

Black Leadership Empowerment (BLE) Strategy

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Black Leadership Empowerment (BLE) Strategy

MODEL OBJECTIVES

Investing in companies* that seek to promote racial equity

This portfolio seeks to invest in companies with higher levels of diversity, advancing Black representation in leadership roles.

Specifically, we look at Black representation on the board of directors and in executive management, as well as corporate policies enacted to address racial justice.

(Targeting 25-30 holdings)

*Equity securities, i.e., stocks, of companies

PORTFOLIO CHARACTERISTICS

(as of 9/30/2024)

	BLE	S&P 500
P/B Ratio	4.26	5.00
P/E Ratio	25.16	27.41
Holdings (#)	29	503
Dividend Yield (%)	1.79	1.24

Source: Morgan Stanley Portfolio Risk Platform

INVESTING IN RACIAL EQUITY

A growing body of evidence points to better financial performance associated with higher levels of diversity.¹

As an investment opportunity, racial equity is about identifying ways in which achieving balance in representation, empowerment and economic opportunity is material to financial outcomes.

We aim to invest in the largest US companies who are leaders in promoting Black leadership and representation.

RESEARCH PROCESS

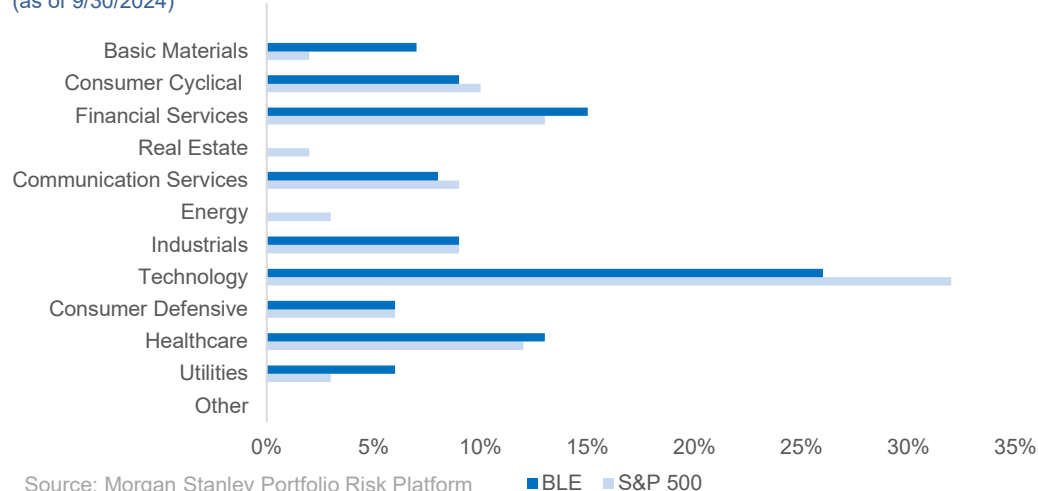
Our process is designed to generate competitive risk-adjusted market returns as well as positive environmental and social impact. We search for companies rated overweight or equal weight by MS&Co research that are actively seeking to mitigate the risks associated with Environmental, Social, and Governance (ESG) concerns, rated BB or higher, as measured by MSCI ESG*.

While we believe broad-based ESG data provides valuable insight to evaluate a company, additionally we seek concentrated exposure to leaders in specific ESG themes. Specifically, this portfolio strives to invest in companies with at least two Black directors on the board and/or Black representation in the C-suite.

*Please see Disclosures Section of this document for more information about MSCI ESG ratings

SECTOR ALLOCATION

(as of 9/30/2024)



PORTFOLIO MANAGERS

THE INDIGO GROUP AT MORGAN STANLEY

Mark C. Callaway
Senior Vice President
Financial Advisor
Investing with Impact Director
Senior Portfolio Manager

in partnership with

Alora Yaron, CPM®
Associate Vice President
Financial Advisor
Portfolio Manager
Investing with Impact Director

THE MELIOR GROUP AT MORGAN STANLEY

Jesse Walton Jr., CFP® CIMA® CPWA®
Executive Director, Financial Advisor
Senior Investment Management Consultant
Portfolio Manager

Allocation can be customized based on client's risk tolerance or specific client request. Equity allocation can be customized below 100% based on client's risk tolerance or specific client request. In such cases, non-equity allocations may or may not be subject to ESG screening criteria. The allocation above is for illustrative purposes only, at quarter end, and does not necessarily represent the current portfolio or how your specific account would be invested. The allocation is subject to change without notice. Sector weightings may be re-allocated as industry fundamentals warrant. They may also be re-allocated as your risk/reward profile changes.

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DIVERSITY CHARACTERISTICS (as of 9/30/2024)



100% of the portfolio is invested in companies with at least 2 Black Directors²



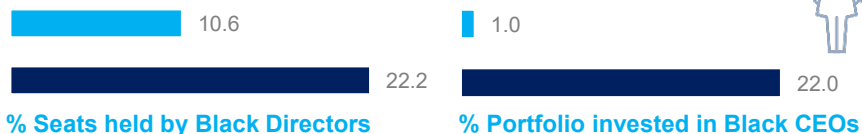
The portfolio is invested in 7 out of only 7 S&P 500 companies with a Black CEO²



100% of companies made a pledge to address racial justice in 2020³

COMPANIES IN BLE VS. S&P 500

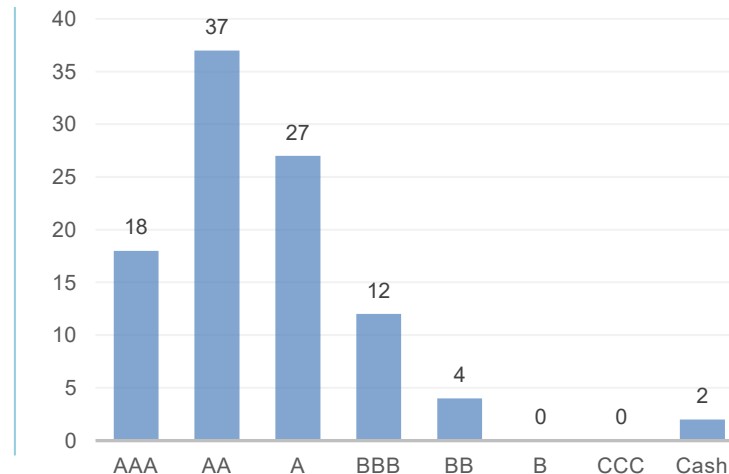
(as of 9/30/2024)



Source: Black Enterprise (2024); ISS ESG

¹Please see Disclosures Section of this document for more information about ISS ESG ratings

MSCI ESG RATING OF HOLDINGS IN BLE (%) (as of 9/30/2024)*



Source: MSCI ESG (as of 9/30/2024)

* Please see Disclosures Section of this document for more information about MSCI ESG ratings

In 2019, 187 S&P 500 companies, or 37% of the S&P 500 had no Black representation on their boards.⁴

MINIMUM INVESTMENT SIZE
\$100,000

PORTFOLIO MANAGERS

THE INDIGO GROUP AT MORGAN STANLEY

in partnership with

Mark C. Callaway
Senior Vice President, Financial Advisor
Investing with Impact Director
Senior Portfolio Manager

Alora Yaron, CPM®
Associate Vice President
Investing with Impact Director
Financial Advisor, Portfolio Manager

THE MELIOR GROUP AT MORGAN STANLEY

Jesse Walton Jr., CFP® CIMA® CPWA®
Executive Director, Financial Advisor
Senior Investment Management Consultant
Portfolio Manager

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1. McKinsey & Company, "Delivering Through Diversity" (January 2018); 2. Black Enterprise (2024); ISS ESG; 3. Fortune 500, Axios analysis of company statements (June 2020); 4. Black Enterprise (2019)

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The holdings, sector weightings, portfolio traits and other data for an actual account may differ from that in this material due to various factors including the size of an account, cash flows within an account, and restrictions on an account.

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Technical analysis is the study of past price and volume trends of a security in an attempt to predict the security's future price and volume trends. Its limitations include but are not limited to: the lack of fundamental analysis of a security's financial condition, lack of analysis of macroeconomic trend forecasts, the bias of the technician's view and the possibility that past participants were not entirely rational in their past purchases or sales of the security being analyzed. Investors using technical analysis should consider these limitations prior to making an investment decision.

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MSCI ESG Ratings are based upon the following scale:

- AAA/AA-Leader: A company leading its industry in managing the most significant ESG risks and opportunities.
- A/BBB/BB-Average: A company with a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers.
- B/CCC-Laggard: A company lagging its industry based on its high exposure and failure to manage significant ESG risks.

Source: www.msci.com/our-solutions/esg-investing/esg-ratings

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

Asset allocation and diversification do not assure a profit or protect against loss.

Price/Book Ratio - or P/B Ratio is a stock's price divided by its book value per share. A fund's price/book ratio can act as a gauge of the fund's investment strategy in the current market climate, and whether it is overvalued or undervalued. The (P/B) ratio of a fund is the weighted average of the price/book ratios of the stocks in a fund's portfolio.

Price/Earnings Ratio - or P/E Ratio is a stock's current price divided by the company's trailing 12-month earnings per share from continuous operations. A fund's price/earnings ratio can act as a gauge of the fund's investment strategy in the current market climate, and whether it has a value or growth orientation. The (P/E) ratio of a fund is the weighted average of the price/earnings ratios of the stocks in a fund's portfolio. The P/E ratio of a company, which is a comparison of the cost of the company's stock and its trailing 12-month earnings per share, is calculated by dividing these two figures.

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ISS measures three pillars: Social and Governance (Staff and Suppliers, Society and Product Responsibility, Corporate Governance and Business Ethics) and Environmental (Environmental Management, Products and Services, and Eco-Efficiency) across 73 industries using more than 700 indicators to create a ESG Corporate Rating. ISS ESG Corporate Ratings measure performance on an absolute twelve-point letter and underlying numerical scale ranging from A+/4.00 (excellent performance) to D-/1.00 (poor performance).

The Numerical Scale, Alphabetical Rating and Performance Levels are shown below:

D-	D	D+	C-	C	C+	B-	B	B+	A-	A	A+
1.00 - <1.25	1.25 - <1.50	1.50 - <1.75	1.75 - <2.00	2.00 - <2.25	2.25 - <2.50	2.50 - <2.75	2.75 - <3.00	3.00 - <3.25	3.25 - <3.50	3.50 - <3.75	3.75 – 4.00
Poor			Medium			Good			Excellent		

Source: ISS ESG Ratings & Rankings | ESG Corporate Rating (issgovernance.com) and Corporate-Rating-Methodology.pdf (issgovernance.com)

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