

Investing with Impact | October 22, 2025

Natural Capital Investing: Supporting Nature-Positive Outcomes



This primer was published by Morgan Stanley Wealth Management Investing with Impact in collaboration with the Morgan Stanley Global Sustainability Office.

Natural resources are under significant strain, and biodiversity has continued to decline globally. As of 2025, experts surveyed by the World Economic Forum ranked biodiversity loss and ecosystem collapse as the second most severe global risk over the next decade, behind extreme weather events.¹ Addressing this risk will require investments in natural capital solutions (NCS): actions to conserve, restore, sustainably use and manage natural assets and resources, including terrestrial, freshwater, coastal and marine ecosystems.

Definitions for natural capital investing and other terms can be found in the Natural Capital Investing Terminology section at the end of this report.

Supporting positive outcomes for nature through your investment decisions can also aid in tackling climate change. The Morgan Stanley Wealth Management Global Investment Office has separately written on climate action investing (see "[Climate Action: Positioning Your Portfolio for Decarbonization](#)").

Morgan Stanley Wealth Management is the trade name of Morgan Stanley Smith Barney LLC, a registered broker-dealer in the United States. This material has been prepared for informational purposes only and is not an offer to buy or sell or a solicitation of any offer to buy or sell any security or other financial instrument or to participate in any trading strategy. Past performance is not necessarily a guide to future performance. Please refer to important information, disclosures and qualifications at the end of this material.

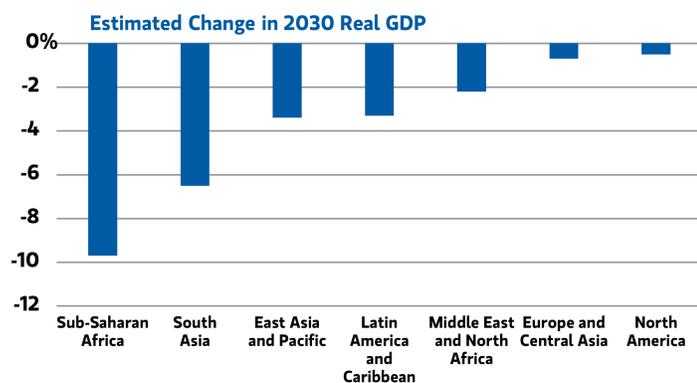
The Case for Natural Capital Investing

Nature and biodiversity are essential to sustaining human life and economic prosperity. More than half of the world's gross domestic product (GDP), equivalent to \$58 trillion, is moderately or highly dependent on nature and the goods and services it generates.² This includes essential industries such as agriculture, tourism and construction, which are reliant on natural resources.

Yet, nature and biodiversity have faced growing pressure. Up to 40% of global land areas are currently degraded,³ and 90% are at risk of substantial degradation by 2050—trends that could exacerbate climate change, food insecurity and habitat loss.⁴ The potential loss of critical ecosystems and the goods and services they generate, such as wild pollinators, marine fisheries and timber from forests, could lead to a global GDP decline of \$2.7 trillion annually by 2030, according to the World Bank.⁵

These trends are likely to heighten global inequalities as low-income countries are expected to be disproportionately impacted by the loss of ecosystem services (Exhibit 1). As of 2025, global experts surveyed by the World Economic Forum ranked biodiversity loss and ecosystem collapse as the second most severe global risk over the next decade, after extreme weather events.

Exhibit 1: Loss of Ecosystem Services Expected to Disproportionately Affect Lower-Income Countries



Note: This analysis conducted by the International Bank for Reconstruction and Development reflects an estimated percent change in 2030 real GDP based on The World Bank's model of a partial ecosystem collapse scenario. The model analyzed potential disruptions in the output of the agriculture, livestock, forestry production and fisheries sectors, and the analysis considers 226 countries and territories

Source: International Bank for Reconstruction and Development, The World Bank as of July 1, 2021

In the face of unprecedented nature and biodiversity loss, global efforts, regulations and disclosure standards increasingly seek to help.⁶ As part of these efforts, public and private sector commitments are aligning on shared goals for positive nature outcomes. In 2023, the Nature Positive Initiative, a coalition of 27 major sustainability and conservation organizations, coined the term "nature positive" to define an ambitious, global, collective-action goal to halt and reverse nature loss by 2030 and achieve full recovery by 2050.⁷

To achieve the transition to a nature-positive economy, private capital can play a crucial role through investments in *natural capital solutions (NCS)*, defined as actions to conserve, restore, sustainably use and manage natural assets and resources.⁸ These solutions provide ecosystem services with important social, economic and environmental benefits and target pressing global issues such as food and water security, land degradation and biodiversity loss.

There are many ways for investors to finance essential NCS across different asset classes and themes. This primer will serve to introduce the concept of natural capital investing, as well as provide a framework to help investors segment natural capital investment opportunities, primarily in private markets.

Natural Capital Investing Framework

Unlike a more mature investment theme such as climate action, natural capital does not have a widely accepted investing framework to help segment investable solutions. We have developed a proprietary framework (Exhibit 2) that organizes natural capital investing opportunities across five natural assets and three nature-positive approaches, explained in more detail below. Investors can leverage this framing to identify opportunities aligned to their unique financial and impact objectives.

The five key types of natural assets identified for investors to consider as they seek to develop a natural capital investing strategy are forests, land, marine/coastal ecosystems (MCEs), freshwater, and wildlife (see Exhibit 3).

NATURAL CAPITAL INVESTING: SUPPORTING NATURE-POSITIVE OUTCOMES

Exhibit 2: Proprietary Natural Capital Investing Framework

		Forest	Land	Marine/Coastal Ecosystems	Freshwater	Wildlife
Examples of Investment Themes Across Three Nature-Positive Approaches	Conservation/Restoration	<ul style="list-style-type: none"> Forest conservation Forest restoration/afforestation 	<ul style="list-style-type: none"> Land conservation Land restoration 	<ul style="list-style-type: none"> Marine conservation Mangrove, seagrass and saltmarsh conservation and restoration 	<ul style="list-style-type: none"> River and wetland conservation and restoration 	<ul style="list-style-type: none"> Protection of at-risk marine/terrestrial species
	Sustainable Management	<ul style="list-style-type: none"> Sustainable timber management Eco-tourism 	<ul style="list-style-type: none"> Sustainable land management Sustainable agriculture Eco-tourism 	<ul style="list-style-type: none"> Sustainable fishery management Eco-tourism 	<ul style="list-style-type: none"> Sustainable management of freshwater resources Eco-tourism 	<ul style="list-style-type: none"> Invasive species management Eco-tourism
	Limiting Additional Biodiversity Loss	<ul style="list-style-type: none"> Circular economy/sustainable packaging 	<ul style="list-style-type: none"> Sustainable food supply chains 	<ul style="list-style-type: none"> Circular economy/ocean pollution prevention 	<ul style="list-style-type: none"> Prevention of waterborne pollution Waste management 	<ul style="list-style-type: none"> Pollution prevention
← Nature Tech across Investment Themes →						
Examples of Investment Solutions		<ul style="list-style-type: none"> Real asset forest conservation funds Real asset timber management funds Green/other labeled bonds Debt-for-nature swaps 	<ul style="list-style-type: none"> PE/VC/PC sustainable ag funds Real asset sustainable ag funds Green/other labeled bonds Debt-for-nature swaps 	<ul style="list-style-type: none"> PE/VC/PC blue economy funds Debt-for-nature swaps Green/blue bonds/other labeled bonds 	<ul style="list-style-type: none"> PE/VC/PC water funds Green/blue bonds/other labeled bonds Public market water funds Real asset water funds 	<ul style="list-style-type: none"> PE/VC/PC wildlife funds Green/other labeled bonds

Note: Nature-Positive Approaches are adapted from the [Financing Nature: Closing the Global Biodiversity Financing Gap \(Paulson Institute, TNC\)](#). Investment Solutions may not be exhaustive and are for educational purposes only. Examples provided may not be available through Morgan Stanley, and there can be no assurances made that they will be available in the future.

Source: Morgan Stanley Wealth Management Investing with Impact

Exhibit 3: Five Key Natural Assets

Natural Assets	Description
Forests	Landscape with trees not used for agricultural or urban land use
Land	All non-forested land, including grasslands, shrublands, arable land under permanent crops and arable land under permanent pastures
Marine/Coastal Ecosystems (MCEs)	Marine and plant-based coastal ecosystems, such as mangroves, seagrasses, saltmarshes and the open ocean, as well as animal-based marine and coastal ecosystems: oysters, coral reefs and fisheries
Freshwater	Bodies of water with a low salt concentration including ponds, peatlands, lakes, streams, rivers and wetlands
Wildlife	Living marine and terrestrial species

Source: Morgan Stanley Wealth Management Investing with Impact

The five natural assets can be further segmented by different nature-positive approaches: activities that seek to drive positive outcomes for nature, biodiversity and ecosystem resilience. We have identified three key nature-positive approaches: conservation and restoration, sustainable management and limiting additional biodiversity loss.

1) **Conservation and restoration** of forests, land, coastal ecosystems, oceans and wildlife populations to protect them from potentially harmful human activity and support the recovery of degraded or destroyed ecosystems to a natural state. Substantial resources are required to effectively conserve and restore protected areas, including the acquisition cost of land and ongoing operating costs for monitoring and management. Currently, a large portion of areas designated for protection and conservation are publicly managed, though privately protected areas (PPAs) can complement the role of government agencies.⁹

2) **Sustainable management** of landscapes and seascapes that produce commodities, such as agricultural goods, timber and seafood, to help support healthy natural assets and resources

NATURAL CAPITAL INVESTING: SUPPORTING NATURE-POSITIVE OUTCOMES

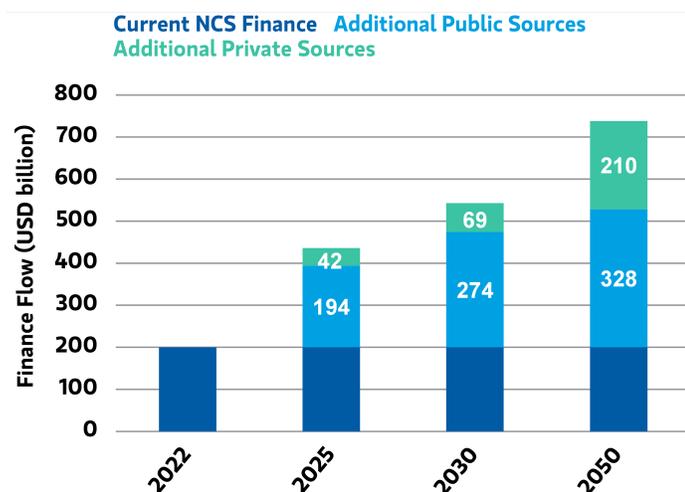
that are critical to the continued provision of goods and ecosystem services. Given their vast economic value and the reliance by many communities on natural resources for their livelihoods, it is important to promote the sustainable production and use of natural resources beyond conservation alone. To support the global transition to sustainable use and management of natural assets, an estimated \$701 billion in annual investment is required.¹⁰

3) Limiting additional biodiversity loss not directly addressed by the first two nature-positive approaches. This can include additional interventions with implications for biodiversity across commodity supply chains that go beyond land management, such as pollution prevention, waste management, sustainable packaging and the circular economy. This approach can have important secondary impacts on improving biodiversity.

The Current State of Natural Capital Finance

While investments in NCS are critical to help halt and reverse nature loss, these solutions remain severely underfunded.¹¹ To meet global climate and biodiversity goals, it is estimated that between \$600 billion and more than \$800 billion of annual investment in natural capital is needed by 2030.¹² This means that current global funding levels of around \$200 billion¹³ per year would need to increase between three and four times (see Exhibit 4).

Exhibit 4: Additional \$538 Billion Investment in NCS Needed by 2050



Note: As of 2022, private and public funding accounted for \$35 billion and \$165 billion, respectively. The projected share of private and public finance relative to annual NCS finance is expected to average 18% and 82%, respectively, until 2030. However, private NCS finance as a percentage of annual funding is expected to rise to 33% by 2050. These estimates have been used to extrapolate additional public and private funding through 2030 and 2050. There is no guarantee that these estimates will be accurate. Source: UNEP as of Dec. 9, 2023

Public sector funding by governments, state-owned financial institutions and development finance institutions has historically been the largest source of financing for NCS, accounting for 82% of funding in 2022.¹⁴ Private sector financing for NCS has accelerated in recent years, however, increasing over tenfold from \$9.4 billion to more than \$102 billion between 2019 and 2023.^{15,16} This growth has been largely driven by investments in private market products and public market fixed income investments. Still, the private sector needs to scale significantly from current levels to close the estimated investment gap.

Maturity of NCS Investment Opportunities

Several barriers have limited the maturity and scale of NCS investments to date. Due to the complexity of addressing nature and biodiversity loss and the need for localized solutions, NCS projects often face particular location-based political, systemic, execution and measurement risks, as well as relatively long time horizons. Further, compared with other investable themes like climate action, NCS investing is currently a smaller asset class, accounting for only 0.2% of total assets managed globally.¹⁷ A survey of 168 asset owners and investment managers conducted by The Nature Conservancy and Environmental Finance found that nearly 60% identified lack of access to larger-scale opportunities as the main obstacle to increasing their investments in NCS.¹⁸

The availability and maturity of investment opportunities varies across NCS investment themes. Interventions—such as river and wetland conservation or invasive species management—are primarily funded by the public sector and philanthropy, with limited dedicated investable strategies. Other themes, such as marine and coastal ecosystem conservation and restoration, are increasingly emerging as areas of interest for asset owners and managers, yet the investment opportunities remain earlier-stage in terms of track record and size.

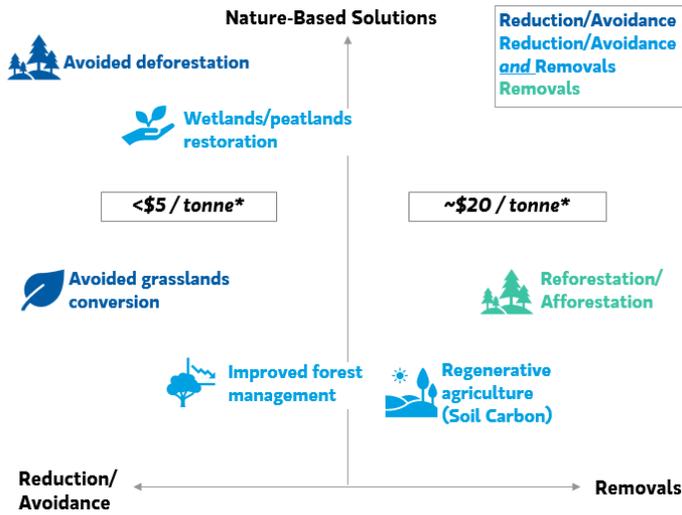
The Voluntary Carbon Market: Unlocking Additional Capital

One mechanism helping to scale NCS investments by attracting more institutional capital is the voluntary carbon market (VCM). In the VCM, buyers—including corporations and investors—trade or purchase carbon removal or avoidance credits to offset their own emissions. These carbon credits can be generated by nature-based projects (see Exhibit 5).

As corporations and investors increasingly seek to decarbonize, demand for carbon offsets has created a growing market for project developers and private market fund managers to monetize the sale of nature-based carbon offsets. This, in turn, has enabled many nature-based carbon projects to diversify their return drivers and de-risk project-level investments.

NATURAL CAPITAL INVESTING: SUPPORTING NATURE-POSITIVE OUTCOMES

Exhibit 5: Nature-Based Projects in the Voluntary Carbon Market: Avoidance and Removal credits



*Note: This chart reflects indicative pricing as of June 2025. Source: Morgan Stanley Global Sustainability Office, Morgan Stanley Wealth Management Investing with Impact, MSCI Sustainability Institute as of July 2025

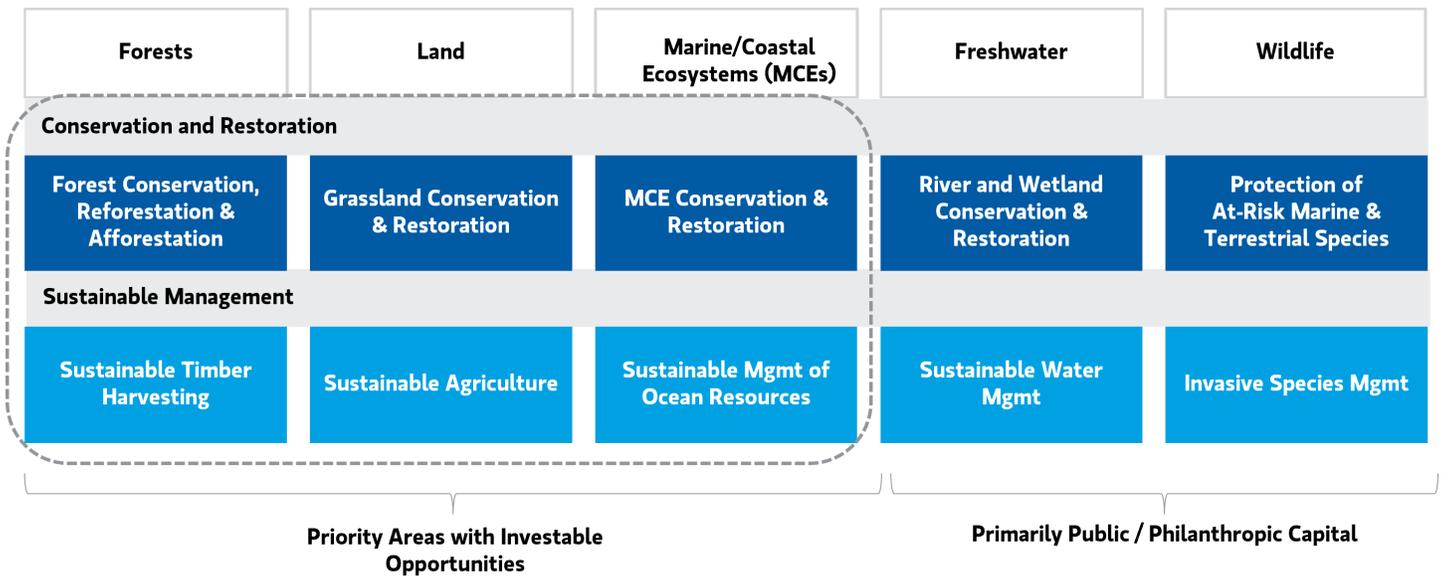
Among NCS interventions, conservation and restoration projects tend to rely more heavily on the sale of carbon offsets. These projects typically cannot leverage the sale of sustainably produced goods—such as agricultural goods or timber—to support returns. While there can be other return drivers, such as land appreciation or the sale of conservation easements, these are generally insufficient to support market-rate returns.

Natural Capital Investment Opportunities in Private Markets

As private market investors consider which natural assets and nature-positive approaches to prioritize, it is important to understand which have meaningful opportunities for investment and the greatest potential to drive nature-positive outcomes (see Exhibit 6).

Additionally, of the three nature-positive approaches, research from the Paulson Institute indicates that 1) conservation and restoration, and 2) sustainable management have the greatest capital needs,²⁰ requiring an annual investment of more than \$800 billion by 2030 to meaningfully reduce biodiversity loss and land degradation (see Exhibit 7).²¹

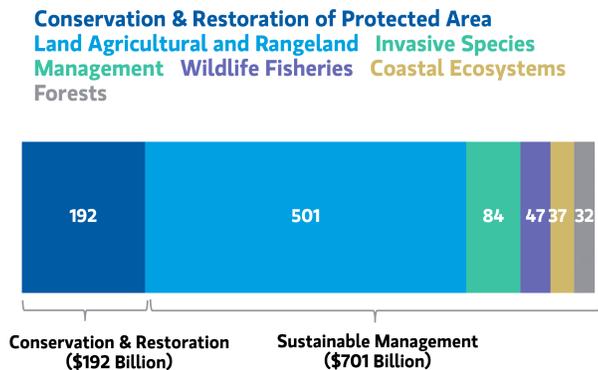
Exhibit 6: Identifying Three Natural Assets and Two Nature-Positive Approaches as Key Investable Opportunities



Source: Morgan Stanley Wealth Management Investing with Impact as of October 2025

NATURAL CAPITAL INVESTING: SUPPORTING NATURE-POSITIVE OUTCOMES

Exhibit 7: Annual Need for Conservation, Restoration and Sustainable Management Estimated at More Than \$800 Billion



Note: These estimates represent annual needs by 2030 to meet UN Convention on Biological Diversity targets, including limiting global warming to below 1.5C, halting biodiversity loss by ensuring that 30% of land and sea is protected by 2030 and reaching land degradation neutrality by 2030. Source: Morgan Stanley Wealth Management Investing with Impact, adapted from Paulson Institute, "Closing the Global Biodiversity Financing Gap" as of September 2020

Beyond considering areas with the greatest investment need, investors may also take into account the availability and maturity of opportunities as noted earlier. The conservation, restoration and sustainable management of forests, sustainable agriculture and marine and coastal ecosystems offer the largest universe of investable opportunities today.

Investment Opportunities: Forests

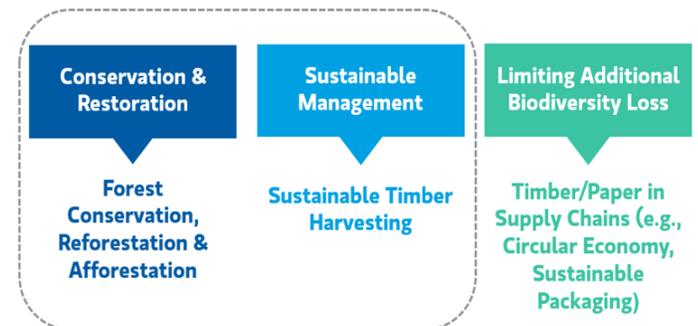
Forests are home to more than 80% of terrestrial biodiversity and are a significant carbon sink—absorbing more carbon than they release.²² Further, forests provide more than 86 million green jobs and resources, such as food and fuel that support human livelihoods.²³ Yet, the area of untouched, primary forest has decreased globally by over 80 million hectares since 1990.²⁴ Currently, deforestation accounts for roughly 11% of global carbon emissions, which is more than all means of transport combined.²⁵ Forest conservation, restoration and sustainable forest management can help reduce forest conversion, restore biodiversity, limit additional biodiversity loss and sequester carbon (see Exhibit 8).

1) Forest Conservation, Reforestation and Afforestation

Forestry investments can focus on a) conservation of existing forest, b) restoration of degraded forests to a healthy state through reforestation and c) afforestation of land without tree cover. An important return driver for these projects is the monetization of carbon avoidance and removal offsets. Forest conservation generates carbon avoidance credits through avoided deforestation. In contrast, restoration and afforestation projects generate carbon removal credits

because both involve planting trees to remove carbon from the atmosphere.

Exhibit 8: Nature-Positive Approaches and Investment Examples in Forestry



Source: Morgan Stanley Wealth Management Investing with Impact as of October 2025

For investors looking to maximize impact through forest-based investments, private market fund opportunities that focus on afforestation and reforestation projects and generate carbon removal credits may be more compelling than those solely avoiding deforestation.²⁶

Forest-based carbon removal projects are currently constrained by scaling and cost hurdles. Reforestation and afforestation require more significant upfront capital for project development and feasibility studies, and carry greater project risk, given the longer lead-time to monetize carbon credits relative to conservation of existing forest.²⁷ As a result, private capital and carbon off-take commitments can play a significant role to help signal demand and help finance reforestation and afforestation projects.

2) Sustainable Timber Harvesting

An alternative approach for commodity-producing forests is to adopt sustainable forest management—the stewardship and use of forest resources in a way and at a rate that maintains their relevant ecological, economic and social functions now and in the future.²⁸ One such approach is sustainable timber harvesting.

Compared with forest conservation and restoration investments, sustainable timber investments are more cost effective, given the lower capex associated with acquiring an already producing forest, and have lower project risk, as the sale of sustainably harvested timber helps to diversify a fund's revenue drivers. Also, timber investments can serve as a hedge against inflation, provide diversification benefits²⁹ and have outperformed many traditional asset classes with lower volatility since 1992.³⁰ However, sustainable timber management generally has less potential

NATURAL CAPITAL INVESTING: SUPPORTING NATURE-POSITIVE OUTCOMES

to remove carbon from the atmosphere over time compared with forest conservation and restoration.

For investors looking to evaluate sustainable timber funds that meet a higher bar for impact contribution, important considerations can include:

- *Obtaining global forestry certifications:* assessing to what degree managers require that investments meet third-party certification standards for sustainable forest management, such as the Forest Stewardship Council (FSC), Sustainable Forestry Initiative (SFI), and Programme for the Endorsement of Forest Certification (PEFC).
- *Robust impact measurement and management:* understanding how impact potential is embedded throughout the upfront investment process and reporting practices, including social metrics, such as the number of employment opportunities generated.
- *Partnerships:* partnering with credible non-profit organizations to ensure alignment to impact, as well as working with local organizations to ensure that relevant community stakeholders are consulted.

Key Geographies for Forestry Investing

Some 94% of the world's deforestation over the last century has occurred in the tropics.³¹ Given that and the presence of tropical rainforests rich in biodiversity, investors may choose to focus on projects located in Latin America, Southeast Asia and Africa.³² Additionally, investors may focus on sustainable timber investments located in North America where there is a sizeable timber industry and a wide universe of investable opportunities.

Key Asset Classes for Forestry Investing

Private market funds focused on sustainable timber management are typically real asset funds that acquire producing forest assets. Meanwhile, private market funds focused on forest conservation, afforestation and reforestation usually provide equity, equity-like or debt financing for the development of projects.

Private market funds may focus on one forestry approach or combine all three. Similarly, some private market funds focus exclusively on forests while others finance projects across multiple natural assets, where forests are a portion of the portfolio. Key impact metrics and return drivers to consider for forestry investments are highlighted in Exhibit 9.

Exhibit 9: Return Drivers and Impact Metrics for Forestry Investments

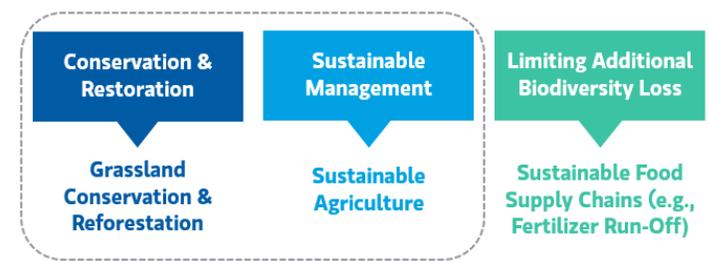
Examples of Return Drivers	<ul style="list-style-type: none"> • Ecotourism/recreational permits (hunting, fishing) • Generation of voluntary carbon offsets • Land appreciation • Sale of conservation easements • Sale of sustainability harvested timber or other forested products • Renewable energy leases
Examples of Impact Metrics	<ul style="list-style-type: none"> • Hectares conserved/protected • Tons of carbon dioxide equivalent sequestered • Number of trees planted • Number of local jobs created

Source: Morgan Stanley Wealth Management Investing with Impact as of October 2025

Investment Opportunities: Land

Land degradation is the process by which land loses its biological and economic productivity and complexity—a process driven primarily by human activities, such as unsustainable agriculture practices, urbanization and other land-use change.³³ It is estimated that 40% of the planet's land is currently degraded, and if the current path continues, this number will climb to 90% by 2050.³⁴ Unsustainable land management can result in loss of fertile soil, reduced agricultural productivity, water scarcity and biodiversity loss.^{35,36} Grassland conservation and restoration as well as sustainable agriculture are needed to reduce land degradation and land use change, restore soil health and biodiversity, and sequester carbon (see Exhibit 10).

Exhibit 10: Nature-Positive Approaches and Investment Examples in Land



Source: Morgan Stanley Wealth Management Investing with Impact as of September 2025

1) Grassland Conservation and Restoration

Grasslands—or rangelands—constitute land dominated by grasses, shrubs and non-forest vegetation. Covering about 50% of the earth's land surface, these ecosystems are estimated to hold approximately one-third of global terrestrial carbon stocks.^{37,38}

NATURAL CAPITAL INVESTING: SUPPORTING NATURE-POSITIVE OUTCOMES

Yet, only a small percentage—less than 10%—of the world's grasslands are protected.³⁹ These open and relatively flat areas are susceptible to land conversion for agriculture or human development. In fact, grasslands have experienced a far greater rate of conversion globally than forests, while forest conservation has received greater funding, advocacy and action.⁴⁰

Given the significant amount of land that is currently degraded, avoiding conversion of grasslands through conservation should be complementary to grassland restoration—activities that return degraded land to a healthy state. These include revegetation, biochar application and other interventions to improve soil quality and water retention.

As with forest projects, the VCM has enabled grassland projects to attract more diversified sources of capital—monetizing both carbon avoidance credits from conservation, as well as carbon removal credits from restoration activities. As with forests, investors looking to maximize impact through land-based investments may want to focus on private market strategies that rely more heavily on activities that generate carbon removal credits and focus on restoration. Revegetation of rangelands/grasslands can typically start generating carbon credits sooner than reforestation or afforestation, which may support fund returns and project diversification for a particular strategy.

2) Sustainable Agriculture

Beyond conservation and restoration, sustainably managing agricultural land—which accounts for 40% of global land area—can have significant environmental co-benefits.

Agriculture currently accounts for roughly 20% of global emissions and 80% of global deforestation (see Exhibit 11).^{41,42}

Real asset farmland investment opportunities, similar to timber investment opportunities, provide low correlation with other asset classes, diversification benefits and a hedge against inflation.⁴³ Sustainable farmland funds have attracted more institutional-scale capital relative to land conservation and restoration strategies, largely due to diversified returns from the sale of sustainably produced crops, and positive economics associated with sustainable farming practices. While they take time to implement, regenerative farming practices have been shown to improve farm-level profitability by 70% to 120% per year over 6 to 10 years, generating returns on investment of between 15% and 25% over 10 years.⁴⁴ This is largely driven by 1) lower input costs, 2) higher market premiums for organic certified/regenerative products and 3) higher land productivity as a result of improved soil quality and crop diversification.⁴⁵

Despite this, there is still a significant funding gap for sustainable agriculture. It is estimated that \$250 billion to \$430 billion is needed for at least the next decade to support the transition to sustainable farmland practices, a tenfold increase from current levels.⁴⁶ A key barrier to adopting sustainable agriculture practices is the capital-intensive transition period, which can lead to a short-term reduction in crop yields.⁴⁷ This presents opportunities for investors, as well as philanthropies, to help crowd in additional sources of capital and drive scale.

Exhibit 11: Negative Environmental Impacts of Agriculture and Global Food Systems

Agriculture is responsible for 80% of global degradation



80%
GLOBAL
DEFORESTATION

Food systems release 27% of global GHGs



27%
RELEASE OF
GLOBAL GHGs

Agriculture accounts for 70% of freshwater use



70%
FRESHWATER
USE

Drivers linked to food production cause 70% of terrestrial biodiversity loss



70%
TERRESTRIAL
BIODIVERSITY
LOSS

Drivers linked to food production cause 50% of freshwater biodiversity loss



50%
FRESHWATER
BIODIVERSITY
LOSS

52% of agricultural production land is degraded



52%
DEGRADED
AGRICULTURAL
LAND

Source: Morgan Stanley Wealth Management Investing with Impact, World Wildlife Fund as of April 21, 2021

NATURAL CAPITAL INVESTING: SUPPORTING NATURE-POSITIVE OUTCOMES

There are two main types of sustainable agriculture practices—organic and regenerative—which have many similarities but also key differences that are important to consider as an investor.

- *Organic*. Refers to production under regulated government standards, emphasizing the absence of synthetic chemicals and genetically modified organisms (GMOs).
- *Regenerative*. A holistic approach that aims to restore and enhance degraded land, emphasizing long-term improvements in soil health, biodiversity and carbon sequestration. Common practices include agroforestry, crop rotation, cover cropping and reduced tillage.

While regenerative agriculture can offer greater carbon removal and biodiversity protection than organic practices, it is not yet a standardized or regulated practice. Ultimately, it is common to see private market funds that combine both approaches—obtaining organic certifications, while also taking a holistic approach to agricultural land restoration with regenerative farming practices.

Key Geographies for Land Investments

Between 2000 and 2020, the three continents with the greatest land degradation were Africa, Asia and Latin America.⁴⁸ However, investors looking to deliver nature-positive outcomes at scale in land conservation and restoration may be region-agnostic given the relative lack of dedicated investment opportunities and current underinvestment.

Meanwhile, for sustainable agriculture, the US, Latin America and Asia present opportunities to transition to sustainable production, given their large shares of agricultural land. Notably, 96% of the US agricultural market is comprised of larger family-owned farms, which are often strong long-term partners for the transition to sustainable agriculture practices.⁴⁹

In contrast to the US, many of the larger agricultural farms in Latin America are industrialized operations, while in Asia, there is a greater prevalence of small-scale farming operations.⁵⁰ At the same time, investing in Asia and Latin America may present a greater opportunity to realize social co-benefits given the high percentage of low-income individuals in these regions who rely on agriculture for their livelihoods.

Key Asset Classes for Land Investments

There are multiple ways investors can deploy capital to support nature-positive outcomes for land. Private market funds with exposure to land conservation and restoration typically provide equity, equity-like, or debt financing for the development of projects, which often have a carbon offset component. Given the relative lack of dedicated grassland conservation and restoration opportunities, investors may

seek exposure to private market funds that finance these activities as part of a broader strategy.

Meanwhile, private market funds focused on sustainable agriculture are typically real asset funds that acquire conventional farmland and either manage the transition to sustainable practices inhouse or lease the land to farmers who transition the farmland with the fund's support. There are also private market funds that provide equity or debt financing to farmers to help them implement or expand sustainable practices. This approach can directly benefit farmers who maintain ownership of their land. Key return drivers and impact metrics to consider for land investments are highlighted in Exhibit 12.

Exhibit 12: Return Drivers and Impact Metrics for Land Investments

Examples of Return Drivers	<ul style="list-style-type: none">• Ecotourism/recreational permits (hunting, fishing)• Generation of voluntary carbon offsets• Land appreciation• Renewable energy leases• Sale of conservation easements• Sustainable agriculture yields
Examples of Impact Metrics	<ul style="list-style-type: none">• Acres/hectares transitioned to regenerative• Acres/hectares with organic certification• Tons of carbon dioxide equivalent removed• % of increased soil matter• % reduction in operating costs

Source: Morgan Stanley Wealth Management Investing with Impact as of September 2025

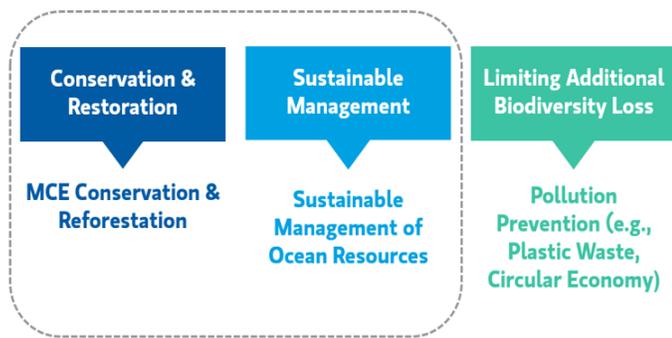
Investment Opportunities: Marine and Coastal Ecosystems

Marine and coastal ecosystems (MCEs) encompass a diverse range of habitats, from coral reefs and mangroves to the world's open oceans. MCEs support an estimated 80% of global biodiversity⁵¹ and are crucial for mitigating climate change. Yet, human activities are posing a significant threat to the seas and coasts through unsustainable fishing practices, pollution and waste disposal, agricultural runoff, invasive species and habitat destruction. An estimated 60% of MCEs have already been degraded or are being used unsustainably.⁵²

Conservation and restoration of MCEs as well as the sustainable management of ocean resources and commodities are critical to reduce degradation, restore biodiversity and sequester carbon (see Exhibit 13).

NATURAL CAPITAL INVESTING: SUPPORTING NATURE-POSITIVE OUTCOMES

Exhibit 13: Nature-Positive Approaches and Investment Examples in Marine/Coastal Ecosystems



Source: Morgan Stanley Wealth Management Investing with Impact as of September 2025

1) Coastal Ecosystem Conservation and Restoration

The restoration of degraded coastal ecosystems—including mangroves, tidal marshes, oyster reefs, seagrasses, kelp forests and coral reefs—is a high priority, as only 15% of global coastal areas remain ecologically intact.⁵³ These habitats not only are valuable for biodiversity but also can provide other co-benefits such as improved carbon sequestration and storm surge protection. Current investable opportunities tend to focus on the restoration of mangroves given the accessibility of these interventions compared to the restoration and management of seagrass, wetlands, coral and oyster reefs.^{54,55}

Beyond restoration, formal protection of the remaining intact MCEs is also important to help limit future degradation and biodiversity loss and protect the significant carbon stores these habitats hold.⁵⁶ That said, investment opportunities for private investors are more limited. While the open ocean is significantly underprotected—with just over 1% of the ocean surface designated as protected, compared with nearly 15% of area on land⁵⁷—it is primarily under the jurisdiction of governments.⁵⁸ While there are some strategies providing financing to governments and other entities to support the establishment of marine protected areas (MPAs), these are more costly, complex and challenging to monitor than on-land conservation.

As a result, most private investment opportunities related to conservation of MCEs focus on land-based protection of mangroves, tidal marshes or other coastal wetlands. These opportunities are still limited and commonly a component of a broader investment strategy focused on oceans, restoration-focused carbon offset development or both. While carbon markets have made the restoration and conservation of coastal ecosystems more financially viable, with demand increasing for “blue carbon” offsets, the conservation and restoration of coastal ecosystems remains more challenging,

complex and costly than those of forest and land areas.⁵⁹ Consequently, there are fewer projects focused on coastal ecosystems restoration and conservation, meaning the supply of these types of carbon offsets are also constrained.⁶⁰ Taking this into account, early-stage private capital is important to help de-risk and scale MCE conservation and restoration projects and bridge the gap to more institutional capital.

2) Sustainable Management of Ocean Resources

Ocean-related industries generate around \$2.5 trillion of economic value each year, providing critical support to economic activity and human livelihoods.⁶¹ Therefore, sustainable management of ocean-based commodities can represent a crucial part of the solution to drive nature-positive outcomes. Investment opportunities in this sector are primarily focused on sustainable fisheries, particularly sustainable aquaculture—human-controlled fish farming—as well as management of wild fish populations and alternative proteins to help reduce demand for wild fish. In addition to improving biodiversity and protecting wildlife, these interventions may also offer social benefits tied to food security and employment opportunities.

Tourism is another way the world’s oceans are commoditized. Approximately 80% of all tourism takes place in coastal and marine areas.⁶² As such, another approach to sustainable management of oceans is investing in ecotourism—an emerging industry that aims to minimize tourism’s impact on natural landscapes and support green growth in developing countries, often providing environmental education and conservation co-benefits.⁶³ It is common for MCE strategies to invest in ecotourism companies as part of a broader strategy.

While the third nature-positive approach—limiting additional biodiversity loss—is not covered in-depth by this primer, many investable opportunities that support the sustainable management of MCEs address this through plastic waste upcycling, repurposing of fishing net pollution, green maritime shipping solutions and waste management. Many private equity and venture capital funds focused on MCEs also invest in “nature tech,” given the nascency of technologies used to monitor and support ocean restoration and sustainable management compared with those used with forests or sustainable agriculture.

Key Geographies for Marine/Coastal Ecosystems Investing

Investors looking to deliver nature-positive outcomes at scale in marine and coastal ecosystems may be region-agnostic given breadth of capital required. That said, investors may choose to focus on Small Island Developing States (SIDS)—which include 58 countries across three main regions: the Caribbean; the Atlantic, Indian Ocean, and South China Sea

NATURAL CAPITAL INVESTING: SUPPORTING NATURE-POSITIVE OUTCOMES

(AIS); and the Pacific. They are considered particularly vulnerable to the effects of climate change and steward around 30% of all oceans and seas.⁶⁴ However, SIDS receive 11 times less financing than lower-middle-income countries.⁶⁵ For coastal ecosystem conservation and restoration, as well as sustainable management of ocean resources, SIDS constitute geographic regions most at-risk and in need of capital.

Examples of Strategies for Marine/Coastal Ecosystems Investing

Private investment opportunities for MCEs are currently earlier stage and more limited relative to efforts on land. MCE-focused funds are almost exclusively venture capital and private equity and credit strategies that finance conservation and restoration projects or invest directly in companies that are contributing to the sustainable management of ocean resources, including sustainable fisheries, kelp as an alternative protein and/or ecotourism companies. This differs from other natural assets where there are more real asset funds. Key return drivers and impact metrics to consider for MCE investments are highlighted in Exhibit 14.

Exhibit 14: Return Drivers and Impact Metrics for Marine/Coastal Ecosystem Investments

Examples of Return Drivers	<ul style="list-style-type: none"> • For projects – sale of MCE commodities (e.g., sustainably harvested fish) • For projects – generation of voluntary carbon offsets • For projects – ecotourism • For projects – renewable energy leases (e.g., offshore wind) • Internal rate of return generated from companies providing MCE benefits
Examples of Impact Metrics	<ul style="list-style-type: none"> • Area of seascapes and coastal landscapes conserved • Area of seascapes and coastal landscapes restored • Kilometers of coastline protected • Number of direct jobs creates/supporting • Tons of carbon dioxide equivalent removed • \$ from ecotourism supporting conservation

Source: Morgan Stanley Wealth Management Investing with Impact as of September 2025

Conclusion

While natural capital investments are still nascent, opportunities for investors are increasing, especially given the magnitude of change required to transition to a nature-positive economy in the coming decades. Private market investments—across natural assets and nature-positive approaches—will be important to help address the current funding gap. Morgan Stanley is well positioned to help investors develop a disciplined plan for natural capital investing designed to meet investors' long-term financial goals, while simultaneously helping to reduce nature and biodiversity loss and aid the transition to a nature-positive economy.

Natural Capital Investing Terminology

Agroforestry: integrating row crops with trees through afforestation, which helps minimize erosion and water loss due to wind, improve soil fertility and provide additional carbon sequestration and improved biodiversity benefits.

Biodiversity: the variability among living organisms from all sources including terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems. It is an essential characteristic of nature that enables ecosystem assets to be productive, resilient and able to adapt to change.

Conservation: setting aside natural assets and resources that are free from harmful human activity, with the goal of protecting and preserving their current natural state.

Cover cropping: planting specific crops primarily for the benefit of the soil rather than for harvest. These crops protect and enrich the soil by preventing erosion, improving soil fertility and suppressing weeds.

Crop diversification: incorporating a variety of crops within the farming system. This increases resilience against pests and diseases, improves soil health and can enhance economic stability for farmers by spreading risk.

Crop rotation: growing different types of crops in the same area in sequential seasons. This practice reduces soil depletion, prevents pest and disease cycles and improves soil structure and fertility.

Ecosystem services: the direct and indirect contributions of natural assets and resources to society, the economy and the environment.

Natural assets: renewable and non-renewable, living and non-living components of the earth that constitute the biophysical environment. These can be naturally occurring (e.g., forests, oceans, coral reefs, species, soil) or manufactured by humans (e.g., agricultural land, livestock).

Natural Capital: the stock of renewable and non-renewable natural assets and resources (e.g., plants, animals, air, water, soils, minerals) that combine to yield a flow of benefits to people.

Natural Capital Solutions: actions to conserve, restore, sustainably use and manage natural assets and resources, including terrestrial, freshwater, coastal and marine ecosystems, which provide ecosystem services with important social, economic and environmental benefits.

Nature-positive: a collective-action term developed by the Nature Positive Initiative that refers to halting and reversing biodiversity loss through measurable gains in the health, abundance, diversity and resilience of species, ecosystems and natural processes.

Reduced tillage: minimizing soil disturbance by limiting the amount of tilling or plowing. This helps maintain soil structure, reduces erosion and preserves organic matter.

Restoration: assisting in the recovery of ecosystems that have been degraded, damaged or destroyed. It is distinct from conservation in that it attempts to retroactively repair already damaged ecosystems rather than take preventative measures.

Silvopasture: category of agroforestry that integrates row crops with not just trees but also grazing animals. For both silvopasture and agroforestry in general, it is common for the trees to be productive, either producing sustainably harvested timber or fruit/nut harvests.

Sustainable management: the use of natural assets and resources that are commoditized (e.g., timber, agricultural land, fish populations) in a way and at a rate that maintains and enhances biodiversity, the resilience of ecosystems and the ecosystem services they provide.

Water efficiency and conservation: implementing irrigation methods, such as drip or sprinkler systems, or employing strategies like rainwater harvesting, mulching and/or using drought-resistant crop varieties to minimize water use and improve water retention.

Endnotes

- ¹World Economic Forum. "The Global Risks Report 2024." January 2024. https://www3.weforum.org/docs/WEF_The_Global_Risks_Report_2024.pdf.
- ²PwC. Managing Nature Risks. April 19, 2023. <https://www.pwc.com/gx/en/strategy-and-business/content/sbpwc-2023-04-19-Managing-nature-risks-v2.pdf>
- ³UNCCD. "Chronic Land Degradation: UN Offers Stark Warnings and Practical Remedies in Global Land Outlook 2." April 26, 2022. <https://www.unccd.int/news-stories/press-releases/chronic-land-degradation-un-offers-stark-warnings-and-practical>
- ⁴UNESCO. "UNESCO Raises Global Alarm on the Rapid Degradation of Soils." August 2024. <https://www.unesco.org/en/articles/unesco-raises-global-alarm-rapid-degradation-soils>
- ⁵World Bank. "Accounting for the Diverse Values of Nature to Inform Biodiversity Policies." March 5, 2024. <https://blogs.worldbank.org/en/climatechange/accounting-diverse-values-nature-inform-biodiversity-policies>
- ⁶United Nations Environment Programme Finance Initiative (UNEP FI). "New Report Maps Nature-related Regulations for Banks, Finding Rise in Initiatives Across Key Regions." January 16, 2025. <https://www.unepfi.org/industries/banking/report-maps-nature-regulations-for-banks/>
- ⁷Nature Positive Initiative. *Nature Positive Initiative 2025*. <https://www.naturepositive.org/>
- ⁸World Bank. "Accounting for the Diverse Values of Nature to Inform Biodiversity Policies." March 5, 2024. <https://blogs.worldbank.org/en/climatechange/accounting-diverse-values-nature-inform-biodiversity-policies>
- ⁹IUCN. "IUCN WCPA Privately Protected Areas and Nature Stewardship Specialist Group." <https://iucn.org/our-union/commissions/group/iucn-wcpa-privately-protected-areas-and-nature-stewardship-specialist>
- ¹⁰The Nature Conservancy. "Financing Nature: Closing the Global Biodiversity Financing Gap." September 2020. https://www.nature.org/content/dam/tnc/nature/en/documents/FINANCINGNATURE_FullReport_091520.pdf
- ¹¹The Nature Conservancy. "Financing Nature: Closing the Global Biodiversity Financing Gap." September 2020. https://www.nature.org/content/dam/tnc/nature/en/documents/FINANCINGNATURE_FullReport_091520.pdf
- ¹²The Nature Conservancy. "Financing Nature: Closing the Global Biodiversity Financing Gap." September 2020. https://www.nature.org/content/dam/tnc/nature/en/documents/FINANCINGNATURE_FullReport_091520.pdf
- ¹³UNEP. "State of Finance for Nature 2023". https://wedocs.unep.org/bitstream/handle/20.500.11822/44278/state_finance_nature_2023.pdf?sequence=1&isAllowed=y
- ¹⁴UNEP. "State of Finance for Nature 2023." https://wedocs.unep.org/bitstream/handle/20.500.11822/44278/state_finance_nature_2023.pdf?sequence=1&isAllowed=y
- ¹⁵United Nations Environment Programme Finance Initiative (UNEP FI). "Press Release: New Green Shoots Research." June 2024. <https://www.unepfi.org/wordpress/wp-content/uploads/2024/06/Press-release-New-Green-Shoots-research-Clean-10062024-updated-2.pdf>
- ¹⁶United Nations Environment Programme Finance Initiative (UNEP FI). "Press Release: New Green Shoots Research." June 2024. <https://www.unepfi.org/wordpress/wp-content/uploads/2024/06/Press-release-New-Green-Shoots-research-Clean-10062024-updated-2.pdf>
- ¹⁷Environmental Finance. "Investing in Nature at Scale: Can It Be Done?" September 2023. <https://www.environmental-finance.com/content/analysis/investing-in-nature-at-scale-can-it-be-done.html#Note1>
- ¹⁸The Nature Conservancy. "Investing in Nature: Private Finance for Nature-based Resilience." November 2019. https://www.nature.org/content/dam/tnc/nature/en/documents/TNC-INVESTING-IN-NATURE_Report_01.pdf
- ¹⁹Griscom, Bronson W., Justin Adams, Peter W. Ellis, Richard A. Houghton, Guy Lomax, Daniela A. Miteva, William H. Schlesinger, et al. "Natural Climate Solutions." *Proceedings of the National Academy of Sciences of the United States of America* 114, no. 44 (2017): 11645-11650. <https://doi.org/10.1073/pnas.1710465114>
- ²⁰Paulson Institute, "Closing the Global Biodiversity Financing Gap." September 2020. https://www.nature.org/content/dam/tnc/nature/en/documents/FINANCINGNATURE_FullReport_091520.pdf
- ²¹UNEP. "State of Finance for Nature 2023." https://wedocs.unep.org/bitstream/handle/20.500.11822/44278/state_finance_nature_2023.pdf?sequence=1&isAllowed=y
- ²²WWF. "Why Forests Are So Important." https://wwf.panda.org/discover/our_focus/forests_practice/importance_forests/

NATURAL CAPITAL INVESTING: SUPPORTING NATURE-POSITIVE OUTCOMES

- ²³WWF. "Deforestation and Forest Degradation." <https://www.worldwildlife.org/threats/deforestation-and-forest-degradation>
- ²⁴FAO. "The State of the World's Forests." December 2020. <https://www.fao.org/state-of-forests/en/>
- ²⁵UNEP. "REDD+." <https://www.unep.org/explore-topics/climate-action/what-we-do/redd>
- ²⁶MIT Climate Portal. "Forests and Climate Change." October 7, 2021. <https://climate.mit.edu/explainers/forests-and-climate-change>
- ²⁷Opis. "ARR Issuances Continue to Fall and Show No Immediate Signs of Bouncing Back." October 31, 2024. <https://www.opis.com/blog/afforestation-reforestation-revegetation-arr-issuances/>
- ²⁸Programme for the Endorsement of Forest Certification (PEFC). "What is Sustainable Forest Management?" <https://www.pefc.org/what-we-do/our-approach/what-is-sustainable-forest-management>
- ²⁹Timberland Investment Resources. "Timberland Investments: A Primer." July 7, 2021. <https://tirllc.com/wp-content/uploads/2021/07/Timberland-Investments-A-Primer-2021-07-07.pdf>
- ³⁰Nuveen. "Investing in Farmland." <https://documents.nuveen.com/Documents/Global/Default.aspx?uniqueid=0a185bfb-2424-4931-a873-8253904a05e9>
- ³¹World Resources Institute. "Indicators of Forest Extent: Forest Loss." May 21, 2025. <https://research.wri.org/gfr/forest-extent-indicators/forest-loss#how-much-tree-cover-is-lost-in-tropical-versus-temperate-and-boreal-forests>
- ³²World Resources Institute. "Indicators of Forest Extent: Forest Loss." May 21, 2025. <https://research.wri.org/gfr/forest-extent-indicators/forest-loss#how-much-tree-cover-is-lost-in-tropical-versus-temperate-and-boreal-forests>
- ³³United Nations Office for Disaster Risk Reduction (UNDRR) and International Science Council (ISC). "Land Degradation." 2025. <https://www.undrr.org/understanding-disaster-risk/terminology/hips/en0004#:~:text=Land%20degradation%20means%20reduction%20or,combination%20of%20processes%2C%20including%20processes>
- ³⁴UNESCO. "UNESCO Raises Global Alarm on the Rapid Degradation of Soils." August 2024. <https://www.unesco.org/en/articles/unesco-raises-global-alarm-rapid-degradation-soils>
- ³⁵United Nations Office for Disaster Risk Reduction (UNDRR) and International Science Council (ISC). "Land Degradation." 2025. <https://www.undrr.org/understanding-disaster-risk/terminology/hips/en0004#:~:text=Land%20degradation%20means%20reduction%20or,combination%20of%20processes%2C%20including%20processes>
- ³⁶Food Forward NDCs. "Sequestering Carbon in Soil and Enhancing Soil Health in Crop Systems." 2024. <https://foodforwardndcs.panda.org/food-production/sequestering-carbon-in-soil-and-enhancing-soil-health-in-crop-systems/>
- ³⁷Bai, Yongfei and M. Francesca Cotrufo. "Grassland soil carbon sequestration: Current understanding, challenges, and solutions." August 2022. <https://www.science.org/doi/10.1126/science.abo2380>
- ³⁸Laberte, A. S., Winters, C. and Rango, A. "UAS remote sensing missions for rangeland applications." *Geocarto Int.* 26 (2011), 141–156. <https://doi.org/10.1080/10106049.2010.534557>
- ³⁹National Geographic. "Grasslands Explained." October 2023. <https://education.nationalgeographic.org/resource/grasslands-explained/>
- ⁴⁰Scholtz, R., and Twidwell, D. "The last continuous grasslands on Earth: Identification and conservation importance." *Conservation Science and Practice*. January 2022. <https://conbio.onlinelibrary.wiley.com/doi/10.1111/csp2.626>
- ⁴¹Ritchie, Hannah and Max Roser. "Half of the world's habitable land is used for agriculture." *Our World in Data*. 2019. [https://ourworldindata.org/global-land-for-agriculture#:~:text=Almost%20half%20\(44%25\)%20of,up%20the%20remaining%20two%2Dthirds.](https://ourworldindata.org/global-land-for-agriculture#:~:text=Almost%20half%20(44%25)%20of,up%20the%20remaining%20two%2Dthirds.)
- ⁴²FAO. "Emissions Due to Agriculture." 2020. <https://openknowledge.fao.org/server/api/core/bitstreams/cc09fbbc-eb1d-436b-a88a-bed42a1f12f3/content>
- ⁴³Nuveen. "Investing in Farmland." <https://www.nuveen.com/global/insights/alternatives/investing-in-farmland>
- ⁴⁴Global Alliance for the Future of Food. "Cultivating Change." May 2024. https://futureoffood.org/wp-content/uploads/2024/05/GA_CultivatingChange_Report_052124.pdf
- ⁴⁵World Economic Forum. "5 benefits of regenerative agriculture – and 5 ways to scale it." January 2023. <https://www.weforum.org/agenda/2023/01/5-ways-to-scale-regenerative-agriculture-davos23/#:~:text=Regenerative%20agriculture%20improves%20long%2Dterm,and%20storage%20in%20the%20soil.>

NATURAL CAPITAL INVESTING: SUPPORTING NATURE-POSITIVE OUTCOMES

- ⁴⁶The Rockefeller Foundation. "Financing for Regenerative Agriculture." June 2024. <https://www.rockefellerfoundation.org/wp-content/uploads/2024/06/Financing-for-Regenerative-Agriculture-Final.pdf>
- ⁴⁷State Street. "Financing the Agricultural Transition: Driving Institutional Investment in Regenerative Agriculture at Scale." 2024. <https://www.statestreet.com/web/insights/articles/documents/financing-the-agricultural-transition.pdf>
- ⁴⁸Yan, Ziyu, Zhihai Gao, Bin Sun, Xiangyuan Ding, Ting Gao, and Yifu Li. 2023. "Global Degradation Trends of Grassland and Their Driving Factors since 2000." *International Journal of Digital Earth* 16 (1): 1661–84. doi:10.1080/17538947.2023.2207840. <https://www.tandfonline.com/doi/full/10.1080/17538947.2023.2207840#d1e879>
- ⁴⁹National Agricultural Statistics Service. "Newsroom: Family-owned farms account for 96% of U.S. farms, according to the Census of Agriculture Typology Report." January 22, 2021. <https://www.nass.usda.gov/Newsroom/archive/2021/01-22-2021.php>
- ⁵⁰Lowder, Sarah K., Marco V. Sanchez, and Raffaele Bertini. "Which farms feed the world and has farmland become more concentrated?" *World Development*, vol 142. 2021. <https://doi.org/10.1016/j.worlddev.2021.105455>.
- ⁵¹Perera-Valderrama, Susana, Laura Olivia Rosique-de la Cruz, Hansel Caballero-Aragón, Sergio Cerdeira-Estrada, Raúl Martell-Dubois, and Rainer Ressler. 2023. "Mexico on Track to Protect 30% of Its Marine Area by 2030." *Sustainability* 15, no. 19: 14101. <https://doi.org/10.3390/su151914101>
- ⁵²United Nations. "How Climate Change is Impacting the World's Ocean." <https://www.un.org/en/climatechange/science/climate-issues/ocean-impacts>
- ⁵³World Economic Forum. "Only 15% of the World's Coastlines Remain in their Natural State." February 2022. <https://www.weforum.org/agenda/2022/02/ecologically-intact-coastlines-rare-study/#:~:text=So%20much%20so%20that%20only,heavily%20affected%20by%20human%20activity.>
- ⁵⁴International Finance Corporation (IFC). "Deep Blue: Opportunities for Blue Carbon Finance in Coastal Ecosystems." April 2023. <https://www.ifc.org/content/dam/ifc/doc/2023-delta/deep-blue-opportunities-for-blue-carbon-finance-in-coastal-ecosystems-optimized.pdf>
- ⁵⁵Paulson Institute. "Financing Nature: Closing the Global Biodiversity Financing Gap." 2020. https://www.paulsoninstitute.org/wp-content/uploads/2020/10/FINANCING-NATURE_Full-Report_Final-with-endorsements_101420.pdf
- ⁵⁶International Finance Corporation (IFC). "Deep Blue: Opportunities for Blue Carbon Finance in Coastal Ecosystems." April 2023. <https://www.ifc.org/content/dam/ifc/doc/2023-delta/deep-blue-opportunities-for-blue-carbon-finance-in-coastal-ecosystems-optimized.pdf>
- ⁵⁷UNEP Convention on Biological Diversity. "Oceans Contain a Wealth of Biodiversity." November 2018. <https://www.cbd.int/article/biodiversityforwater-1>
- ⁵⁸Octo. "Private Sector Ownership of MPAs: Cases Illustrate Challenges and Opportunities." May 15, 2023. <https://octogroup.org/news/private-sector-ownership-mpas-cases-illustrate-challenges-and-opportunities/>
- ⁵⁹International Finance Corporation (IFC). "Deep Blue: Opportunities for Blue Carbon Finance in Coastal Ecosystems." April 2023. <https://www.ifc.org/content/dam/ifc/doc/2023-delta/deep-blue-opportunities-for-blue-carbon-finance-in-coastal-ecosystems-optimized.pdf>
- ⁶⁰International Finance Corporation (IFC). "Deep Blue: Opportunities for Blue Carbon Finance in Coastal Ecosystems." April 2023. <https://www.ifc.org/content/dam/ifc/doc/2023-delta/deep-blue-opportunities-for-blue-carbon-finance-in-coastal-ecosystems-optimized.pdf>
- ⁶¹Morgan Stanley Institute for Sustainable Investing. "4 Ways to Invest in a Sustainable Blue Economy." April 11, 2023. <https://www.morganstanley.com/ideas/blue-economy-investing-ocean-priorities>
- ⁶²United Nations Environment Programme Finance Initiative (UNEP FI). "Turning the Tide: How to Finance a Sustainable Ocean Recovery—A practical guide for financial institutions." 2021. https://medblueconomyplatform.org/wp-content/uploads/2021/03/2021_turning-the-tide-guidance_un-environment-programme.pdf
- ⁶³Science Direct. "Ecotourism." <https://www.sciencedirect.com/topics/earth-and-planetary-sciences/ecotourism>
- ⁶⁴International Institute for Sustainable Development. "Still One Earth: Small Islands, Large Oceans." March 2021. <https://www.iisd.org/system/files/2021-03/still-one-earth-SIDS.pdf>
- ⁶⁵ODI Global. "A Fair Share of Resilience Finance for Small Island Developing States." April 21, 2023. <https://odi.org/en/publications/a-fair-share-of-resilience-finance/>

NATURAL CAPITAL INVESTING: SUPPORTING NATURE-POSITIVE OUTCOMES

Disclosure Section

Important Disclosures

For index, indicator and survey definitions referenced in this report please visit the following: <https://www.morganstanley.com/wealth-investmentsolutions/wmir-definitions>

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.

Morgan Stanley Smith Barney LLC 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. This material is not an offer to buy or sell any security or to participate in any trading strategy.

This publication is based on information from multiple sources and Morgan Stanley makes no representation as to the accuracy or completeness of information from sources outside of Morgan Stanley.

The investment examples are for illustrative purposes only and should not be deemed a recommendation to purchase, hold or sell any securities or investment products. They are intended to demonstrate the types of approaches taken by managers who focus on ESG criteria in their investment strategy. There can be no guarantees that a client's account will be managed as described herein. Investors should carefully consider the investment objectives and risks as well as charges and expenses of a mutual fund/ exchange-traded fund before investing. To obtain a prospectus, contact your Financial Advisor or visit the fund company's website. The prospectus contains this and other information about the mutual fund/exchange-traded fund. Read the prospectus carefully before investing.

Risk Considerations

Investing in the market entails the risk of market volatility. The value of all types of securities may increase or decrease over varying time periods.

This analysis does not purport to recommend or implement an investment strategy. Financial forecasts, rates of return, risk, inflation, and other assumptions may be used as the basis for illustrations in this analysis. They should not be considered a guarantee of future performance or a guarantee of achieving overall financial objectives. No analysis has the ability to accurately predict the future, eliminate risk, or guarantee investment results. As investment returns, inflation, taxes, and other economic conditions vary from the assumptions used in this analysis, your actual results will vary (perhaps significantly) from those presented in this analysis.

Environmental, Social and Governance-Aware Investments (ESG)

Certain portfolios may include investment holdings that takes into account one or more **Environmental, Social and Governance ("ESG")** factors (referred to as "ESG investments"). For reference, environmental ("E") factors can include, but are not limited to, climate change, water, waste, and biodiversity. Social ("S") factors can include, but are not limited to, employees, diversity & inclusion, cyber security, data privacy, health & wellness, supply chains, product safety & security, community engagement, and human rights. Governance ("G") factors can include, but are not limited to, board structure & oversight, leadership composition, pay and incentive structures, corruption & bribery, ethics & business conduct, shareholder rights, accounting & audit practices, tax evasion, and risk management. You should carefully review an investment product's prospectus or other offering documents, disclosures and/or marketing material to learn more about how it incorporates ESG factors into its investment strategy.

ESG investments may also be referred to as sustainable investments, impact aware investments, socially responsible investments or diversity, equity, and inclusion ("DEI") investments. It is important to understand that ESG definitions and criteria used within the industry can vary, and ESG ratings of the same subject companies and/or securities can vary among different ESG ratings providers for various reasons including: differences in definitions, methodologies, processes, data sources and subjectivity among ESG rating providers when determining a rating. Certain issuers of investments including, but not limited to, separately managed accounts ("SMAs"), mutual funds and exchange traded funds ("ETFs") may have differing and inconsistent views concerning ESG criteria where the ESG claims made in offering documents or other literature may overstate ESG impact. Further, socially responsible norms vary by region, and an issuer's ESG practices or Morgan Stanley's assessment of an issuer's ESG practices can change over time.

Portfolios that include investment holdings deemed ESG investments or that employ ESG screening criteria as part of an overall strategy may experience performance that is lower or higher than a portfolio not employing such practices. Portfolios with ESG restrictions and strategies as well as ESG investments may not be able to take advantage of the same opportunities or market trends as portfolios where ESG criteria is not applied. There is no assurance that an ESG investing strategy or techniques employed will be successful. Past performance is not a guarantee or a dependable measure of future results. For risks related to a specific fund, please refer to the fund's prospectus or summary prospectus.

Investment managers can have different approaches to ESG and can offer strategies that differ from the strategies offered by other investment managers with respect to the same theme or topic. Additionally, when evaluating investments, an investment manager is dependent upon information and data that may be incomplete, inaccurate or unavailable, which could cause the manager to incorrectly assess an investment's ESG characteristics or performance. Such data or information may be obtained through voluntary or third-party reporting. Morgan Stanley does not verify that such information and data is accurate and makes no representation or warranty as to its accuracy, timeliness, or completeness when evaluating an issuer.

Morgan Stanley's assessment of an issuer's ESG practices or an ESG portfolio is as of the date of this material. No assurance is provided that the underlying assets have maintained or will maintain any applicable ESG designations or any stated ESG compliance, or that the underlying assets have been operated or will be operated in an ESG-compliant manner. The ESG impacts of the securities and any underlying assets may vary over time.]

NATURAL CAPITAL INVESTING: SUPPORTING NATURE-POSITIVE OUTCOMES

This can cause Morgan Stanley to incorrectly assess an issuer's business practices with respect to its ESG practices. As a result, it is difficult to compare ESG investment products.

Morgan Stanley makes no representation as to the compliance or otherwise of any fund or portfolio with any laws or regulatory guidelines, recommendations, requirements or similar relating to the ESG characterization of any fund or portfolio, or in connection with or to meet any of your investing ESG objectives, metrics or criteria.

The appropriateness of a particular ESG 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.

Equity securities may fluctuate in response to news on companies, industries, market conditions and general economic environment.

An investment in an **exchange-traded fund** involves risks similar to those of investing in a broadly based portfolio of equity securities traded on an exchange in the relevant securities market, such as market fluctuations caused by such factors as economic and political developments, changes in interest rates and perceived trends in stock and bond prices. Investing in an international ETF also involves certain risks and considerations not typically associated with investing in an ETF that invests in the securities of U.S. issues, such as political, currency, economic and market risks. These risks are magnified in countries with emerging markets, since these countries may have relatively unstable governments and less established markets and economics. ETFs investing in physical commodities and commodity or currency futures have special tax considerations. Physical commodities may be treated as collectibles subject to a maximum 28% long-term capital gains rates, while futures are marked-to-market and may be subject to a blended 60% long- and 40% short-term capital gains tax rate. Rolling futures positions may create taxable events. For specifics and a greater explanation of possible risks with ETFs, along with the ETF's investment objectives, charges and expenses, please consult a copy of the ETF's prospectus. Investing in sectors may be more volatile than diversifying across many industries. The investment return and principal value of ETF investments will fluctuate, so an investor's ETF shares (Creation Units), if or when sold, may be worth more or less than the original cost. ETFs are redeemable only in Creation Unit size through an Authorized Participant and are not individually redeemable from an ETF.

Please consider the investment objectives, risks, charges and expenses of the fund(s) carefully before investing. The prospectus contains this and other information about the fund(s). To obtain a prospectus, contact your financial advisor. Please read the prospectus carefully before investing.

Bonds are subject to interest rate risk. When interest rates rise, bond prices fall; generally the longer a bond's maturity, the more sensitive it is to this risk. Bonds may also be subject to call risk, which is the risk that the issuer will redeem the debt at its option, fully or partially, before the scheduled maturity date. The market value of debt instruments may fluctuate, and proceeds from sales prior to maturity may be more or less than the amount originally invested or the maturity value due to changes in market conditions or changes in the credit quality of the issuer. Bonds are subject to the credit risk of the issuer. This is the risk that the issuer might be unable to make interest and/or principal payments on a timely basis. Bonds are also subject to reinvestment risk, which is the risk that principal and/or interest payments from a given investment may be reinvested at a lower interest rate.

Bonds rated below investment grade may have speculative characteristics and present significant risks beyond those of other securities, including greater credit risk and price volatility in the secondary market. Investors should be careful to consider these risks alongside their individual circumstances, objectives and risk tolerance before investing in high-yield bonds. High yield bonds should comprise only a limited portion of a balanced portfolio.

Investing in foreign markets entails risks not typically associated with domestic markets, such as currency fluctuations and controls, restrictions on foreign investments, less governmental supervision and regulation, and the potential for political instability. These risks may be magnified in countries with **emerging markets and frontier markets**, since these countries may have relatively unstable governments and less established markets and economies.

Investing in currency involves additional special risks such as credit, interest rate fluctuations, derivative investment risk, and domestic and foreign inflation rates, which can be volatile and may be less liquid than other securities and more sensitive to the effect of varied economic conditions. In addition, international investing entails greater risk, as well as greater potential rewards compared to U.S. investing. These risks include political 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 economies.

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.

Physical precious metals are non-regulated products. Precious metals are speculative investments, which may experience short-term and long-term price volatility. The value of precious metals investments may fluctuate and may appreciate or decline, depending on market conditions. If sold in a declining market, the price you receive may be less than your original investment. Unlike bonds and stocks, precious metals do not make interest or dividend payments. Therefore, precious metals may not be appropriate for investors who require current income. Precious metals are commodities that should be safely stored, which may impose additional costs on the investor. The Securities Investor Protection Corporation ("SIPC") provides certain protection for customers' cash and securities in the event of a brokerage firm's bankruptcy, other financial difficulties, or if customers' assets are missing. SIPC insurance does not apply to precious metals or other commodities.

Alternative investments may be either traditional alternative investment vehicles, such as hedge funds, fund of hedge funds, private equity, private real estate and managed futures or, non-traditional products such as mutual funds and exchange-traded funds that also seek alternative-like exposure but have significant differences from traditional alternative investments. The risks of traditional alternative investments may include: can be highly illiquid, speculative and not appropriate for all investors, loss of all or a substantial portion of the investment due to

NATURAL CAPITAL INVESTING: SUPPORTING NATURE-POSITIVE OUTCOMES

leveraging, short-selling, or other speculative practices, 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 open-end mutual funds, and risks associated with the operations, personnel and processes of the manager. Non-traditional alternative strategy products may employ various investment strategies and techniques for both hedging and more speculative purposes such as short-selling, leverage, derivatives and options, which can increase volatility and the risk of investment loss. These investments are subject to the risks normally associated with debt instruments and also carry substantial additional risks. Investors could lose all or a substantial amount of their investment. These investments typically have higher fees or expenses than traditional investments.

Hedge funds may involve a high degree of risk, often engage in leveraging and other speculative investment practices that may increase the risk of investment loss, can be highly illiquid, are not required to provide periodic pricing or valuation information to investors, may involve complex tax structures and delays in distributing important tax information, are not subject to the same regulatory requirements as mutual funds, often charge high fees which may offset any trading profits, and in many cases the underlying investments are not transparent and are known only to the investment manager.

Because of their narrow focus, **sector investments** tend to be more volatile than investments that diversify across many sectors and companies.

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

Risks of **private real estate** include: illiquidity, a long-term investment horizon with a limited or nonexistent secondary market; lack of transparency; volatility (risk of loss); and leverage.

Growth investing does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations.

Value investing does not guarantee a profit or eliminate risk. Not all companies whose stocks are considered to be value stocks are able to turn their business around or successfully employ corrective strategies which would result in stock prices that do not rise as initially expected.

Asset allocation and diversification do not assure a profit or protect against loss in declining financial markets.

Derivative instruments. Options, futures contracts, options on futures contracts, forward contracts, swaps and structured products are examples of derivative instruments. Risks of derivative instruments include imperfect correlation between the value of the instruments and the underlying assets; risks of default by the other party to certain transactions; risks that the transactions may result in losses that partially or completely offset gains in portfolio positions; and risks that the transactions may not be liquid. Please see the fund's prospectus for additional information.

The **indices** are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only and do not represent the performance of any specific investment. The indices are not subject to expenses or fees and are often comprised of securities and other investment instruments the liquidity of which is not restricted. A particular investment product may consist of securities significantly different than those in any index referred to herein. Comparing an investment to a particular index may be of limited use.

The **indices selected by Morgan Stanley Wealth Management** to measure performance are representative of broad asset classes. Morgan Stanley retains the right to change representative indices at any time.

Performance of indices may be more or less volatile than any investment product. The risk of loss in value of a specific investment (such as with an investment manager or in a fund) is not the same as the risk of loss in a broad market index. Therefore, the historical returns of an index will not be the same as the historical returns of a particular investment product.

DEI Signal was launched in response to increasing evidence demonstrating the importance of diversity, equity and inclusion (DEI) in the workforce. Companies are increasingly evaluating their cultures and practices related to gender and racial equality in order to attract and retain top talent, and investors are increasingly asking for this data to be disclosed while seeking to invest with asset managers who are making progress on improving diversity. Recognizing the importance of data transparency to measuring and driving progress, and in alignment with the Inclusion pillar of the Investing with Impact framework, we are collecting over 30 data points from our asset management partners, who, combined, manage roughly 70% of global assets under management. DEI Signal was created as a framework for analyzing the data in a holistic way. The questions focus on policies to support inclusive and diverse workplaces, diverse representation and disclosure. Through these questions, DEI Signal seeks to increase transparency on diversity statistics and shepherd greater diversity and inclusion across the industry.

Powered by Morgan Stanley IQ, **Impact Signal** is one of the industry's first holistic manager scoring tools that quantitatively evaluates strategies on their impact strength. Impact Signal enables us to evaluate over 15,000 funds and SMAs globally on the strength of their investment process and environmental and social impact. This tool focuses on evaluating two pillars of the Investing with Impact framework: 1) Intentionality, as indicated by a documented process for considering environmental and social factors in the investment process and the subsequent positive impact of the underlying holdings and 2) Influence, which evaluates engagement with portfolio companies to encourage them to be better environmental and social stewards. The Morgan Stanley Impact Quotient® report is an assessment of an investor's portfolio (or subset thereof) utilizing various environmental, social and governance ("ESG") factors. The metrics included in the report are based on key topic areas for sustainable and impact investing.

Assessment of the investor's portfolio alignment with ESG factors, established by Morgan Stanley, is evaluated based on available data and expertise from MSCI ESG Research, ISS-ESG, FFI Solutions and Equileap. The Morgan Stanley Impact Quotient report does not represent Morgan Stanley's view of any individual fund or security, is not a judgment on any company's commitment to sustainability issues and is provided for informational purposes only. The report is not a "research report" as defined by FINRA Rules 2241 and 2242. It is not prepared by the Research Departments of Morgan Stanley Smith Barney LLC or Morgan Stanley & Co. LLC or its affiliates. ISS-ESG, FFI Solutions and

NATURAL CAPITAL INVESTING: SUPPORTING NATURE-POSITIVE OUTCOMES

Equileap are not affiliated with Morgan Stanley.

Morgan Stanley Impact Quotient® is intended to help your Morgan Stanley Financial Advisor identify and record the impact priorities that matter most to you; however, not all selections are currently available for reporting in Morgan Stanley Impact Quotient®. We have prepared this solely for informational purposes. You should not definitively rely upon it or use it to form the definitive basis for any decision, contract, commitment or action whatsoever, with respect to any proposed transaction or otherwise. 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.

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. This material is not an offer to buy or sell any security or to participate in any trading strategy. The mention of any specific security or company herein is for illustrative purposes only and does not constitute a recommendation. Asset allocation does not guarantee a profit or protect against a loss. Morgan Stanley Impact Quotient reports are based on information from multiple sources and Morgan Stanley makes no representation as to the accuracy or completeness of information from sources outside of Morgan Stanley. Information contained therein has been obtained from MSCI ESG Research, Equileap, ISS-ESG, Fossil Free Indexes, the United Nations and Morgan Stanley.

Hyperlinks

This material may provide the addresses of, or contain hyperlinks to, websites. Except to the extent to which the material refers to website material of Morgan Stanley Wealth Management, the firm has not reviewed the linked site. Equally, except to the extent to which the material refers to website material of Morgan Stanley Wealth Management, the firm takes no responsibility for, and makes no representations or warranties whatsoever as to, the data and information contained therein. Such address or hyperlink (including addresses or hyperlinks to website material of Morgan Stanley Wealth Management) is provided solely for your convenience and information and the content of the linked site does not in any way form part of this document. Accessing such website or following such link through the material or the website of the firm shall be at your own risk and we shall have no liability arising out of, or in connection with, any such referenced website.

By providing links to third-party websites or online publication(s) or article(s), Morgan Stanley Smith Barney LLC ("Morgan Stanley") is not implying an affiliation, sponsorship, endorsement, approval, investigation, verification with the third parties or that any monitoring is being done by Morgan Stanley of any information contained within the articles or websites. Morgan Stanley is not responsible for the information contained on the third-party websites or your use of or inability to use such site. Nor do we guarantee their accuracy and completeness. The terms, conditions, and privacy policy of any third-party website may be different from those applicable to your use of any Morgan Stanley website. The information and data provided by the third-party websites or publications are as of the date when they were written and subject to change without notice.

Disclosures

Morgan Stanley Wealth Management is the trade name of Morgan Stanley Smith Barney LLC, a registered broker-dealer in the United States. This material has been prepared for informational purposes only and is not an offer to buy or sell or a solicitation of any offer to buy or sell any security or other financial instrument or to participate in any trading strategy. Past performance is not necessarily a guide to future performance.

The author(s) (if any authors are noted) principally responsible for the preparation of this material receive compensation based upon various factors, including quality and accuracy of their work, firm revenues (including trading and capital markets revenues), client feedback and competitive factors. Morgan Stanley Wealth Management is involved in many businesses that may relate to companies, securities or instruments mentioned in this material.

This material has been prepared for informational purposes only and is not an offer to buy or sell or a solicitation of any offer to buy or sell any security/instrument, or to participate in any trading strategy. Any such offer would be made only after a prospective investor had completed its own independent investigation of the securities, instruments or transactions, and received all information it required to make its own investment decision, including, where applicable, a review of any offering circular or memorandum describing such security or instrument. That information would contain material information not contained herein and to which prospective participants are referred. This material is based on public information as of the specified date, and may be stale thereafter. We have no obligation to tell you when information herein may change. We make no representation or warranty with respect to the accuracy or completeness of this material. Morgan Stanley Wealth Management has no obligation to provide updated information on the securities/instruments mentioned herein.

The securities/instruments 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. Morgan Stanley Wealth Management recommends that investors independently evaluate specific investments and strategies, and encourages investors to seek the advice of a financial advisor. The value of and income from investments may vary because of changes in interest rates, foreign exchange rates, default rates, prepayment rates, securities/instruments prices, market indexes, operational or financial conditions of companies and other issuers or other factors. Estimates of future performance are based on assumptions that may not be realized. Actual events may differ from those assumed and changes to any assumptions may have a material impact on any projections or estimates. Other events not taken into account may occur and may significantly affect the projections or estimates. Certain assumptions may have been made for modeling purposes only to simplify the presentation and/or calculation of any projections or estimates, and Morgan Stanley Wealth Management does not represent that any such assumptions will reflect actual future events. Accordingly, there can be no assurance that estimated returns or projections will be realized or that actual returns or performance results will not materially differ from those estimated herein.

The summary at the beginning of the report may have been generated with the assistance of artificial intelligence (AI).

This material should not be viewed as advice or recommendations with respect to asset allocation or any particular investment. This information is not intended to, and should not, form a primary basis for any investment decisions that you may make. Morgan Stanley Wealth

NATURAL CAPITAL INVESTING: SUPPORTING NATURE-POSITIVE OUTCOMES

Management is not acting as a fiduciary under either the Employee Retirement Income Security Act of 1974, as amended or under section 4975 of the Internal Revenue Code of 1986 as amended in providing this material except as otherwise provided in writing by Morgan Stanley and/or as described at www.morganstanley.com/disclosures/dol.

Morgan Stanley Smith Barney LLC, its affiliates and Morgan Stanley Financial Advisors do not provide legal or tax advice. Each client should always consult his/her personal tax and/or legal advisor for information concerning his/her individual situation and to learn about any potential tax or other implications that may result from acting on a particular recommendation.

This material is disseminated in Australia to “retail clients” within the meaning of the Australian Corporations Act by Morgan Stanley Wealth Management Australia Pty Ltd (A.B.N. 19 009 145 555, holder of Australian financial services license No. 240813).

Morgan Stanley Wealth Management is not incorporated under the People's Republic of China (“PRC”) law and the material in relation to this report is conducted outside the PRC. This report will be distributed only upon request of a specific recipient. This report does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC. PRC investors must have the relevant qualifications to invest in such securities and must be responsible for obtaining all relevant approvals, licenses, verifications and or registrations from PRC’s relevant governmental authorities.

If your financial adviser is based in Australia, Switzerland or the United Kingdom, then please be aware that this report is being distributed by the Morgan Stanley entity where your financial adviser is located, as follows: Australia: Morgan Stanley Wealth Management Australia Pty Ltd (ABN 19 009 145 555, AFSL No. 240813); Switzerland: Morgan Stanley (Switzerland) AG regulated by the Swiss Financial Market Supervisory Authority; or United Kingdom: Morgan Stanley Private Wealth Management Ltd, authorized and regulated by the Financial Conduct Authority, approves for the purposes of section 21 of the Financial Services and Markets Act 2000 this material for distribution in the United Kingdom.

Morgan Stanley Wealth Management is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the “Municipal Advisor Rule”) and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule.

This material is disseminated in the United States of America by Morgan Stanley Smith Barney LLC.

Third-party data providers make no warranties or representations of any kind relating to the accuracy, completeness, or timeliness of the data they provide and shall not have liability for any damages of any kind relating to such data.

This material, or any portion thereof, may not be reprinted, sold or redistributed without the written consent of Morgan Stanley Smith Barney LLC.

© 2025 Morgan Stanley Smith Barney LLC. Member SIPC.

RSI1761059638550 10/2025