

# Morgan Stanley

PRIVATE WEALTH MANAGEMENT

## Private Equity Principals





Successful private equity careers tend to proceed in asymmetrical fashion. Substantial gains may follow considerable setbacks. Distributions are often sporadic, resulting in liquidity concerns for extended periods of time. Success itself tends to create concentration risks that may leave highly sophisticated investors in need of supplemental investment advice outside their areas of experience.

In managing the personal wealth of many private equity principals, Private Wealth Advisors at Morgan Stanley Private Wealth Management have developed a very specific knowledge base and a unique set of capabilities. We understand how your needs for liquidity evolve as your career progresses, and how to help you sustain your lifestyle and your wealth while the better part of your net worth remains illiquid. We can help you diversify your overall portfolio to mitigate concentration risk, and help you hedge or divest a concentrated stock position should your distributions ever come in the form of equity. As you accumulate multigenerational wealth, we can work

with your estate attorney and tax advisors to develop strategies to potentially reduce your estate tax liability.

Most importantly, we understand how to work with financially sophisticated clients: those who have the knowledge to manage their personal assets but not necessarily the time, or those who have worked their way into a position to enjoy their wealth and their lifestyle, yet may need some assistance in meeting the multifaceted challenges it presents. We are here to provide you with the supplemental experience you need to help reach your personal and professional goals while supporting the people, causes and institutions that add meaning to your life.

## ABOUT PRIVATE WEALTH MANAGEMENT

Founded in 1977, Private Wealth Management is the division of Morgan Stanley that is dedicated to serving the firm's most affluent clients. Private Wealth Advisors utilize a customized wealth management approach best suited for ultra high net worth families. They provide sophisticated solutions, through an open architecture, that leverage the intellectual capital and insight of Morgan Stanley's substantial global resources. Today, clients from around the world entrust Private Wealth Management with over \$720 billion in assets<sup>1</sup> with the goal of preserving and growing their financial, family and social capital over generations.



**PRIVATE WEALTH  
MANAGEMENT HIGHLIGHTS:**

Focusing on families with  
\$20MM+ in investable assets

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Approximately 300 teams in  
more than 55 regional offices<sup>2</sup>

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Generally co-located with institutional  
businesses for strong connectivity  
to other parts of the firm

## THE PRIVATE WEALTH MANAGEMENT RELATIONSHIP

A relationship with Morgan Stanley Private Wealth Management is organized to be broad in scope and highly sophisticated in nature. Our goal is to help you address the multifaceted challenges of managing significant wealth by providing access to the experience and resources you need. We understand the unique needs of a highly accomplished private equity investor, and are highly adept at helping you manage your finances around the core holdings you have in your funds.

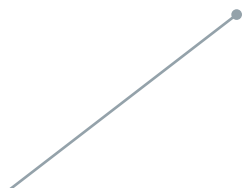


**SERVICES TO SUPPORT YOUR PROFESSIONAL ACTIVITIES**

As a private equity principal, there is a far finer line between your professional and personal investment activities than there would be for most ultra high net worth clients. With tight connectivity to the firm's institutional businesses, your Private Wealth Advisor can help support your funds' activities by providing access to our firm's top strategists, economists and equity analysts. Should the need arise, we can assemble highly trained professionals in investment banking, corporate finance, capital markets and even our own venture investing professionals.

**THE FLEXIBILITY AND FOCUS OF A FAMILY OFFICE**

In addition to addressing the purely financial aspects of your life, your Private Wealth Advisor, supported by a highly qualified team, can help address family dynamics and personal concerns. He or she can call upon experts in tax, trust and estate planning, personal security and many aspects of the affluent lifestyle. Specialized professionals are also available to assist you with potentially complex issues related to values and legacy: family mission development and governance, wealth transfer planning, trust guidance and meeting multigenerational charitable goals. We also offer an extensive range of Lifestyle Advisory services,<sup>3</sup> including household management, personal security, art advisory and more.



**A TEAM OF HIGHLY EXPERIENCED INDIVIDUALS TO SUPPLEMENT YOUR EXPERIENCE**

Your relationship at Morgan Stanley Private Wealth Management will be personally overseen by one of our senior Private Wealth Advisors. At the beginning of your relationship, he or she will assess the specialized skills required to address your needs and objectives, and assemble a team to focus on your goals. Drawn from the global resources of Morgan Stanley and in coordination with your outside advisors, your team may include specialists in tax, trust and estate planning, as well as in customized liquidity strategies and dedicated capital markets teams for equities, fixed income and options.<sup>4</sup> Should you ever receive equity in a stock-for-stock transaction, we can call on individuals in block trading or single-stock hedging to help you divest or manage a concentrated position.



## MITIGATING CONCENTRATION RISK

As a private equity principal, it's not likely that you need a great deal of help forming the better part of your personal investment strategy. It's likely that the vast majority of your wealth is, and will remain, invested in your funds. What we can do is help you manage around the concentrated risk created by your co-investments.

When we work with clients who are professional investors like yourself, we encourage you to consider the assets in your own funds as risk capital. Our goal is then to help you formulate investment strategies with exceptionally low correlations to your funds. This tends to be particularly appropriate for private equity principals in the earlier stages of their careers when concentration risk tends to be at its highest.

**WHILE EVERY PORTFOLIO IS FULLY CUSTOMIZED TO HELP ADDRESS** your needs, our base assumption is to keep your non-co-invested portfolio simple and liquid. For example, we may favor investment-grade bonds for nonretirement accounts. For retirement funds, we look for lower beta equities in industries that tend to move in the opposite direction to those in the primary areas of your private equity investing.



## TRUST, TAX AND ESTATE CONSIDERATIONS

### WEALTH TRANSFER PLANNING

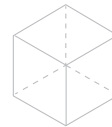
- Wills, Trusts, Health Care Documents: strategy, structure, implementation and review process that your advisor will work with legal advisors to help guide you through.
- Gifting: use of credits, leveraged gifting and taxable gifts

### ESTATE LIQUIDITY

- Estate tax is typically due within nine months of a decedent's passing. Consequently, illiquid estates may have difficulty raising cash to pay the estate tax and may be forced to sell at inopportune times and/or at deeply discounted levels
- Gifting of assets to the next generation can very effectively alleviate or reduce the burden of estate tax liability. Where gifting is not appropriate or desired, however, life insurance is sometimes employed to assure that an otherwise illiquid estate would have sufficient liquidity to pay estate taxes
- We can help clients analyze, review and acquire life insurance products from life insurance carriers, and then structure the policy ownership to optimize its estate tax efficiency

### CREDITOR PROTECTION

- Fund partners are relatively public “deep pockets” and are at higher risk for such claims
- We work with our clients and their attorneys to explore the full gambit of creditor protection options. These range from simple steps, such as asset titling, to more complicated steps involving gifting to children, protective entity creation, and jurisdiction selection for trusts (both domestic and offshore)
- We also help our clients explore and establish group umbrella insurance offerings (purely third party), which can greatly reduce costs, significantly increase available protection limits and, in many cases, eliminate any underwriting requirements



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Only a limited amount of property can be transferred free of tax (during life or at death) by virtue of certain exclusions or credits.

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The benefit of making a gift is that the property and all future income and appreciation are removed from the estate of the donor. Potential downsides include loss of control and use of the property gifted.

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A partner's new carried interest may be well-suited to effectuate wealth transfer: low initial value with significant appreciation potential.

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Estate planning for fund partners often encompasses a review of other integral areas as well, e.g., estate liquidity management and asset protection.

## CASH MANAGEMENT, LENDING AND YOUR PERSONAL BALANCE SHEET

As a private equity partner, you may have somewhat erratic cash flows as you alternate between investment and harvest cycles. Your Private Wealth Advisor can provide access to Morgan Stanley's broad and sophisticated lending platform with resources that may help you gain the balance sheet flexibility you may need to pursue personal and family goals.

**GAINING LIQUIDITY THROUGH SECURITIES BASED LENDING.** If you qualify, borrowing against the eligible securities in your brokerage account can help unlock the liquidity you need for income and cash flow purposes, or even intergenerational

wealth transfer and charitable goals. Your options may include both nonpurpose or purpose loan products. Borrowing against securities may not be appropriate for everyone. You should be aware that there are risks associated with a securities-based loan, including possible maintenance calls on short notice, and that market conditions can magnify any potential for loss. For details, please see the important disclosures at the end of this brochure.<sup>6</sup>

**CUSTOMIZED FINANCING FOR A VARIETY OF NEEDS.** For clients who qualify, Tailored Lending, offered by Morgan Stanley Private Bank, National

Association, can leverage Collateral: Marginable Securities, Structured Investments, Exchange Funds, Life Insurance, Commercial Real Estate, Alternative Investments, Privately Held Stock, Fine Art, And Real Estate Investment Trust Operating Partnership Units.<sup>5</sup>

**MANAGING BALANCE SHEET CASH.** High levels of liquidity require careful management in order to avoid concentrating risk in one or more financial institutions. Your Private Wealth Advisor can structure, track and report on your overall cash position across multiple accounts and entities.

## Balance Sheet and Lending Options

### Cash Management and Lending Capabilities

Referrals to External Providers with Preferred Programs:<sup>3</sup>

### Securities Based Lending<sup>6</sup> Liquidity Access Line<sup>7</sup>

- Nonpurpose and Purpose Loans

### Tailored Lending<sup>9</sup>

- Collateral — Eligible Marginable Securities, Structured Investments, Exchange Funds, Life Insurance, Commercial Real Estate, Alternative Investments, Privately Held Stock, Fine Art, and Real Estate Investment Trust Operating Partnership Units

### Home Loans<sup>8</sup>

- Residential Mortgage Products — Fixed-Rate Mortgages, Adjustable-Rate Mortgages, Home Equity Lines of Credit, Conforming, Jumbo, ARMS, HELOCs

Morgan Stanley Private Wealth Management can work with you and your attorneys to help develop a framework for integrated tax, trust and estate planning that takes full advantage of the unique opportunities available to you as a private equity principal. Our goal is to help ensure that your estate plan is aligned with your values and your aspirations for the next generation.

### **Gift and Estate Planning Strategies**

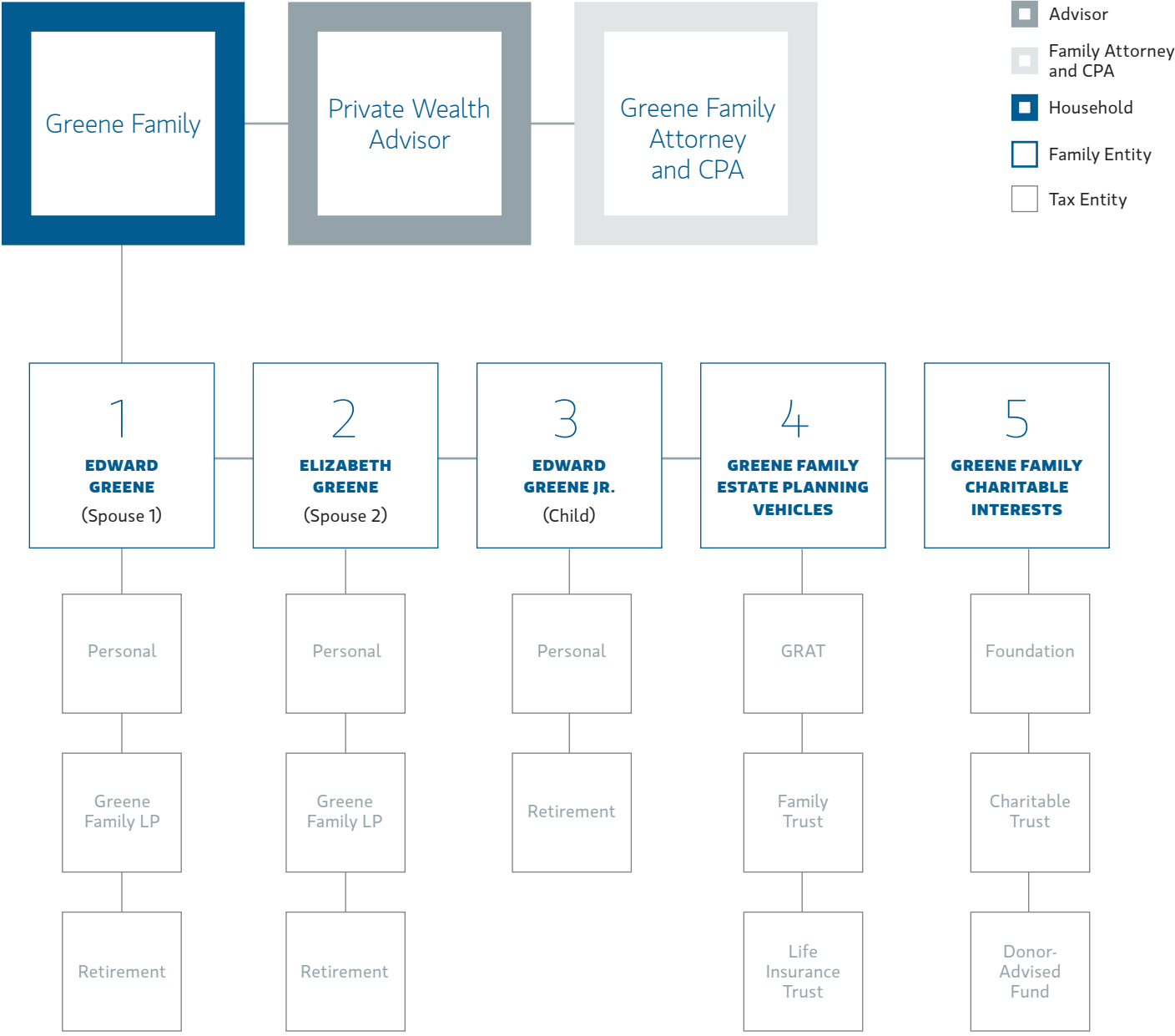
By gifting assets to your family or other beneficiaries, you may reduce the future value of your estate and the inheritance taxes your estate will pay. When gifts exceed the annual exclusion limit, however, they count against your lifetime gift-tax exclusion—the total amount of taxable gifts you can make without incurring gift tax. As a private equity principal, you have opportunities to maximize the use of the exemption by making gifts that have little or no gift-tax consequences. This may include transferring assets whose value can be discounted, or that have significant growth potential (notably, shares in your funds). Because they are currently illiquid, the present value of these funds may be discounted for gift-tax purposes. Among the other strategies we may help you explore with your other advisors are:

- Gifting life insurance premiums
- Intra-family loans
- Grantor retained annuity trusts (GRATs)
- Qualified personal residence trusts (QPRTs)
- Installment sales to a grantor trust
- Family limited partnerships and LLCs

**GIVING BACK.** Our Philanthropy specialists can help you create and implement a strategic giving plan that incorporates efficient structures and vehicles to help achieve your objectives. Working with our charitable giving specialists, you can take a strategic and disciplined approach to philanthropy by developing a program that incorporates the most appropriate charitable vehicles to achieve your objectives. Whether your plan makes use of charitable trusts or you decide to focus your giving through a private foundation that involves the next generation in management and

decision-making, we can help define and implement your vision.

**A HOLISTIC APPROACH.** Legacy planning is not confined to what happens to your assets and estate. It can also involve the strengthening of family bonds and the focusing of family goals. Your Private Wealth Advisor can introduce you to Morgan Stanley professionals with extensive experience in the dynamics of successful families—specialists who can guide you through the creation of a family mission and family governance structure, and help conduct family meetings. Our ability to help address the nonfinancial issues of legacy planning and wealth transfer can be precisely focused on your objectives and the needs of your family.



\*For illustrative purposes only

## COMPREHENSIVE FAMILY OFFICE CAPABILITIES

One of the most significant benefits of a relationship with Morgan Stanley Private Wealth Management is the increased control, organization and discipline you can achieve over personal finances. Through your Private Wealth Advisor, you are connected to a comprehensive suite of family office services — a unique combination of resources and experience.

# 1

## **TAX, TRUST AND ESTATE**

Customized holistic strategies, solutions and services for wealth transfer, including:

- Reviewing estate structures, educating clients on alternatives and recommending strategies
- Collaborating with tax and legal advisors to implement strategic recommendations
- Analyzing structures to ensure character of taxation is incorporated in asset allocation and location to integrate planning and investing decisions

# 2

## **ACCESS TO CASH MANAGEMENT AND LENDING**

Your Private Wealth Advisor can help develop sophisticated approaches to cash flow and liquidity management, while working to enhance yield on short-term assets. In addition, you can work with experienced professionals with the skills and resources to discuss lending products that may be available, including residential mortgage loans, Tailored lending and securities based loans.



3

### **FAMILY GOVERNANCE AND WEALTH EDUCATION**

Family members, particularly those of different generations, may have divergent points of view and differing priorities. Our professionals are available to help you address sensitive family issues, facilitate communication, manage conflict and achieve a shared sense of common direction. They can help you draft a family mission, shape a governance structure and promote financial literacy among younger family members.

4

### **PHILANTHROPY MANAGEMENT**

Collaborating with your legal and tax advisors, we can help integrate philanthropy into your wealth management plan, enhancing the impact of giving and its benefits to your family. Our professionals work at each stage of philanthropic activity, from focusing your interests and defining a mission, to translating your interests and values into effective grant-making. You can also work with our professionals in the creation, operation and governance of private foundations, and we can support you with comprehensive foundation management services.

# 5

## **LIFESTYLE ADVISORY<sup>5</sup>**

These capabilities are designed to enhance your lifestyle and the enjoyment of opportunities available to you. Our services range from yacht and aircraft charter resources to personal security and the household management services needed to address the staffing needs at multiple residences. Through our relationship with Pinnacle Health Consultants, LLC, you also have access to an extensive suite of personal health care advisory services.

# 6

## **EDUCATIONAL PROGRAMS**

To help broaden your access to our firm's expertise and resources and to create opportunities to meet with and share experience with other Private Wealth Management clients, we offer an array of programs and events. These include family legacy and next generation programs, women's retreats, entrepreneurship forums and senior management roundtables.

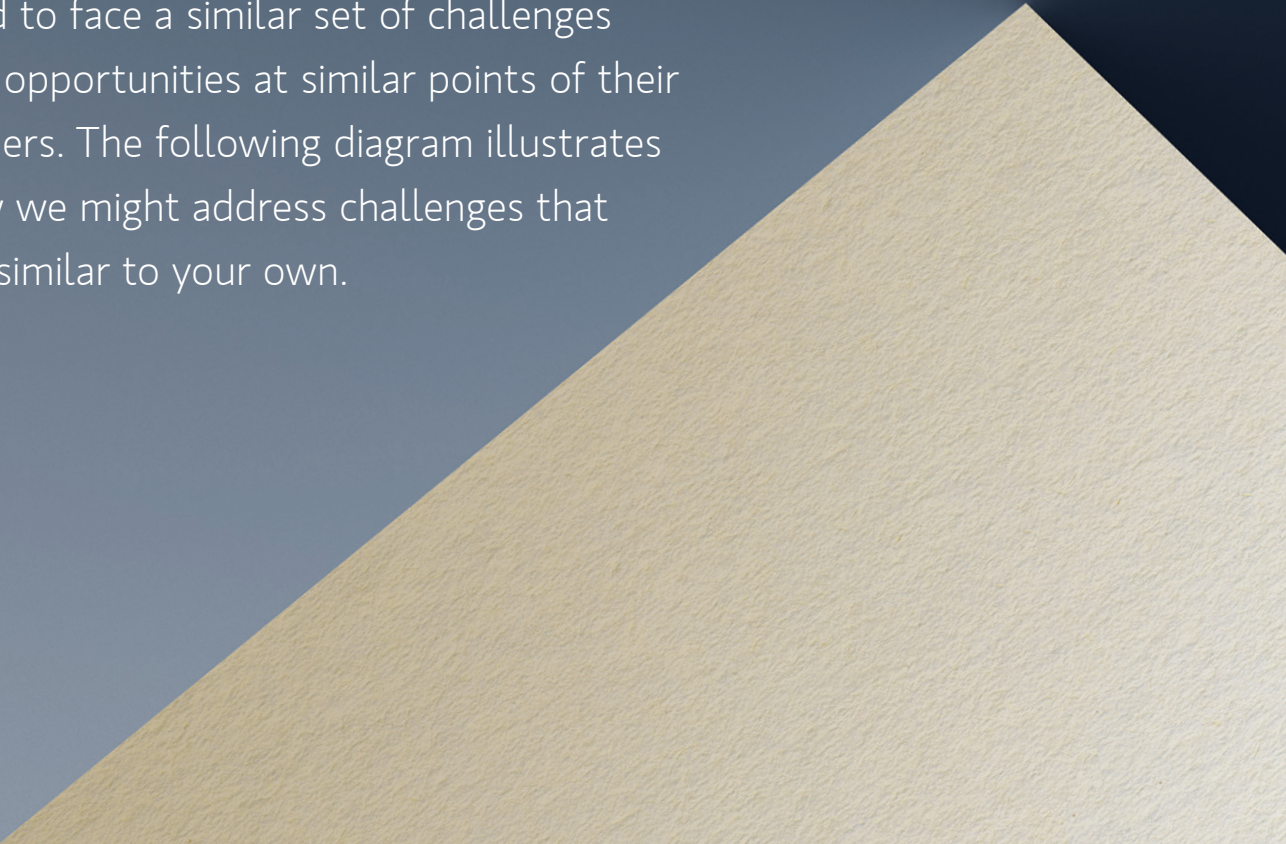
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## **ONLINE AND MOBILE SERVICES**

Morgan Stanley Online and the Morgan Stanley mobile App are optimized to enhance the advisor-client relationship. You will have anytime, anywhere access to customizable views of assets and liabilities, including up to 12 months of projected income. Detailed insights into portfolio data are available, including asset allocation with three levels of asset classification. You can access research, analysis and robust market research tools, as well as a full suite of cash management capabilities.

## ADDRESSING YOUR CHALLENGES AT EVERY PHASE OF YOUR CAREER

While your circumstances are unique, we have found that private equity principals tend to face a similar set of challenges and opportunities at similar points of their careers. The following diagram illustrates how we might address challenges that are similar to your own.



## THE JUNIOR PARTNER

### PROTOTYPICAL PROFILE

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Total household net worth of \$5 million to \$20 million

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90%+ of net worth concentrated in private equity funds

### OBJECTIVES

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Maintain liquidity to meet unexpected capital calls without being forced into untimely liquidations

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Put idle cash to work when/where market opportunities are present

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Establish fixed-income portfolio with low correlation to private equity holdings

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Establish framework to manage significant future wealth

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Expand network of professional relationships

### SOLUTIONS

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Invested idle cash in highly liquid, less volatile portfolio with low correlations to private equity investments

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Discussed long-term wealth management objectives

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Provided introductions to Morgan Stanley Investment Bankers and Institutional Traders

The case study presented is for illustrative purposes only. Past performance is no guarantee of future results. These strategies do not guarantee a profit or protect against loss and may not be appropriate for all investors.

## THE ESTABLISHED PARTNER

### PROTOTYPICAL PROFILE

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Total household net worth of \$20 million to \$50 million

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75% of net worth concentrated in private equity funds

### OBJECTIVES

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Ensure access to steady cash flow to support a comfortable lifestyle, regardless of fund distribution timings

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Establish a tax, trust and estate strategy that takes full advantage of opportunities available to private equity investors

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Manage overall investment portfolio to offset concentrated private equity holdings

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Protect assets from accident claims and other liability suits

### SOLUTIONS

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Qualified for and established securities-based loans backed by eligible collateral

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Gifted private equity fund shares to children's trusts to minimize impact on lifetime gift exclusion

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Created and implemented fixed income strategy to diversify overall portfolio and help to protect cash/cash equivalents

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Provided access to Morgan Stanley Equity Research to help evaluate potential acquisition target for fund

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Introduced ultra high net worth clients with substantial privately owned enterprises

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Reviewed insurance coverage and secured umbrella liability policy to protect core assets from lawsuits

The case studies presented is for illustrative purposes only. Past performance is no guarantee of future results. These strategies do not guarantee a profit or protect against loss and may not be appropriate for all investors.



## THE VENERABLE PARTNER

### PROTOTYPICAL PROFILE

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Total household net worth of \$50 million+

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60% of net worth concentrated  
in private equity funds

### OBJECTIVES

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Gain access to appropriate investment  
opportunities outside private equity holdings

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Refine tax, trust and estate strategy to  
accommodate multigenerational and  
philanthropic wealth transfer goals

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Simplify management of lifestyle

### SOLUTIONS

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Joined Morgan Stanley Investment Club  
to invest alongside equally successful  
industry peers

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Refined trust and estate plan to establish funds  
for grandchildren and support favorite charities

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Consulted art advisory services to value  
collection and help determine gifting strategy  
of major works to local museum

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Consulted household staffing services to  
secure household manager for beach house

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Secured substantial life insurance policy to  
cover estate taxes and balance inheritance  
amounts for children and grandchildren

The case study presented is for illustrative purposes only. Past performance is no guarantee of future results. These strategies do not guarantee a profit or protect against loss and may not be appropriate for all investors.

## MORGAN STANLEY PRIVATE WEALTH MANAGEMENT: OUR PROMISE TO YOU

Responsibilities to your partners and investors can make it difficult to focus on what matters most to you: pursuing personal goals and family aspirations, exploring opportunities and living the life you envision. At Morgan Stanley Private Wealth Management, we help address the challenges and complexities of wealth so you can accomplish the things in life that are essential to you.

We combine four decades of experience—exclusively serving the world’s most prominent executives, entrepreneurs, families and foundations—with Morgan Stanley’s strength and stature in the global financial industry.

Drawing on this experience and insight, and on a deep understanding of you, your family and the dynamics of your financial life, your Private Wealth Advisor will:

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Manage investments with an unwavering focus on your financial strategy and personal goals

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Create comprehensive, multigenerational wealth management plans based on your needs, challenges and the values that guide your life and legacy

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Simplify financial complexity to help you achieve clarity and control

To learn specifically what this may mean to you and your family, please contact your Morgan Stanley Private Wealth Advisor.





## DISCLOSURES

1 Source: PWM Monthly Metrics Deck March 2022; PWM Finance.

2 Source: PWM Roster, March 2022 ME.

3 Lifestyle Advisory Services: Morgan Stanley Smith Barney LLC (the "Firm") and its affiliates do not currently offer the services provided by this Service Provider(s). The Service Provider(s) is not an affiliate of the Firm. Any review of the Service Provider(s) performed by the Firm was based on information from sources that we believe are reliable but we cannot guarantee its accuracy or completeness. This referral should in no way be considered to be a solicitation by the Firm for business on behalf of the Service Provider(s). The Firm makes no representations regarding the appropriateness or otherwise of the products or services provided by the Service Provider(s). There may be additional service providers for comparative purposes. If you choose to contact the Service Provider(s), do thorough due diligence, and make your own independent decision.

The Firm will not receive a referral fee for referring you to the Service Provider(s). The Firm is a diversified financial services company with millions of clients in several countries around the world. The Firm routinely enters into a variety of business relationships for which either the Firm receives compensation or pays for services, and such business relationships may include the named Service Provider(s), its employees or agents, or companies affiliated with the Service Provider(s).

4 Options are not appropriate for all investors. Investors should not enter into option transactions until they have read and understood the Option Disclosure Document (ODD), titled "Characteristics and Risks of Standardized Options." Before engaging in the purchase or sale of options, investors should understand the nature and extent of their rights and obligations, and be aware of the risks involved, including, without limitation, the risks pertaining to the business and financial condition of the issuer of the underlying security or instrument. Options investing, like other forms of investing, involves tax considerations, and transaction costs that can significantly affect the profit and loss of buying and writing options. The transaction costs of options investing, primarily of commissions (which are imposed in the opening, closing, exercise and assignment transactions), but may also include exchange fees in particular transactions. Transaction costs are especially significant in option strategies calling for multiple purchase and sales of options, such as multiple leg strategies, including spreads (including rolling), straddles and collars.

5 Neither Morgan Stanley nor its affiliates shall be responsible for content of any advice or services provided by the unaffiliated party. Morgan Stanley or its affiliates may participate in transactions on a basis separate from this unaffiliated party. Morgan Stanley or its affiliates may receive compensation in connection with referrals made to the institution.

6 **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; (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.

7 Liquidity Access Line ("LAL") is a securities-based loan/line of credit product, the lender of which is either Morgan Stanley Private Bank, National Association or Morgan Stanley Bank, N.A., as applicable, each an affiliate of Morgan Stanley Smith Barney LLC. All LAL loans/lines of credit are subject to the underwriting standards and independent approval of Morgan Stanley Private Bank, National Association or Morgan Stanley Bank, N.A., as applicable. LAL loans/lines of credit may not be available in all locations. Rates, terms and conditions are subject to change without notice. To be eligible for an LAL loan/line of credit, a client must have a brokerage account at Morgan Stanley Smith Barney LLC that contains eligible securities, which shall serve as collateral for the LAL. In conjunction with establishing an LAL loan/line of credit, an LAL facilitation account will also be opened in the client's name at Morgan Stanley Smith Barney LLC at no charge. Other restrictions may apply. The information contained herein should not be construed as a commitment to lend. Morgan Stanley Private Bank, National Association and Morgan Stanley Bank, N.A. are members FDIC that are primarily regulated by the Office of the Comptroller of the Currency.

**The proceeds from a non-purpose LAL 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.**

8 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 \$647,200 to \$970,800 for one unit properties, depending on location.

The interest rate and payments on an adjustable rate mortgage ("ARM") loan may increase over the life of a loan as interest is fixed for a specified period and then will adjust periodically thereafter. The annual percentage rate may increase after consummation of the loan.

9 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 loan/line of 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) generally 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.**

#### **ADDITIONAL IMPORTANT DISCLOSURES**

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 appropriate for all investors.

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. 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.

The outcome described within this document may not be attainable for all applicants. Issues relating to an applicant's financial resources, creditworthiness, financial condition or collateral value may affect the loan process, as well as an applicant's eligibility for the lending products referenced.

The Morgan Stanley Mobile App is currently available for iPhone® and iPad® from the App Store<sup>SM</sup> and Android™ on Google Play™. Standard messaging and data rates from your provider may apply.

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.

Morgan Stanley Smith Barney LLC ("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 Private Wealth Advisor to understand these differences.

Life insurance, disability income insurance and long-term care insurance are offered through Morgan Stanley Smith Barney LLC's licensed insurance agency affiliates.

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 appropriate for all investors. The appropriateness of a particular investment or strategy

will depend on an investor's individual circumstances and objectives. Asset allocation, diversification or rebalancing does not guarantee a profit or protect against a loss.

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

An investment in alternative investments can be highly illiquid, is speculative and not appropriate 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, shortselling 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

- 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
- Manager risk

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**



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CRC 4747847 06/22 PWM 8060104 CS 577933-3054814 02/23



