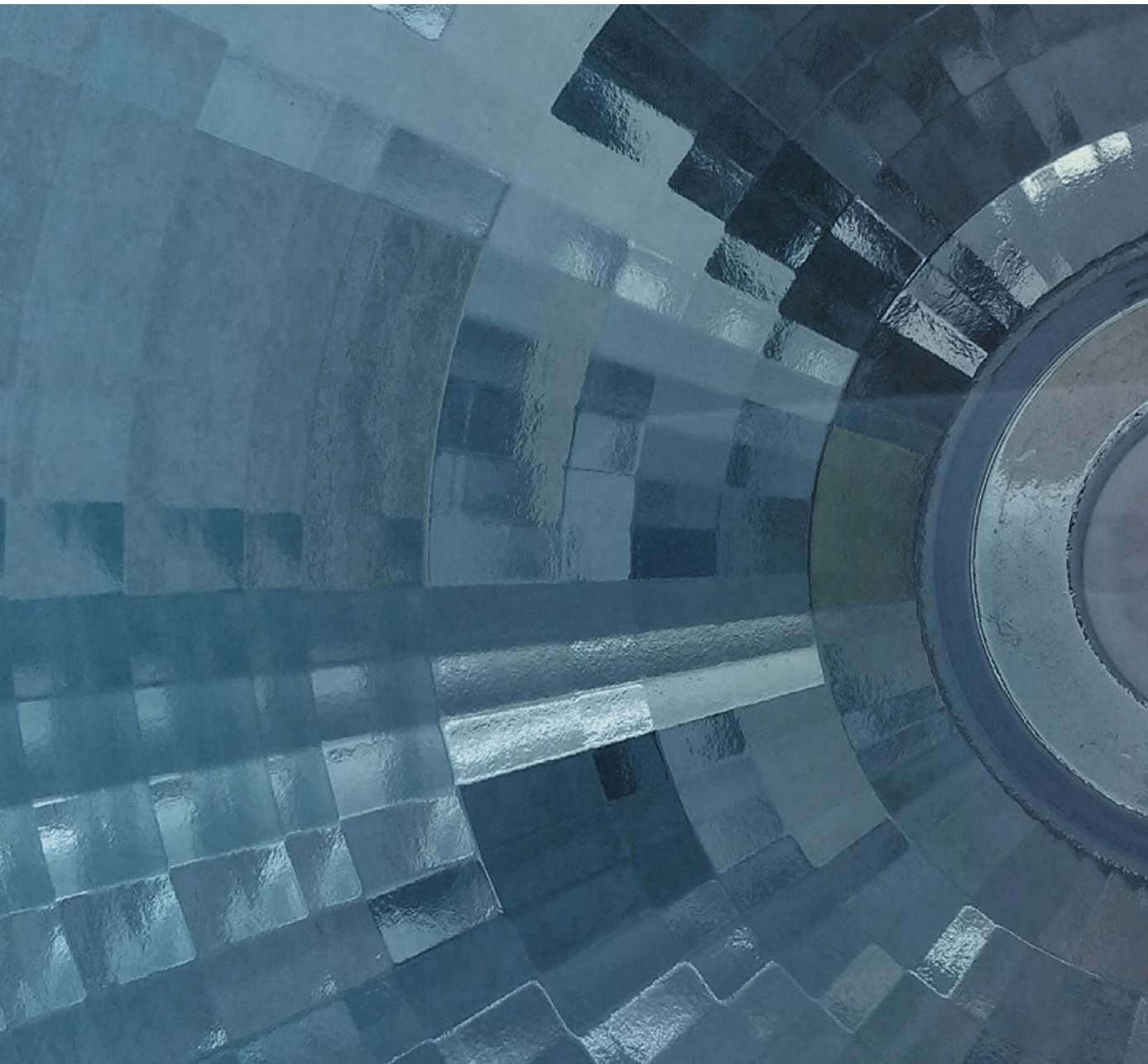


Morgan Stanley

TRUST SERVICES

Professional's Guide

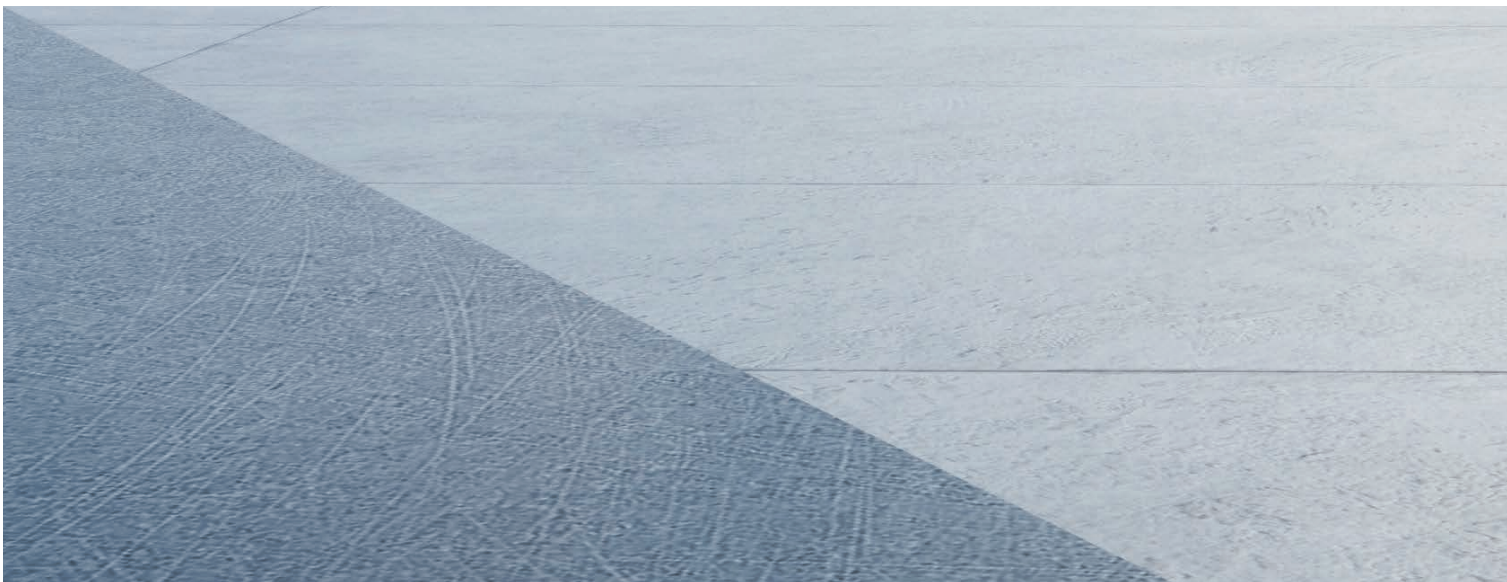


Planning for Your Client's Wealth Preservation and Transition

For over 85 years, generations of high net worth families have turned to Morgan Stanley to help grow their wealth and meet their financial goals. As our clients get older and accumulate significant wealth, their financial objectives may shift to wealth preservation and wealth transition. Estate planning and trusts can be valuable tools as clients plan for their financial futures.

As clients begin estate planning and establish trusts, it is important that they have strong professionals supporting them. Morgan Stanley Financial Advisors help clients manage wealth and provide financial advice to help support clients' goals at any stage of life. Using the superior wealth management resources available at Morgan Stanley, our Financial Advisors can introduce clients to experienced and knowledgeable professionals with backgrounds in financial planning, estate planning and trust services. Your highly specialized assistance is needed to develop and implement customized legal or tax strategies that put planning efforts into motion.

Whether you're an estate planning attorney, CPA or other key adviser to a high net worth family, you have numerous options when recommending a trustee for their trusts. This brochure outlines several resources available at Morgan Stanley regarding its trust services and how we can partner with you to deliver our clients a comprehensive planning experience.



Unique Approach to Corporate Trustee Services

“OPEN ARCHITECTURE” STRUCTURE INVITES CHOICE OF APPROPRIATE TRUSTEE

Morgan Stanley's Family Office Resources caters to ultra high net worth families and their professional advisors. This specialized group of experts provides the knowledge, experience, insight and planning strategies that complement how you work with your ultra high net worth clients.

Within Family Office Resources is our Trust Services offering. This “open architecture” platform offers access to several third-party corporate trustees who can serve as a fiduciary for client trusts. Experienced Trust Specialists within Morgan Stanley are familiar with the capabilities, jurisdictions and pricing of

our partners and recommend a corporate trustee(s) who is the “right fit” for the specific client trust document.

Our corporate trustee platform is built around the investment management capabilities of Morgan Stanley and the professional services provided by Morgan Stanley Financial Advisors. Along with you, the client's Morgan Stanley Financial Advisor plays a vital role in crafting and implementing a financial and estate plan for the client and family that often focuses on wealth preservation and transition, tax efficiencies, and legacy planning.

THE CORPORATE TRUSTEE PLATFORM AT MORGAN STANLEY PROVIDES:

A flexible third-party corporate trustee program

A wide range of fiduciary and trust administration services

Due diligence performed on our corporate trustee partners

Access to the most advantageous trust jurisdictions in the country

An array of discretionary solutions for trust investment management

Competitive pricing

How Our Corporate Trustee Platform Works

- Marketable securities owned by the trust are custodied at Morgan Stanley with the client's Financial Advisor in a trust account.
- Investment management of trust assets is conducted by using Morgan Stanley investment platforms.
- Electronic connectivity exists between Morgan Stanley and approved third-party trust companies for them to exercise fiduciary oversight and provide reporting responsibilities.
- Morgan Stanley and our third-party trust company partners work together with you to manage the overall client and family relationship.

CORPORATE TRUSTEE PARTNERS FOR PERSONAL TRUSTS:

Comerica Bank & Trust, N.A.

First State Trust Company

Arden Trust Company

City National Bank, N.A.

RBC Trust Company

Midwest Trust Company

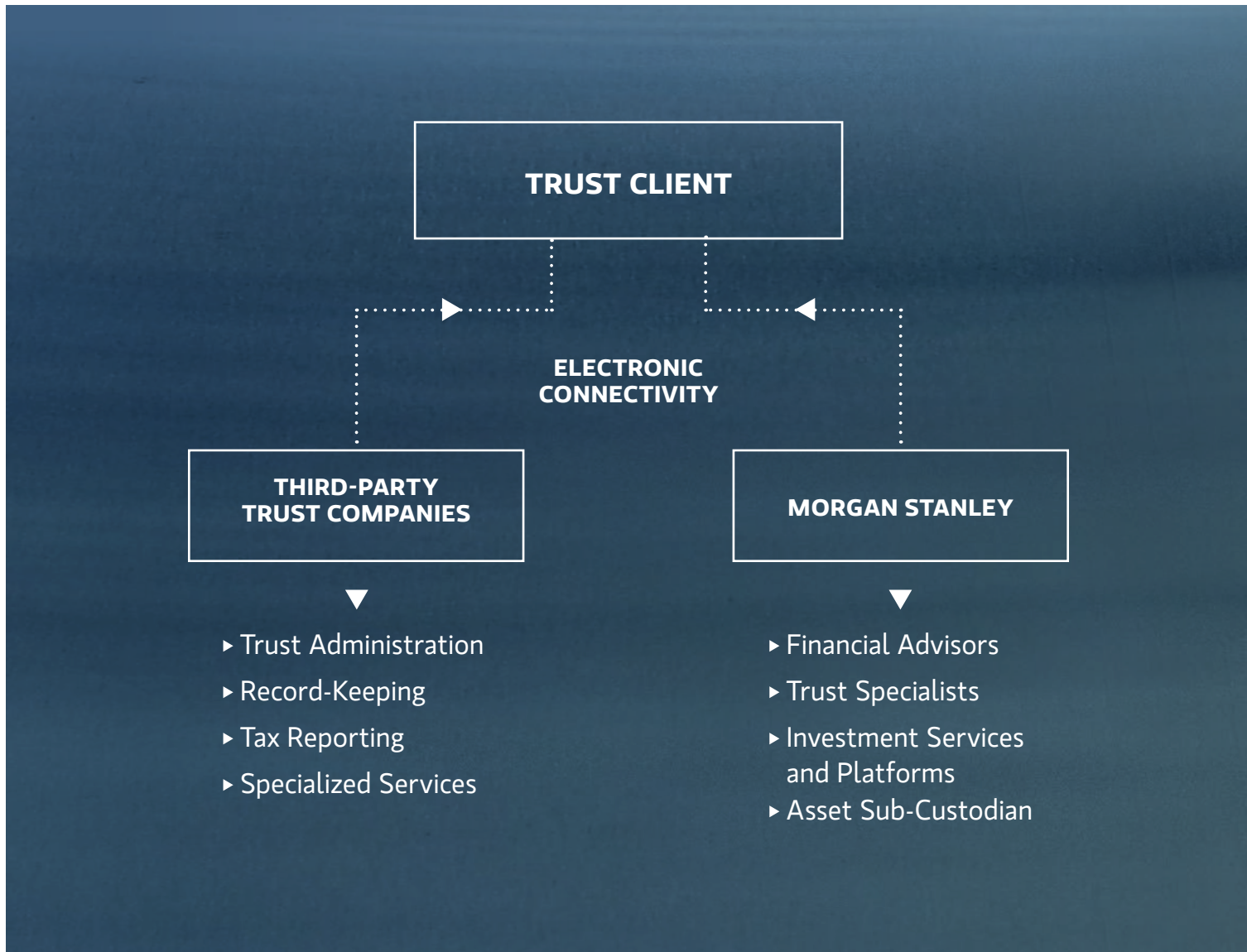
South Dakota Trust Company

Bridgeford Trust Company

Premier Trust Company of Nevada

Fiduciary Trust of New England

Peak Trust Company



How Favorable Trust Jurisdictions Meet the Needs of Wealthy Families

Many ultra high net worth families and their attorneys used to set up trusts in the state where they lived and their lawyer practiced. However, the planning focus has shifted from just reducing estate tax burdens to more advanced solutions such as asset or divorce protection, multi generational planning, privacy, asset control and flexibility, and income tax savings, etc. Many families seek maximum flexibility when planning their estate and as much control of trust assets as possible.

Fortunately, more and more states are changing their laws to attract more trust business.

This evolution often benefits the ultra high net worth family by providing them with more control, flexibility and tax savings regarding the trusts that control much of their wealth. Currently, five states are considered to have the most flexible and favorable trust laws—Delaware, South Dakota, Nevada, Alaska and New Hampshire. The use of “trust friendly” jurisdictions by more and more wealthy families is changing the trust and estate planning landscape.

Morgan Stanley's open architecture corporate trustee platform features trust companies that administer trusts in these favorable states. Our corporate trustee partners can also refer attorneys in each jurisdiction who can oversee the documents being drafted by the client's attorney to make sure they comply with the specific jurisdiction.

WHAT DO UHNW FAMILIES WANT?

Privacy

Delay or limit disclosure of wealth to beneficiaries

Repair Broken Documents

Allow for the retooling of outdated or obscure documents

Favorable Tax Rules

Mitigating state income tax and/or capital gains taxes

Legacy Planning

Wealth lasting for multi generations

Control

Decision-making among family members, friends and/or trusted advisors

Protection From Creditors

A trust may offer protection from spendthrift family members and future litigious situations

Agency Services

ASSISTANCE FOR INDIVIDUAL TRUSTEES

Our corporate trustee partners can also be of assistance to individual trustees of irrevocable trusts. When a corporate trustee partner serves as “agent” for an individual trustee, the corporate trustee provides “back-office” solutions and administrative functions often required by a trust. This agency service is designed to support the fiduciary duties of the individual trustees without having control of investment management or distribution decision-making—which is left to the individual trustee. With the agency services that our corporate trustee partners can provide, trust assets are custodied at Morgan Stanley and the Financial Advisor works with the individual trustee on

the investment management of assets using Morgan Stanley's broad investment capabilities, expertise and research.

As agent for an individual trustee, our corporate trustee partners can provide the following services:

- Principal and income accounting
- Bill-paying services
- Regular trust statements
- Tax preparation services (Signature-ready for trustee)
- Dedicated trust specialist monitoring and support
- Online access to trust accounts and statements

A Look at Favorable Trust Jurisdictions



NEVADA—MODERN TRUST LAW IN THE WEST*

“Top Tier” Domestic Asset Protection statute

“Top Tier” Dynasty Jurisdiction—365-year perpetuities period

Tax-favored state—no individual, trust or corporate state income tax;
no state gift/inheritance tax

Codification of Uniform Prudent Investor Act (measure performance on entire portfolio)

Use of Directed Trusts

Favorable trust decanting statutes

Ability to convert income interests to unitrust interests

Reasonable cost for setting up trusts and entities

Of the 17 states offering Domestic Asset Protection Trusts (“DAPTs”), Nevada is one of
the only states protecting against claims for alimony and support for self-settled trusts

Nevada self-settled trusts can offer limited protection against pre-existing creditors

Only exception is fraudulent transfers (proved by clear and convincing evidence)

Creditors have two years from creation to bring claim for fraudulent transfer;
six months if transfer is known to creditor



ALASKA—PIONEER OF MODERN TRUSTS*

Top-Tier State for Dynasty or Perpetual Trusts

No state income tax or capital gains tax (nor any state, estate or gift tax)

Excellent decanting laws, providing for flexibility to modify or add trust provisions
(including extending the duration of a trust)

One of the lowest life insurance premium tax rates in the nation (2.7% on the first
\$100,000 of premium; 0.08% on premium amounts in excess of \$100,000)

Opt-In Community Property Regime allows couples to use a Community Property
Trust to provide unique tax savings related to marital assets at death of the first spouse

Top-Tier Self-Settled Asset Protection Trusts

Directed Trusts—first state to allow for the ability to separate responsibility for
different trustee duties to different trustees



DELAWARE—WHERE IT ALL STARTED*

du Pont family founded Wilmington Trust in 1903

Delaware Directed Trusts

Dynasty Trusts (eliminated Rule Against Perpetuities, except for real property)

Asset Protection Trusts

Decanting/Modifications/Non-Judicial Settlement Agreements

Favorable Chancery Court

No state fiduciary income tax (provided no beneficiary lives in Delaware)

No state capital gains tax (provided no beneficiary lives in Delaware)

Bifurcation of trustee duties

Investment and Distribution Advisors

Trust Protectors



SOUTH DAKOTA—PROGRESSIVE TRUST LAWS*

South Dakota ranks first in total bank assets: \$3.53 trillion (FDIC, 2020)

Directed Trusts

Domestic Asset Protection Trusts

Dynasty Trusts

Solutions for International Clients/Families

Privacy

Highly-rated state for business (U.S. Chamber of Commerce)

A top-rated Modern Trust Situs State

No personal income or capital gains taxes (individuals and trusts)

No state estate tax

No generation-skipping transfer tax

No corporate income tax

No business inventory tax

No personal property tax (no intangibles tax)

One of the lowest state premium taxes for LLCs and one of the lowest for trusts (8 bps)



NEW HAMPSHIRE—COMMITMENT TO ONGOING LEADERSHIP*

No state interest, dividend or capital gains tax on qualifying trusts
Perpetual Trusts
Asset Protection Trusts
Directed Trusts
Quiet Trusts
Purpose Trusts
Total return/unitrust distributions permitted
Waiver of the duty to diversify assets permitted
Sustainable investing in trusts based on beneficiary interests (second state to permit)
Favorable trust modification laws
Decanting of old trusts to new trusts
Non-Judicial Settlement Agreements
Dedicated trust court and long trust case history
Recognizes Trust Protectors and Trust Advisors
Private Family Trust Companies
Civil Law Foundations (first state to permit)



HOW TO LEVERAGE A WEALTH-FRIENDLY STATE

- **Have at least one trustee in that state.**
- **The trustee can be any individual residing in the state or a trust company/bank authorized to do business in that state.**
- **Trust administration needs to be performed in that state.**
- **Assets do not need to be in that state.**
- **Financial Advisors do not need to be in that state.**
- **Clients (grantors or beneficiaries) do not have to live in that state.**

If you are not licensed to practice in one of these favorable jurisdictions, our corporate trustee partners can introduce you to estate planning attorneys in the state to verify draft documents comply with state law. *As of May 2022.

Morgan Stanley Wealth Management: Global Resources, Local Expertise

Morgan Stanley Wealth Management is one of the largest and most established wealth management businesses in the industry. Our platform offers access to exclusive proprietary, third-party, traditional and alternative investments—along with insurance, private investment opportunities, legacy planning, lending and cash management solutions—with expansive due diligence.

From advisory solutions that leverage powerful resources from across the firm to self-service digital tools through E*TRADE, our extensive capabilities put clients in a position to capitalize on timely investment ideas across asset classes while providing potential downside mitigation strategies when needed.*

We offer traditional investment products such as mutual funds, exchange-traded funds, closed-end funds, unit investment trusts and 529 education savings plans. Our alternative investment platform includes access for eligible investors to hedge funds, funds of funds, managed funds, real estate, private equity and private credit. Clients can align their personal values with their investment goals through our Investing with Impact offering. Our insurance platform features competitive products offered by some of the industry's most respected issuing insurance companies.

Our clients also benefit from access to the intellectual capital of our Global Investment Committee, a group of leading market experts dedicated to providing high-quality, industry-leading investment ideas to Wealth Management clients. Continually reviewing developing economic and market conditions, they serve as an invaluable resource to our Financial Advisors and their clients. Additionally, we offer a deep bench of experienced investment analysts, strategists and economists from across the firm.

*Self-service securities products and services offered by E*TRADE Securities LLC, Member SIPC, a subsidiary of Morgan Stanley.

¹ Source: Morgan Stanley Wealth Management. As of February 2020. Past performance is no guarantee of future results. Estimates of future performance are based on assumptions that may not be realized. This material is not a solicitation of any offer to buy or sell any security or other financial instrument or to participate in any trading strategy. Please refer to important information, disclosures and qualifications at the end of this material.

OUR INVESTMENT PLATFORM¹

WORLD-CLASS

1 Global Investment Committee

- Establish allocation guidelines based on their forecasting.
- Asset class recommendations to help Financial Advisors guide clients.

MANAGER ANALYSIS AND PORTFOLIO STRATEGY

~65 Analysts Assess Quality of Investment Managers

- Develop opportunistic trade ideas.
- Implement ideas via model portfolios.

MORGAN STANLEY & CO.

120+ Economists & Strategists

MORGAN STANLEY & CO.

480+ Equity Analysts

- Analysts in 21 countries.
- Cover over 3,000 securities.
- Support the flow of ideas.

THIRD-PARTY INTELLECTUAL CAPITAL

2,950+ Investment Managers

Wide selection of third-party investment managers monitored by our Global Investment Manager Analysis.

Partnering with a Morgan Stanley Financial Advisor

Morgan Stanley believes that critical tax or estate planning advice for a client is best provided by the client's own professionals. The professional trio of an estate planning attorney, CPA/accountant and Financial Advisor is vital to pulling together an effective and long-term estate plan for the ultra high net worth family.

Our Financial Advisors and trust professionals encourage their clients to seek the experienced counsel of qualified attorneys to draft trust agreements and/or other related documents. This usually includes the drafting of basic estate planning documents such as a Durable Power of Attorney, Health Care Proxy, Last Will and Testament, and Revocable Living Trust.

The advice and expertise of an ultra high net worth client's CPA and tax advisers are also paramount to planning initiatives. Many of our clients seek strategies to reduce current and future estate, income and capital gains tax liabilities.

The Morgan Stanley Financial Advisor is often the quarterback coordinating an ultra high net worth family's professional advisers. Nationwide, there are over 15,000 Morgan Stanley Financial Advisors with thousands of ultra high net worth clients. Together, you and a Morgan Stanley Financial Advisor can form a valuable team that provides wealth management solutions for these clients.



Trusts are not necessarily appropriate for all clients. There are risks and considerations which may outweigh any potential benefits. Establishing a trust will incur fees and expenses which may be substantial. Trusts often incur ongoing administrative fees and expenses such as the services of a corporate trustee or tax professional.

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

Morgan Stanley does not accept appointments, nor will it act as a trustee but it will provide access to trust services through an appropriate third-party corporate trustee.

Information contained herein has been obtained from sources considered to be reliable. Morgan Stanley does not guarantee their accuracy or completeness.

Asset allocation, diversification and rebalancing do not assure a profit or protect against loss. There may be a potential tax implication with a rebalancing strategy.

Morgan Stanley offers investment program services through a variety of investment programs, which are opened pursuant to written client agreements. Each program offers investment managers, funds and features that are not available in other programs; conversely, some investment managers, funds or investment strategies may be available in more than one program. Morgan Stanley's investment advisory programs may require a minimum asset level and, depending on a client's specific investment objectives and financial position, may not be appropriate for the client. Please see the applicable program disclosure document for more information, available at www.morganstanley.com/ADV Transitioning to an advisory relationship may not be appropriate for some clients.

Trust Services are provided by the third parties who are not affiliated with Morgan Stanley. Neither Morgan Stanley nor its affiliates are the provider of such services and will not have any input or responsibility concerning a client's eligibility for, or the terms and conditions associated with, these services. Neither Morgan Stanley nor its affiliates shall be responsible for content of any advice or services provided by the unaffiliated third parties. Morgan Stanley or its affiliates may participate in transactions on a basis separate from the referral of clients to these third parties and may receive compensation in connection with referrals made to them.

Insurance products are offered in conjunction with Morgan Stanley Smith Barney LLC's licensed insurance agency affiliates.

Morgan Stanley Smith Barney LLC is a registered Broker/Dealer, Member SIPC, and not a bank. Where appropriate, Morgan Stanley Smith Barney LLC has entered into arrangements with banks and other third parties to assist in offering certain banking related products and services.

Investment, insurance and annuity products offered through Morgan Stanley Smith Barney LLC are: NOT FDIC INSURED | MAY LOSE VALUE | NOT BANK GUARANTEED | NOT A BANK DEPOSIT | NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY

Cash management and lending products and services are provided by Morgan Stanley Smith Barney LLC, Morgan Stanley Private Bank, National Association or Morgan Stanley Bank, N.A, as applicable.

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service, or to attract any funds or deposits. Investments mentioned may not be appropriate for all clients. Any product discussed herein may be purchased only after a client has carefully reviewed the offering memorandum and executed the subscription documents. Morgan Stanley Wealth Management has not considered the actual or desired investment objectives, goals, guidelines, or factual circumstances of any investor in any fund(s). Before making any investment, each investor should carefully consider the risks associated with the investment, as discussed in the applicable offering memorandum, and make a determination based upon their own particular circumstances, that the investment is consistent with their investment objectives and risk tolerance.

Alternative investments often are speculative and include a high degree of risk. Investors could lose all or a substantial amount of their investment. Alternative investments are appropriate only for eligible, long-term investors who are willing to forgo liquidity and put capital at risk for an indefinite period of time. They may be highly illiquid and can engage in leverage and other speculative practices that may increase the volatility and risk of loss. Alternative Investments typically have higher fees than traditional investments. Investors should carefully review and consider potential risks before investing.

*Self-service securities products and services offered by E*TRADE Securities LLC, Member SIPC, a subsidiary of Morgan Stanley.

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