sup> Percentile	\$59.0	\$51.7	\$48.5	\$51.7

Asset Allocation does not assure a profit or protect against loss in declining financial markets.

## It's What You Keep that Counts – Implementation

In our experience, fundamentally different approaches may be required for the investment of assets in taxable versus tax-deferred accounts, depending on the tax budget of the client and beyond simple asset class selection

### OPTIMIZATION ELEMENTS FOR TAXABLE ACCOUNTS

#### Tax-Aware Separately Managed Accounts

- Focus on the “Core” building blocks of a diversified portfolio (U.S. & International Equity and U.S. Bonds)
- Index where possible to keep turnover and costs low
- Use Separately Managed Accounts to facilitate the full spectrum of tax management techniques<sup>(1)</sup> and allow for customizable screens that can include or exclude areas of the market of particular interest to each individual client
- Private Investments such as exclusive co-investment opportunities that aim to generate attractive LT Capital Gains

### OPTIMIZATION ELEMENTS FOR TAX-DEFERRED ACCOUNTS

#### ETFs and Active Managers

- Focus on “Satellite” assets classes and strategies that tend to be tax- inefficient but offer the potential to improve risk- adjusted returns net of fees whilst avoiding duplication of “Core” exposure in taxable accounts
- Use low-cost ETFs and Index Funds to reduce overall costs where relevant
- Draw on extensive resources of Morgan Stanley to identify active (higher turnover) managers who have a proven track record of consistently outperforming their market over time

*“Core-satellite is an established method of portfolio construction that can offer investors the potential for improved performance, especially on an after-tax basis”*

“How to Help Your Clients Invest Using Asset Location Management” Stephen Riley and Richard Furmanski – The Tax Adviser® newsletter 2015

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1. Tax management techniques include; Buy and Hold, Tax Loss Harvesting, Tax Lot Selling, Buy and Hedge, Laddering Bonds, Charitable Gifts

## Concluding Notions

*Combining our own experience and perspective with the vast resources of a global financial leader, we offer a truly comprehensive wealth management solution.*

*We are committed to providing an outstanding service experience, while helping you and your family protect and grow your capital while supporting the people, institutions and causes that add meaning to your life.*



***Taxes are the biggest expense that [many] investors face – more than commissions [and] more than investment management fees”***

*"Taxable Portfolios: Value and Performance." Journal of Portfolio Management, Winter, 1987 James P. Garland*

Morgan Stanley

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**Appendix**

# We Offer Comprehensive Solutions

We help individuals manage their financial life, no matter the complexity of the specific situation

## WEALTH PLANNING



- Goals-Based Wealth Management
- Retirement Strategies

## INVESTMENT ADVICE



- Thought Leadership
- Asset Allocation
- Portfolio Construction
- Investment Manager Selection

## INVESTMENT SOLUTIONS



- Advisory
- Brokerage
- Traditional Products
- Alternatives
- Annuities
- Investing with Impact

## LENDING AND CASH MANAGEMENT



- Home Loan Solutions
- Securities-Based Loans
- Mobile Check Deposit / Bill Pay
- Morgan Stanley Cards (debit, credit, charge)
- Unlimited ATM access

## DIGITAL OFFERINGS



- Morgan Stanley Online
- Morgan Stanley Mobile App
- eDelivery
- Bill Pay
- Transfers
- Mobile Check Deposit Authorizations
- Send Money with Zelle®

## TRUST, ESTATE AND LEGACY PLANNING (1)



- Wealth Transfer Strategies
- Wills, Trust, Estate and Legacy Planning
- Trust and Estate Professionals

## INSURANCE SERVICES



- Permanent Life
- Term Life
- Long-Term Care
- Disability

## PHILANTHROPY SERVICES (1)



- Charitable Lead Trusts
- Charitable Remainder Trusts
- Family Foundations
- Donor-Advised Funds

1. Although they may be admitted attorneys, planning directors and other wealth planning center personnel holding legal degrees are acting purely in a non-representative capacity. Neither they nor Morgan Stanley provide tax or legal advice to clients or to Morgan Stanley.

## Disclosures: Security Type Investing Risks

### A. SMALL / MID-CAPS U.S. EQUITY

Investing in smaller companies involves greater risks not associated with investing in more established companies, such as business risk, significant stock price fluctuations and illiquidity.

### B. INTERNATIONAL / EMERGING MARKETS

International investing entails greater risk, as well as greater potential rewards compared to U.S. investing. These risks include potential and economic uncertainties of foreign countries as well as the risk of currency fluctuations. These risks are magnified in countries with emerging markets, since these countries may have relatively unstable governments and less established markets and economics.

### C. FIXED INCOME

Fixed Income Securities are subject to interest rate risk, credit risk, prepayment risk, market risk, and reinvestment risk. Fixed Income Securities, if held to maturity, may provide a fixed rate of return and a fixed principal value. Fixed Income Securities prices fluctuate and when redeemed, may be worth more or less than their original cost.

### D. REITS

Real estate investing risks are similar to those associated with direct investments in real estate; lack of liquidity, limited diversification, and sensitivity to economic factors such as interest rate changes and market recessions.

### E. PRIVATE EQUITY

Private equity interests may be highly illiquid, involve a high degree of risk and be subject to transfer restrictions.

### F. MANAGED FUTURES

Managed futures investments are speculative, involve a high degree of risk, use significant leverage, are generally illiquid, have substantial charges, subject investors to conflicts of interest, and are suitable only for the risk capital portion of an investor's portfolio. Before investing in any partnership and in order to make an informed decision, investors should read the applicable prospectus and/or offering documents carefully for additional information, including charges, expenses and risks. Investors should read the prospectus and/or offering documents carefully for additional information, including charges, expenses and risks. Managed futures investments do not replace equities or bonds but rather may act as a complement in a well diversified portfolio.

### G. REAL ASSETS

The prices of real assets – precious metals tend to fluctuate widely and in a unpredictable manner, and have historically experienced periods of flat or declining prices. Their prices are affected by several factors, including global supply and demand, investors expectations with respect to the rate of inflation, currency exchange rates, interest rates, investment and trading activities of hedge funds and commodity funds, and global or regional political, economic or financial events and situations.

### H. COMMODITIES

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.

### I. MASTER LIMITED PARTNERSHIPS

Master Limited Partnerships (MLPs) are (rolled-up) limited partnerships or limited liability companies that are taxed as partnerships and whose interests (limited partnership units or limited liability company units) are traded on securities exchanges like shares of common stock.

## Disclosures: Security Type Investing Risks (Cont'd)

### J. STRUCTURED PRODUCTS

An investment in Structured Investments involves risks. These risks can include, but are not limited, to: fluctuations in the price, level or yield of underlying instruments, interest rates, currency values and credit quality; substantial loss of principal; limits on participation in appreciation of underlying instrument; limited liquidity; credit risk of the issuer; and, conflicts of interest.

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L. SIPC and excess of SIPC do not insure against losses due to market fluctuations. SIPC and excess of SIPC protection apply to net claims for the value of most securities and cash in the exclusive protection or control of the firm. Certain securities, including hedge funds, alternative investments, annuities, life insurance and limited partnerships, which may be redeemed directly from the issuer, carrier or their agents, are generally not covered by SIPC or excess of SIPC coverage.

### M. SIPC COVERAGE- SECURITIES INVESTOR PROTECTION CORPORATION (SIPC) COVERAGE:

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M (Continued). Money market funds receive SIPC coverage as securities, not as cash. Funds in the Bank Deposit Program are covered by FDIC insurance, not SIPC. Additional information about SIPC is available at [www.sipc.org](http://www.sipc.org). In addition to this SIPC protection, in the unlikely event that client assets that were not segregated are not fully recovered and SIPC protection limits have been paid, Morgan Stanley's supplemental insurance policy would be available to provide protection above the SIPC limits. This coverage is subject to an aggregate firmwide cap of \$1 billion, with no per-client limit for securities and a \$1.9 million per client limit for the cash (free credit balance) portion of any remaining shortfall.

N. Any allocation containing alternative investments should note that they are highly illiquid and are only suitable for investors willing to put capital at risk for an indefinite period of time. Alternative investments often engage in leverage and other speculative investment practices, may involve complex tax structures, typically have higher fees, and generally are not subject to the same regulatory requirements as traditional asset classes.

The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. Principal value and return of an investment will fluctuate with changes in market conditions.

**Investors should carefully consider the investment objectives and risks as well as charges and expenses of mutual funds and exchange traded funds (ETFs) 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 funds and ETFs. Read the prospectus carefully before investing.**

This material does not provide individually tailored investment advice. It has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The strategies and/or investments discussed in this material may not be suitable for all investors. Morgan Stanley Wealth Management recommends that investors independently evaluate particular investments and strategies, and encourages investors to seek the advice of a Financial Advisor. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives.

## Disclosures (cont'd)

- O. An investment in alternative investments can be highly illiquid, is speculative and not suitable for all investors. Investing in alternative investments is only intended for experienced and sophisticated investors who are willing to bear the high economic risks associated with such an investment. Investors should carefully review and consider potential risks before investing. Some of these risks may include: 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 the fund and none is expected to develop; 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; and Risks associated with the operations, personnel, and processes of the manager.
- P. Consulting Group is a business of Morgan Stanley Smith Barney LLC.
- Q. **IMPORTANT RISK INFORMATION FOR SECURITIES BASED LENDING:** You need to understand that: (1) Sufficient collateral must be maintained to support your loan(s) and to take future advances; (2) You may have to deposit additional cash or eligible securities on short notice; (3) Some or all of your securities may be sold without prior notice in order to maintain account equity at required maintenance levels. You will not be entitled to choose the securities that will be sold. These actions may interrupt your long-term investment strategy and may result in adverse tax consequences or in additional fees being assessed;

Securities based loans are provided by Morgan Stanley Smith Barney LLC, Morgan Stanley Private Bank, National Association or Morgan Stanley Bank, N.A., as applicable.

(4) Morgan Stanley Bank, N.A., Morgan Stanley Private Bank, National Association or Morgan Stanley Smith Barney LLC (collectively referred to as "Morgan Stanley") reserves the right not to fund any advance request due to insufficient collateral or for any other reason except for any portion of a securities based loan that is identified as a committed facility; (5) Morgan Stanley reserves the right to increase your collateral maintenance requirements at any time without notice; and (6) Morgan Stanley reserves the right to call securities based loans at any time and for any reason.

**With the exception of a margin loan, the proceeds from securities based loan products may not be used to purchase, trade, or carry margin stock (or securities, with respect to Express CreditLine); repay margin debt that was used to purchase, trade or carry margin stock (or securities, with respect to Express CreditLine); and cannot be deposited into a Morgan Stanley Smith Barney LLC or other brokerage account.**

To be eligible for a securities based loan, a client must have a brokerage account at Morgan Stanley Smith Barney LLC that contains eligible securities, which shall serve as collateral for the securities based loan.

The lending products referenced are separate and distinct, and are not connected in any way. The ability to qualify for one product is not connected to an individual's eligibility for another.

Tailored Lending is a loan/line of credit product offered by Morgan Stanley Private Bank, National Association, an affiliate of Morgan Stanley Smith Barney LLC. A Tailored Lending credit facility may be a committed or demand credit. All Tailored Lending loans/lines of credit are subject to the underwriting standards and independent approval of Morgan Stanley Private Bank, National Association. Tailored Lending loans/lines of credit may not be available in all locations. Rates, terms, and programs are subject to change without notice. Other restrictions may apply. The information contained herein should not be construed as a commitment to lend. Morgan Stanley Private Bank, National Association is a Member FDIC that is primarily regulated by the Office of the Comptroller of the Currency. **The proceeds from a Tailored Lending loan/line of credit (including draws and other advances) may not be used to purchase, trade, or carry margin stock; repay margin debt that was used to purchase, trade, or carry margin stock; and cannot be deposited into a Morgan Stanley Smith Barney LLC or other brokerage account.**

## Disclosures (cont'd)

Margin Loans are investment products offered through Morgan Stanley Smith Barney LLC. Margin Loans are securities based loans, which can be risky, and are not suitable for all investors. To be eligible for a securities based loan, a client must have a brokerage account at Morgan Stanley Smith Barney LLC that contains eligible securities, which shall serve as collateral for the securities based loan.

Residential mortgage loans / home equity lines of credit are offered by Morgan Stanley Private Bank, National Association, an affiliate of Morgan Stanley Smith Barney LLC. With the exception of the pledged-asset feature, an investment relationship with Morgan Stanley Smith Barney LLC does not have to be established or maintained to obtain the residential mortgage products offered by Morgan Stanley Private Bank, National Association. All residential mortgage loans/home equity lines of credit are subject to the underwriting standards and independent approval of Morgan Stanley Private Bank, National Association. Rates, terms, and programs are subject to change without notice. Residential mortgage loans/home equity lines of credit may not be available in all states; not available in Guam, Puerto Rico and the U.S. Virgin Islands. Other restrictions may apply. The information contained herein should not be construed as a commitment to lend. Morgan Stanley Private Bank, National Association is an Equal Housing Lender and Member FDIC that is primarily regulated by the Office of the Comptroller of the Currency. 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 Morgan Stanley Smith Barney LLC or other brokerage account.**

A conforming loan means a residential mortgage loan offered by Morgan Stanley Private Bank, National Association that is saleable to Fannie Mae or Freddie Mac because it conforms to these entities' guidelines, including, for example, loan amount limits that range from \$417,000 to \$625,500 for one unit properties, depending on location (and even higher in Hawaii).

A non-conforming loan is a residential mortgage loan that is not a conforming loan.

The aircraft and yacht financing referenced herein are provided by unaffiliated third party lenders. Neither Morgan Stanley Smith Barney LLC ("Morgan Stanley") nor its affiliates are the provider of such loans and will not have any input or responsibility concerning a client's eligibility for, or the terms and conditions associated with these lending products and/or programs. Neither Morgan Stanley nor its affiliates shall be responsible for the content of any advice or services provided by the third party lenders. Morgan Stanley or its affiliates may participate in transactions on a basis separate from the third party lenders. Morgan Stanley or its affiliates may receive compensation in connection with referrals made to the third party lenders.

GlobalCurrency is available to clients of Morgan Stanley Smith Barney LLC with an eligible brokerage account. Before undertaking foreign exchange transactions, clients should understand the associated risks. Engaging in foreign currency transactions entails more varied risks than normally associated with transactions in the domestic securities markets. Attention should be paid to market, credit, sovereign, and liquidity risks. The foreign exchange transactions and deposits discussed in this material may not be suitable for all clients. The appropriateness of a particular investment or strategy depends upon a client's particular circumstances and objectives. This material does not provide individually tailored investment advice. Clients can review the GlobalCurrency Disclosure Statement at [http://www.morganstanley.com/wealth/disclosures/pdfs/GC\\_Disclosure\\_Statement.pdf](http://www.morganstanley.com/wealth/disclosures/pdfs/GC_Disclosure_Statement.pdf) for more details.

GlobalCurrency Time and Savings Deposits are held at Morgan Stanley Private Bank, National Association, Member FDIC, and are insured up to U.S. Dollar ("USD") equivalent limits. FDIC insurance does not protect against losses due to exchange rate movements. For more information about FDIC insurance, please visit the FDIC website at <https://www.fdic.gov/deposit/deposits/>.

Savings Deposits in some currencies may pay no interest. Morgan Stanley Smith Barney LLC will charge a client a markup for converting USD in the client's brokerage account or foreign currency in a Savings Deposit to another currency, which will reduce the client's net earnings. The markup is the difference or "spread" between the price we pay for a currency and the price at which we sell the currency to a client. Please refer to [www.morganstanley.com/wealth-general/globalcurrencyrates](http://www.morganstanley.com/wealth-general/globalcurrencyrates) for full availability.

## Disclosures (cont'd)

GlobalCurrency Express is available to clients of Morgan Stanley Smith Barney LLC with an eligible brokerage account. The specific foreign currencies available through the GlobalCurrency Express program can be funded using U.S. Dollars ("USD") from a client's eligible brokerage account. However, the Euro, British Pound, Canadian Dollar, Swiss Franc, Japanese Yen, Australian Dollar, New Zealand Dollar, Mexican Peso, Norwegian Krone, and Danish Krone can also be funded using local currency from a client's GlobalCurrency Savings Deposits held at Morgan Stanley Private Bank, National Association, Member FDIC. To place an order for GlobalCurrency Express, clients can call the client service center at 800-869-3326 between 8:00 a.m. and 2:00 p.m. ET Monday through Friday. Minimum order is \$250 USD equivalent; maximum order is \$5,000 USD equivalent per individual client, per 24-hour period. No more than two orders may be placed in a 7 calendar day period. Once submitted, GlobalCurrency Express orders cannot be cancelled or returned. Any unused physical foreign currency delivered to the client pursuant to a GlobalCurrency Express order cannot be returned for deposit. Additional eligibility restrictions and conditions apply.

Clients placing a GlobalCurrency Express order will be charged a fee. The fee charged for GlobalCurrency Express orders using local currency will be deducted from the foreign currency delivered. While GlobalCurrency Express orders using USD will typically be charged a higher fee, which is included in the exchange rate quoted at the time of the order.

The Active Assets Account is a brokerage account offered through Morgan Stanley Smith Barney LLC.

The Morgan Stanley Credit Card from American Express or the Platinum Card® from American Express exclusively for Morgan Stanley is only available for clients who have an eligible Morgan Stanley Smith Barney LLC brokerage account ("eligible account"). Eligible account means a Morgan Stanley Smith Barney LLC brokerage account held in your name or in the name of a revocable trust where the client is the grantor and trustee, except for the following accounts: Charitable Remainder Annuity Trusts, Charitable Remainder Unitrusts, irrevocable trusts and employer-sponsored accounts. Eligibility is subject to change. American Express may cancel your Card Account and participation in this program, if you do not maintain an eligible account. Morgan Stanley Smith Barney LLC may compensate your Financial Advisor and other employees in connection with your acquisition or use of either the Morgan Stanley Credit Card from American Express or the Platinum Card® from American Express exclusively for Morgan Stanley.

The Morgan Stanley Cards from American Express are issued by American Express Bank, FSB, not Morgan Stanley Smith Barney LLC. Services and rewards for the Cards are provided by Morgan Stanley Smith Barney LLC, American Express or other third parties. Restrictions and other limitations apply. See the terms and conditions for the Cards for details. Clients are urged to review fully before applying.

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Interest-only loans enable borrowers to make monthly payments of only the accrued monthly interest on the loan during the introductory interest-only period. Once that period ends, borrowers must make monthly payments of principal and interest for the remaining loan term, and payments will be substantially higher than the interest-only payments. During the interest-only period, the total interest that the borrower will be obligated to pay will vary based on the amount of principal paid down, if any. If a borrower makes just an interest-only payment, and no payment of principal, the total interest payable by the borrower during the interest-only period will be greater than the total interest that a borrower would be obligated to pay on a traditional loan of the same interest rate having principal-and-interest payments. In making comparisons between an interest-only loan and a traditional loan, borrowers should carefully review the terms and conditions of the various loan products available and weigh the relative merits of each type of loan product appropriately.

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R. Tax laws are complex and subject to change. This information is based on current law in effect at the time this was written. Morgan Stanley Smith Barney LLC, its affiliates, employees and Private Wealth Advisors are not in the business of providing tax or legal advice, and these Individuals should consult their personal tax advisor for matters involving taxation and tax planning and their attorney for matters involving personal trusts and estate planning.

S. 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**



- T. Investment and services offered through Morgan Stanley Private Wealth Management, a division of Morgan Stanley Smith Barney LLC. Member SIPC.
- U. Forex transactions have inherent risk, including the potential loss of principal, and are not suitable for all investors. Forex transactions may be subject to exchange (or currency) risk or, the risk that an investor will have to close out a long or short position in a foreign currency at a loss due to an adverse movement in exchange rate. Before undertaking Forex transactions, you should understand the associated risks. Engaging in foreign currency transactions entails more varied risks than normally associated with transactions in the domestic securities markets. Attention should be paid to market, credit, sovereign and liquidity risks. Cash or forward positions in foreign currencies are volatile and involve inherent risks including the effect of leverage. The potential of loss is a significant consideration. Because of the effect of leverage, a relatively small market movement will have a proportionately large impact on the funds deposited. This loss can be equal to or, in some instances, greater than the full amount of the initial investment. Certain Forex transactions may only be entered into by clients who qualify as Eligible Contract Participants (ECP) as defined by the Commodity Exchange Act. Over-the-counter transactions require investors to be classified as an Eligible Contract Participant, and in certain instances transactions may be executed with a counterparty that is an affiliate of Morgan Stanley Wealth Management.
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## Disclosures (cont'd)

1. Asset allocation and diversification do not assure a profit or protect against loss in declining financial markets.
  2. Insurance products are offered in conjunction with Morgan Stanley Smith Barney LLC's licensed insurance agency affiliates.
  3. Morgan Stanley Smith Barney LLC does not accept appointments nor will it act as a trustee but it will provide access to trust services through an appropriate third-party corporate trustee.
  4. Morgan Stanley Smith Barney LLC ("Morgan Stanley"), its affiliates and their employees including Morgan Stanley Financial Advisors and Private Wealth Advisors do not provide tax or legal advice. Clients should consult their tax advisor for matters involving taxation and tax planning and their attorney for matters involving trust and estate planning, charitable giving, philanthropic planning and other legal matters.
  5. Tax laws are complex and subject to change. Morgan Stanley Smith Barney LLC ("Morgan Stanley"), its affiliates and Morgan Stanley Financial Advisors and Private Wealth Advisors do not provide tax or legal advice and are not "fiduciaries" (under ERISA, the Internal Revenue Code or otherwise) with respect to the services or activities described herein except as otherwise provided in a written agreement with Morgan Stanley. Individuals are encouraged to consult their tax and legal advisors (a) before establishing a retirement plan or account, and (b) regarding any potential tax, ERISA and related consequences of any investments made under such plan or account.
  6. Morgan Stanley offers a wide array of brokerage and advisory services to its clients, each of which may create a different type of relationship with different obligations to you. Please consult with your Financial Advisor to understand these differences.
  7. Derivatives, in general, involve special risks and costs that may result in losses. The successful use of derivatives requires sophisticated management, in order to manage and analyze derivatives transactions. The prices of derivatives may move in unexpected ways, especially in abnormal market conditions. In addition, correlation between the particular derivative and an asset or liability of the manager may not be what the investment manager expected. Some derivatives are "leveraged" and therefore may magnify or otherwise increase investment losses. Other risks include the potential liability to terminate or sell derivative positions, as a result of counterparty failure to settle or other reasons.
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