

Morgan Stanley



Investing with Impact

Create Positive Economic, Social and Environmental Impact

**Every dollar you send into the world
makes an impact.**

What do you want your impact to be?

We'll Be Talking About

INDUSTRY BACKDROP

WHAT IMPACT
INVESTING
IS

THE GROWTH OF
INVESTING
WITH IMPACT

PERFORMANCE

WHAT'S AVAILABLE AT MORGAN STANLEY

THE INVESTING
WITH IMPACT
FRAMEWORK

INVESTING WITH
IMPACT THEMES

ANALYSIS AND
THOUGHT LEADERSHIP

IMPLEMENTATION

PORTFOLIO
SOLUTIONS

MEASURING IMPACT

EVALUATING AND
ENHANCING
ALIGNMENT

Morgan Stanley



SECTION 1

Industry Backdrop

What Is Investing with Impact?

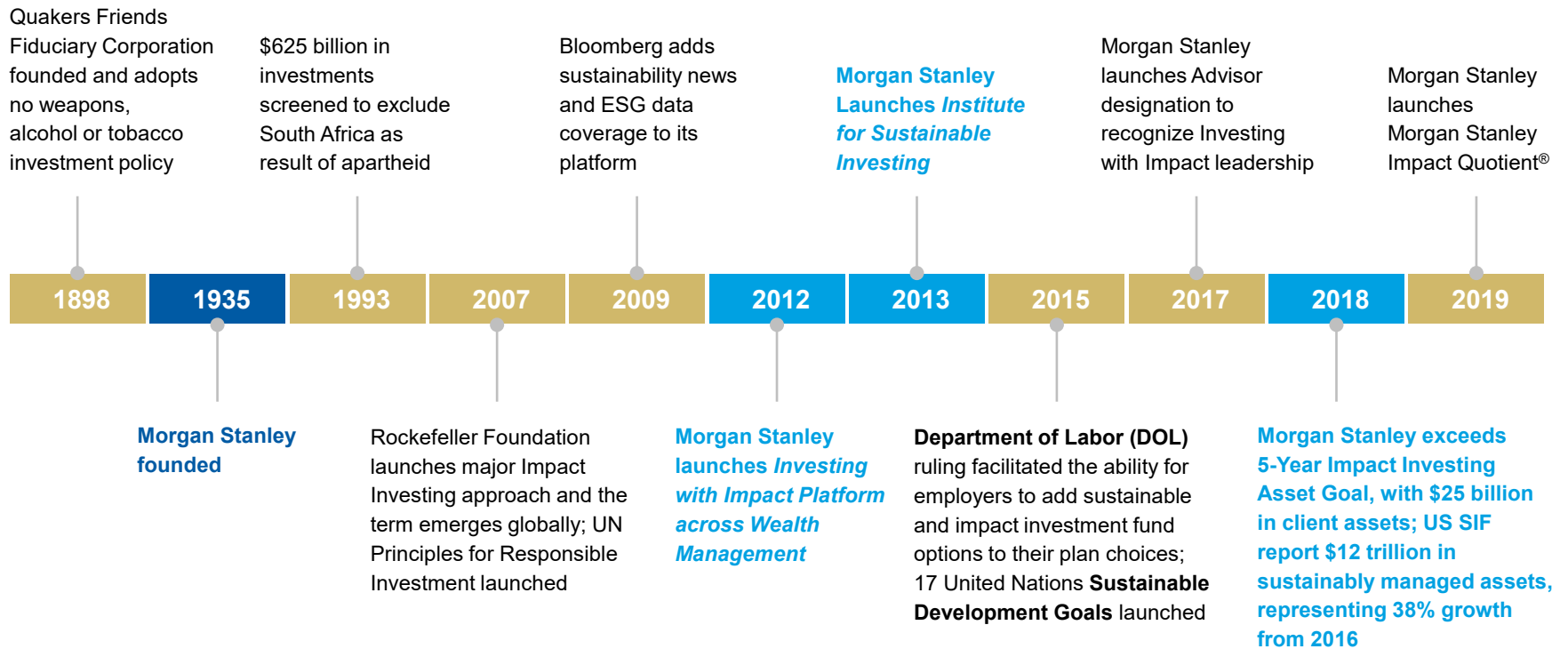
Investments

made with the intention to generate a **measurable, positive social and/or environmental** impact alongside a financial return.



Investing for Positive Impact Is Not New

We Are the First Platform Led By a Major Financial Institution Solely Dedicated To Sustainable Investing ⁽¹⁾



1. Morgan Stanley press release, [Morgan Stanley Exceeds 5-Year Impact Investing Asset Goal](#).

Mainstream Investors Have a Range of Impact Motivations

Mainstream Investors



INDIVIDUALS

Women and men across generations, especially millennials and ultra high net worth individuals and families, are seeking to generate a positive legacy with their capital and align investments with impact objectives



ENTREPRENEURS

Seeking innovative investment options that mitigate risk, have return potential and provide complementary personal portfolio to corporate interests and assets



RELIGIOUS INSTITUTIONS

Incorporating faith-based investing guidelines and filing shareholder resolutions to engage with companies and improve corporate behavior



FOUNDATIONS/ NON-PROFITS

Aligning all pools of capital with the organization's mission statement to maximize positive impact, mitigate risks and drive long-term value



ENDOWMENTS

Seeking risk management, return potential to respond to stakeholder demand and motivated to align investments with the mission statement to maximize positive impact



DONOR-ADVISED FUNDS

Maximize impact of charitable assets by investing in companies that seek to generate positive environmental and social return while waiting to grant out funds



INSURANCE COMPANIES

Seeking to respond to evolving policy/regulations, and utilize social and governance to identify embedded long-term risk and also seek to benefit from opportunities



DEFINED BENEFIT/DEFINED CONTRIBUTION PLANS

Seeking sustainable retirement investment options to drive long-term value and mitigate risks. Respond to stakeholder demand and attract talented employees to organizations

Millennial Investors Are Driven to Sustainable Investing

95%

Millennials say they are interested in sustainable investing



1.5x

Millennials purchased from a sustainable brand 1.5x more often than the total individual investor population



2x

Millennials were 2x more likely to have sought employment with a sustainably-minded company



2x

Millennials invested in companies targeting social/environmental goals 2x more often than the total individual investor population



Source: Morgan Stanley Institute for Sustainable Investing, *Sustainable Signals: Individual Investor Interest Drive by Impact, Conviction and Choice*, 2019.

Women Are Seeking to Create Positive Impact

84%

Women say they are interested in socially responsible investing



56%

Women focus at least partially on making a positive impact with their investments, compared with 45% of men



89%

Women millennials say they are interested in socially responsible investing



Women reported that **43%** of their portfolios were invested in sustainable investments, compared to 40% for men



Source: Morgan Stanley Institute for Sustainable Investing, *Sustainable Signals: New Data from the Individual Investor*, August 2017. Latest data available.

Proof in the Performance

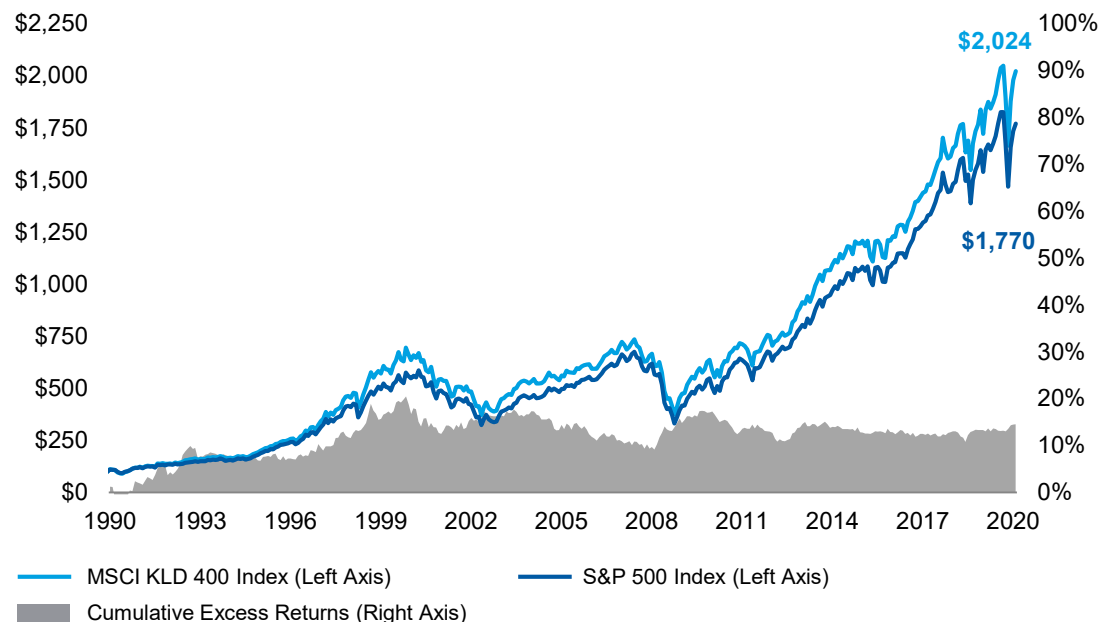
Indices that incorporate environmental, social and governance (ESG) factors have generally performed in line with, or better than, conventional indices. For example, \$1 invested in line with the holdings reflected in the sustainable index in 1990 grew to \$2,024 versus \$1,770 for a traditional index through June 30, 2020.

Annualized Return (%)
(May 1, 1990 – June 30, 2020)



The MSCI KLD 400 Index of companies that meet **best-in-class environmental, social and governance (ESG) criteria**

May 1, 1990 – June 30, 2020 (Single Computation)
(Cumulative Return (%))



Source: Bloomberg, MSCI, Morgan Stanley Wealth Management

Past performance is no guarantee of future results. The index returns are illustrative and shown for comparative purposes only. They do not represent the performance of any specific investments. An investor cannot invest directly in an index.

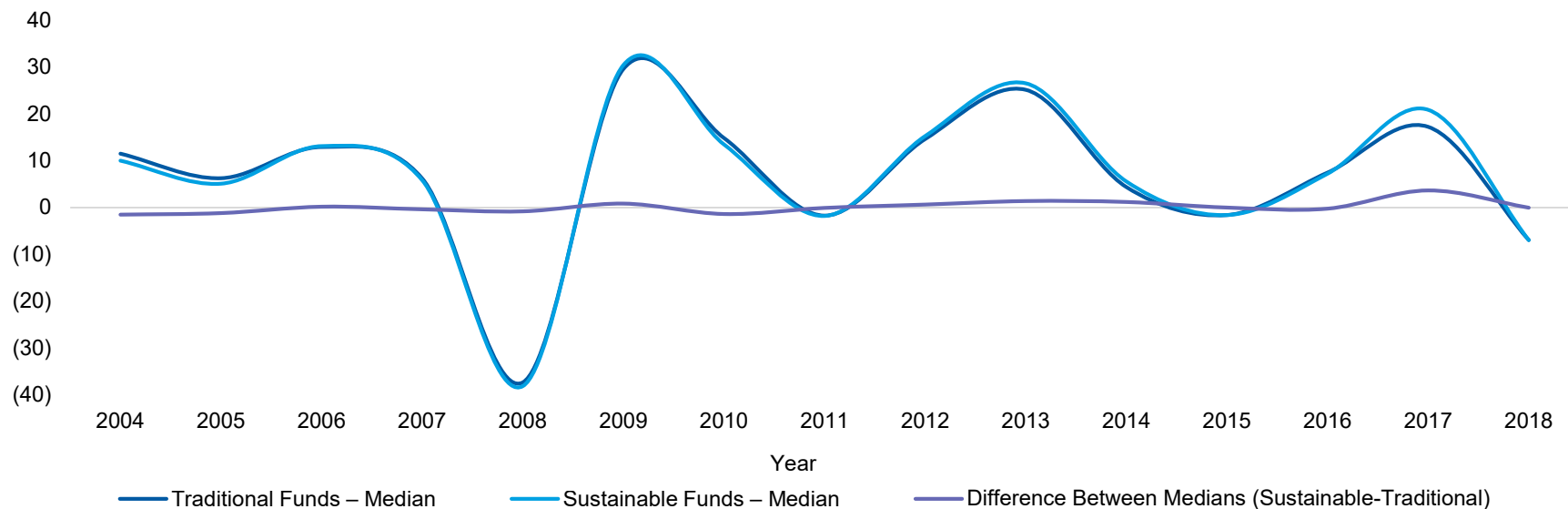
Relative Volatility

Indices that incorporate environmental, social and governance (ESG) factors have witnessed lower volatility than conventional indices.

Median Total Returns of Sustainable and Traditional Funds

2004–2018

Annual Return (%)



Source: Morgan Stanley Analysis of Morningstar Data, 2019. Morgan Stanley Institute for Sustainable Investing, *Sustainable Reality: Analysing Risk and Returns of Sustainable Funds*, 2019. The above compares the performance of sustainable funds to traditional funds from 2004 to 2018 using Morningstar data on exchange-traded and open-ended mutual funds active in any given year of this period. A total of 10,723 funds were analyzed. Their performance is compared to total returns, a measure of performance net-of-fees, and downside deviation, a measure of risk. For any methodological inquiries, please contact sustainability@morganstanley.com. Results for different time periods and different asset classes may be different and not statistically significant.

Past performance is no guarantee of future results. The index returns are illustrative and shown for comparative purposes only. They do not represent the performance of any specific investments. An investor cannot invest directly in an index.

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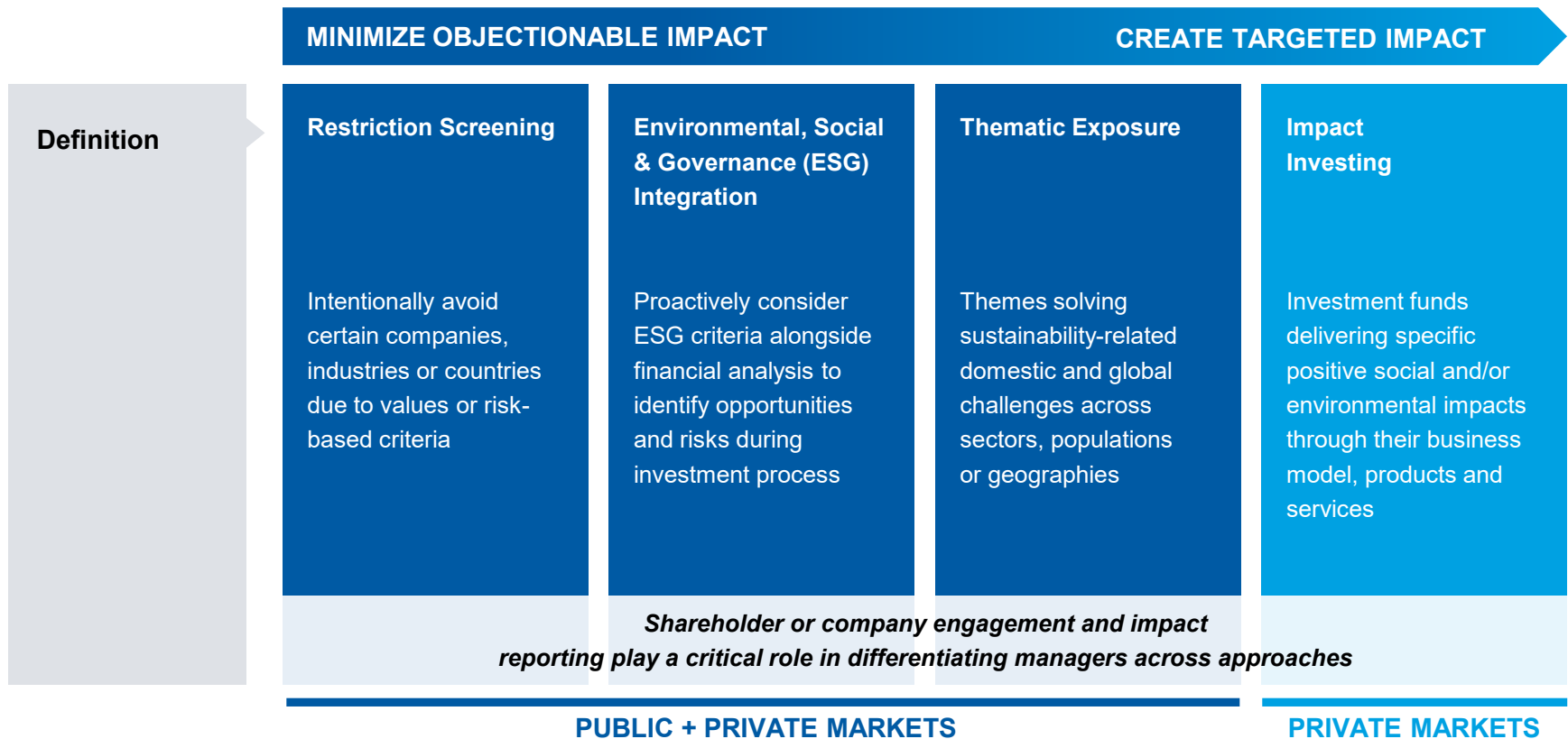


SECTION 2

What's Available at Morgan Stanley

Investing with Impact Is Not a One-Size-Fits-All Approach

Our framework clarifies the spectrum of approaches that investors of all sizes can pursue



How ESG Data Informs Investment Decisions

ESG dimensions and data are a tool to look for value (risks and opportunities), embedded in analyst opinions and company valuations. Some ESG criteria include, but are not limited to:



ENVIRONMENTAL PRACTICES

Climate Disclosure

Disclosing climate footprint, including greenhouse gas emissions

Climate Footprint

Efforts to reducing greenhouse gas emissions

Natural Resource Use

Reducing waste, pollution and stress on water and natural resources



SOCIAL PRACTICES

Human Rights

Protecting human rights through policies and compliance with international norms

Employee Treatment

Promoting employee welfare through health and safety, diversity and inclusion, good benefits, employee relations and workplace policies

Customer and Supplier Treatment

Promoting product safety, responsible marketing, customer relations, fair competition and social supply chain management



GOVERNANCE PRACTICES

Ethical Practices

Strong ethics and anti-corruption record

Financial Transparency

Corporate transparency on taxes, accounting and executive pay

Ownership & Oversight

Board independence, and lack of controlling shareholder concerns

Diversity in Leadership

Diversity in board and executive leadership

WAYS TO HARNESS ESG DATA TO DEVELOP AN INVESTMENT STRATEGY

IDENTIFY

Identify and screen the investable universe with higher ESG metrics or avoid the worst offenders (can be part of both fundamental and quantitative process)

EVALUATE

Use ESG as a “red flag” to identify risk and potentially avoid risk events

INTEGRATION

Incorporate ESG data into the valuation process, layering it into the risk and opportunity assessment.

BUILD MOMENTUM

Invest in companies focused on improvement of their ESG ratings and score, typically through shareholder engagement

Restriction Screening Approach

MINIMIZE OBJECTIONABLE IMPACT

CREATE TARGETED IMPACT

	Restriction Screening	Environmental, Social & Governance (ESG) Integration	Thematic Exposure	Impact Investing
Definition	Intentionally avoid certain companies, industries or countries due to values or risk-based criteria	Proactively consider ESG criteria alongside financial analysis to identify opportunities and risks during investment process	Themes solving sustainability-related domestic and global challenges across sectors, populations or geographies	Investment funds delivering specific positive social and/or environmental impacts through their business model, products and services
Investment Characteristics	<ul style="list-style-type: none"> Often not proactively seeking positive environmental and social impact Differentiated by screening criteria, including issue area and revenue threshold used 	<ul style="list-style-type: none"> Differentiated by the ESG data integration process – for example, ESG momentum, ESG as a screen, ESG as a tool to engage with companies owned and/or ESG as part of the valuation model 	<ul style="list-style-type: none"> Differentiated by macro-analysis, sustainability research and sector focus 	<ul style="list-style-type: none"> Differentiated by impact approach, regional focus, liquidity and more May have investor qualification restrictions
<i>Shareholder or company engagement and impact reporting play a critical role in differentiating managers across approaches</i>				
Investment Examples	<ul style="list-style-type: none"> Strategy (mutual fund, exchange-traded fund, separately managed account or private fund) that does not own certain companies, industries or countries due to values misalignment or risk 	<ul style="list-style-type: none"> Strategy (mutual fund, exchange-traded fund, separately managed account or private fund) incorporating analysis of ESG performance into equity and a fixed income valuation process or using ESG data as a factor to filter the investable universe 	<ul style="list-style-type: none"> Strategy (mutual fund, exchange traded fund, separately managed account or private fund) investing in companies with significant exposure to sustainability themes such as renewable energy, affordable housing, faith-based values etc. across equity and fixed income 	<ul style="list-style-type: none"> A private market strategy (e.g., venture capital, private equity, multi-asset fund, hedge fund, etc.) focused on affordable housing in low-income communities, emerging consumers, workforce training, etc.
	PUBLIC + PRIVATE MARKETS			PRIVATE MARKETS

ESG Integration Approach

MINIMIZE OBJECTIONABLE IMPACT

CREATE TARGETED IMPACT

Definition

Restriction Screening

Intentionally avoid certain companies, industries or countries due to values or risk-based criteria

Environmental, Social & Governance (ESG) Integration

Proactively consider ESG criteria alongside financial analysis to identify opportunities and risks during investment process

Thematic Exposure

Themes solving sustainability-related domestic and global challenges across sectors, populations or geographies

Impact Investing

Investment funds delivering specific positive social and/or environmental impacts through their business model, products and services

Investment Characteristics

- Often not proactively seeking positive environmental and social impact
- Differentiated by screening criteria, including issue area and revenue threshold used

- Differentiated by the ESG data integration process – for example, ESG momentum, ESG as a screen, ESG as a tool to engage with companies owned and/or ESG as part of the valuation model

- Differentiated by macro-analysis, sustainability research and sector focus

- Differentiated by impact approach, regional focus, liquidity and more
- May have investor qualification restrictions

Shareholder or company engagement and impact reporting play a critical role in differentiating managers across approaches

Investment Examples

- Strategy (mutual fund, exchange traded fund, separately-managed account or private fund) that does not own certain companies, industries or countries due to values misalignment or risk

- Strategy (mutual fund, exchange-traded fund, separately managed account or private fund) incorporating analysis of ESG performance into equity and a fixed income valuation process or using ESG data as a factor to filter the investable universe

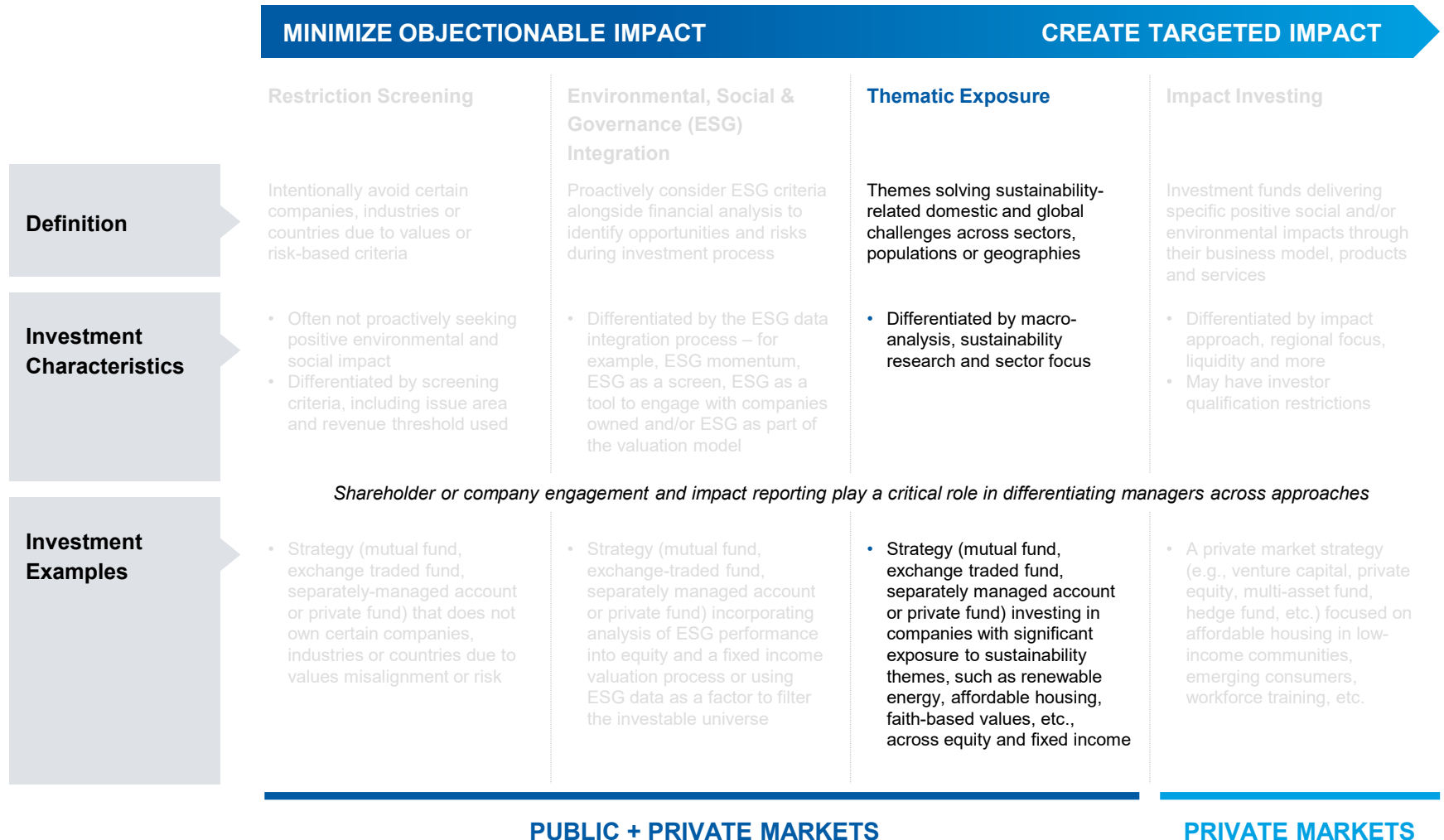
- Strategy (mutual fund, exchange traded fund, separately managed account or private fund) investing in companies with significant exposure to sustainability themes, such as renewable energy, affordable housing, faith-based values, etc., across equity and fixed income

- A private market strategy (e.g., venture capital, private equity, multi-asset fund, hedge fund, etc.) focused on affordable housing in low-income communities, emerging consumers, workforce training, etc.

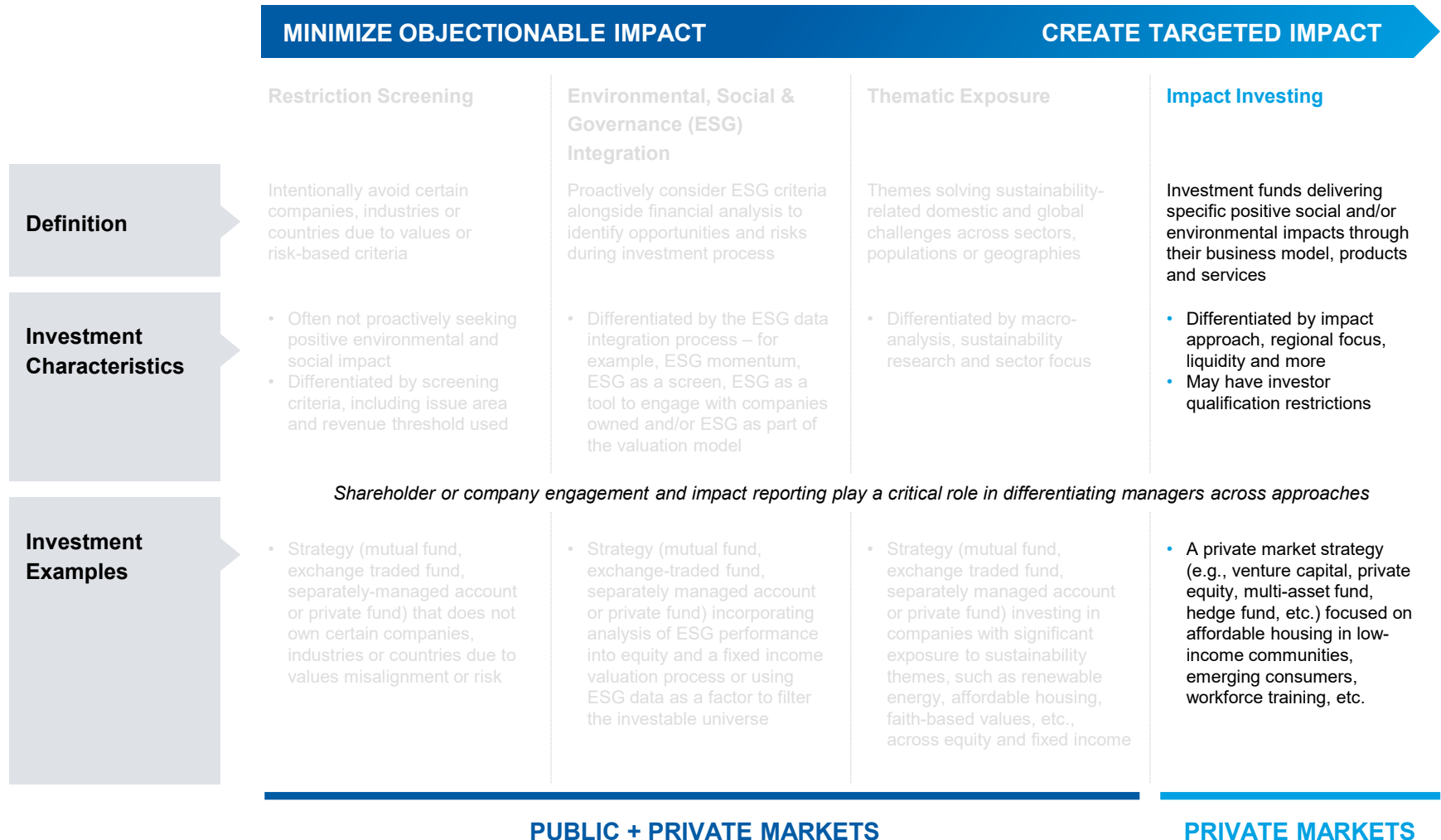
PUBLIC + PRIVATE MARKETS

PRIVATE MARKETS

Thematic Integration Approach



Impact Integration Approach



Shareholder Engagement and Advocacy

A critical tool employed by managers across the Investing with Impact Framework

Drive positive environmental and/or social change through active and continuous dialogue with corporates

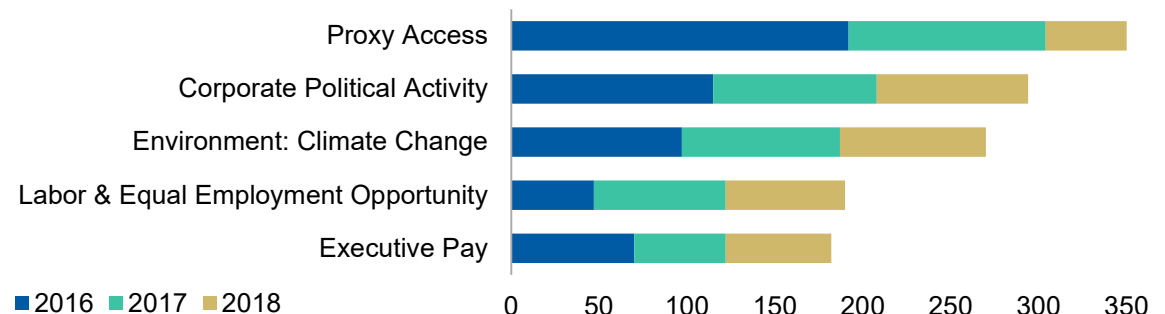
Shareholder Engagement Approaches Include:

- Dialogue with company executives
- Letter-writing and email campaigns
- Proxy voting
- Public policy initiatives
- Research and analysis
- Shareholder meetings
- Shareholder resolutions
- Stakeholder engagement

Shareholder Engagement Resources at Morgan Stanley

- Shareholder communications and proxy materials are delivered to all clients seamlessly via Morgan Stanley’s eDelivery
- Third-party managers on the Investing with Impact Platform employ shareholder engagement on behalf of our clients
- External organizations focused on shareholder engagement issues provide insight on corporate actions for investors

Top 5 ESG Issues by Number of Shareholder Proposals Filed (2016 – 2018)⁽¹⁾



1. Source: ISS, Sustainable Investments Institute.

Investing with Impact Thematic Exposure

We help you clarify the range of approaches and how to implement investment solutions based on theme



CLIMATE CHANGE AND FOSSIL FUEL AWARE INVESTING

Support the transition to a lower carbon economy by considering exposures to climate solutions, environmental leaders and fossil fuel reserves in portfolios.



FAITH-BASED INVESTING

Align investment portfolio with principles in accordance with specific religious values.



GENDER DIVERSITY INVESTING

Promote better gender diversity and equality through increased exposure to companies committed to employing and advancing women in high-level leadership roles.



MISSION ALIGN 360° INVESTING

Evaluate, align and activate all pools of capital towards the theme of your choice to accomplish your organization's unique mission.

Climate Change and Fossil Fuel-Aware Investing

Investors interested in proactively seeking opportunities to enhance environmental impact without sacrificing market-rate return have access to a range of climate change and fossil fuel-aware investments.

Understanding The Risks & Opportunities



With awareness of the impact of climate change on investments increasing, we can help investors achieve **market-rate financial returns** while supporting a **transition to a lower-carbon economy**.

Developing A Climate Aware Investment Strategy

ASSESS

“Know what you own”: assess exposure to fossil fuels/companies with large carbon reserves.

EVALUATE

Determine any limitations (e.g., comingled funds) that may limit implementation options.

DEFINE

Consider overall climate change and fossil fuel-aware objectives.

IMPLEMENT

Integrate climate change and fossil fuel-aware objectives with financial objectives through an investment plan or policy statement

Reduce Climate Risks



FOSSIL FUEL-AWARE

Eliminate or reduce exposure to companies producing coal, oil and nuclear energy or owning significant fossil fuel reserves.



ENVIRONMENTAL LEADERS

Exposure to all sectors and industry groups, including energy, but only in companies that reflect the best environmental practices relative to industry peers.



CLIMATE SOLUTIONS

Focus on investable themes that seek to improve climate change mitigation and/or adaption solutions.

Increase Climate Opportunities

Shareholder Engagement: Drive positive environmental change through active dialogue with invested companies.

Faith-Based Investing: Building Value From Values

Faith-based investors were among the first to harness capital markets to influence corporate behavior through restriction screening and shareholder engagement. While there is no “one-size-fits-all” approach to faith-based investing, we partner with you to integrate your faith-based impact goals into your Investment Policy Statement in the context of your risk/return objectives. All available faith-based investments at Morgan Stanley seek to achieve risk-adjusted market rate returns compared to traditional benchmarks.

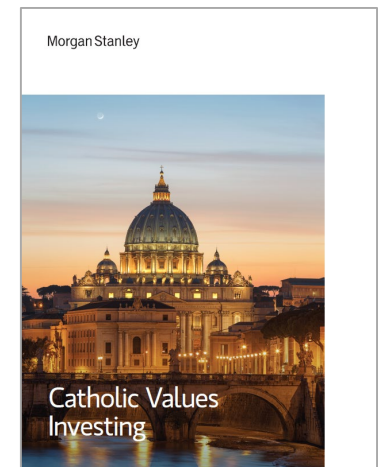
Faith-Based Approaches

Investors can support positive environmental and social change, avoid objectionable companies and target thematic exposure across several faiths, including, but not limited to:

- Catholic
- Christian
- Jewish
- Muslim

Spotlight on Catholic Values Investing

- The US Conference of Catholic Bishops provides a set of guidelines designed to help Catholic investors integrate the mission of the Church into the financial goals of their investment portfolio
- Guidelines range from negative/exclusionary screens (e.g., life ethics, weapons) to positive/inclusionary screens (e.g., alleviate poverty, mitigate climate change)



Aligning Jewish Values with Investing and Philanthropy

Morgan Stanley hosted the first-ever Jewish Values Consortiums, a series of events across the United States that brought together leaders in the Jewish, investment and philanthropic communities to discuss what it means to give and invest along the spectrum of Jewish Values. Insights from these Consortiums formed the foundation for the Jewish Values Giving and Investing Guide.



Informed by input and guidance from over 250 Jewish community leaders, the Jewish Values Giving and Investing Guide seeks to facilitate meaningful conversations about the religious wellspring of Jewish Values among families, boards, and the Financial Advisors, Institutional Consultants and Investment Managers who serve them.

Spotlight on Firmwide Collaboration

Through collaborative initiatives such as Mission Align 360°, Investing with Impact and Philanthropy Management partner to advise clients seeking to better align and leverage their financial and philanthropic capital to generate positive impact across the entire capital spectrum and potentially have a greater impact on the world's problems.

Minimize Misalignment With Jewish Values



JEWISH VALUES AS A SCREEN RESTRICTION

Investments that seek to minimize or avoid exposure to certain companies, sectors, geographies or themes.



JEWISH VALUES LEADERS ESG INTEGRATION

Investing in companies with sustainable corporate practices.



JEWISH VALUES THEMATIC EXPOSURE

Investments in sectors of the market that address objectives that are consistent with Jewish Values faith-based goals.



JEWISH VALUES IMPACT INVESTING

Provides access to private investment strategies, for qualified investors, across both equity and debt.



JEWISH VALUES PROGRAM-RELATED INVESTMENTS

Employ various financing methods with the primary objective of furthering a charitable mission.



GRANTS

Jewish Values-aligned philanthropists make donations to a broad spectrum of Jewish and secular organizations.

Increase Direct Impact to Jewish Values

Shareholder Engagement: Drive positive environmental and social change through active dialogue with invested companies.

The Gender Advantage: Integrating Diversity Into Financial Decisions

A growing body of evidence points to better financial performance associated with higher levels of gender diversity, defined as a balance in representation, empowerment and economic opportunity.

What Is Gender Diversity?



Gender diversity is not about advocating one gender over another, but rather an examination of how genders – **through a balance in representation and inclusion** – can make a social impact and drive value in different settings, including companies you may invest in.

Gender Diversity Makes an Impact

Morgan Stanley's Global Quantitative Team looked at 1,600 global stocks across five key areas of gender diversity:

- *Equality in Pay*
- *Empowerment*
- *Representation*
- *Diversity Policies*
- *Work/Life Balance Programs*

Stocks with high gender diversity delivered **meaningfully better risk-adjusted** returns than those with low gender diversity. ⁽¹⁾

Reduce Gender Diversity Risks



GENDER DIVERSITY AS SCREEN

- Use restriction screens to avoid exposure to companies with poor gender diversity records, such as weak policies, poor supply chain safety records or involvement in the pornography industry
- Gender diversity primarily a risk; not proactively transformative



GENDER DIVERSITY LEADERS

- Seek companies with leading gender diversity records, including strong policies and programs, diverse boards and management and work/life balance programs
- Gender diversity is both a risk and opportunity to identify long-term outperformance



GENDER LENS INVESTING

Proactive approach, intentionally focused on companies or funds seeking to drive greater gender equality through channels, such as:

- Workplace equality
- Access to capital
- Products and services that benefit women and girls

1. Source: Gender Diversity Continues to Work. Morgan Stanley Global Quantitative Team. 2016.

Mission Align 360°

We help forward-thinking organizations examine all 360 degrees of the organization – including human, financial and philanthropic capital for allocation toward their mission while generating positive environmental and social impact.



FINANCIAL CAPITAL

Investments that seek to achieve specific social and/or environmental goals while targeting market-rate financial returns



PHILANTHROPIC CAPITAL

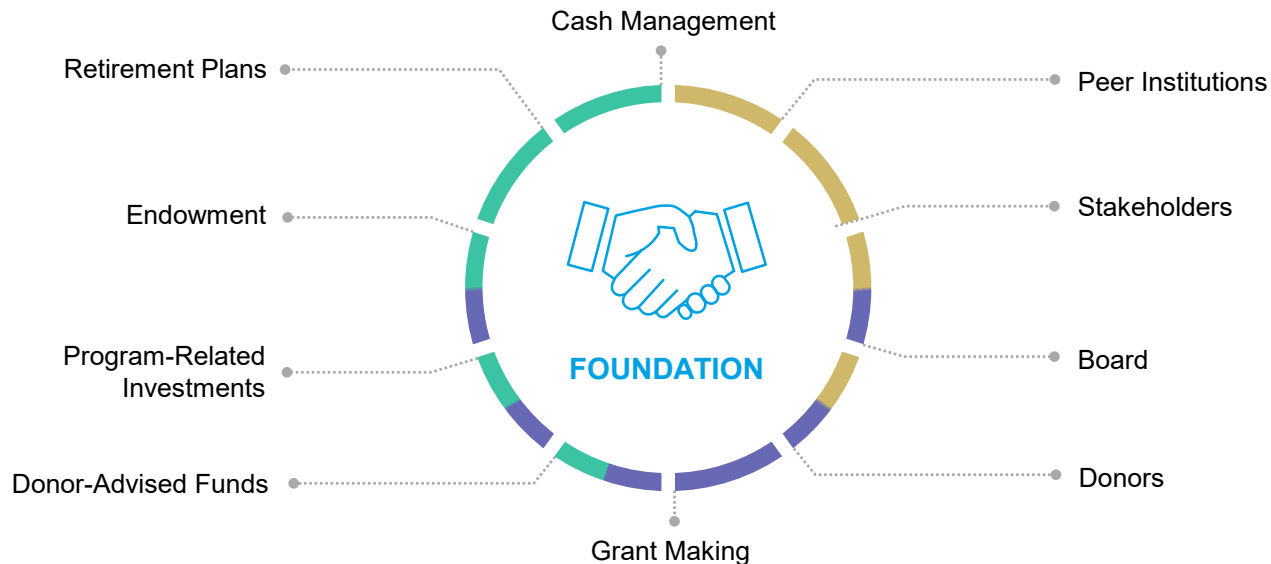
A broad term, which describes capital that has no, or low, expectation of financial return, such as grant-making and program-related investments.



HUMAN CAPITAL

The collective skills, talents, knowledge or other intangible assets of individuals that can be used to create economic value for the individuals, their organization or their community

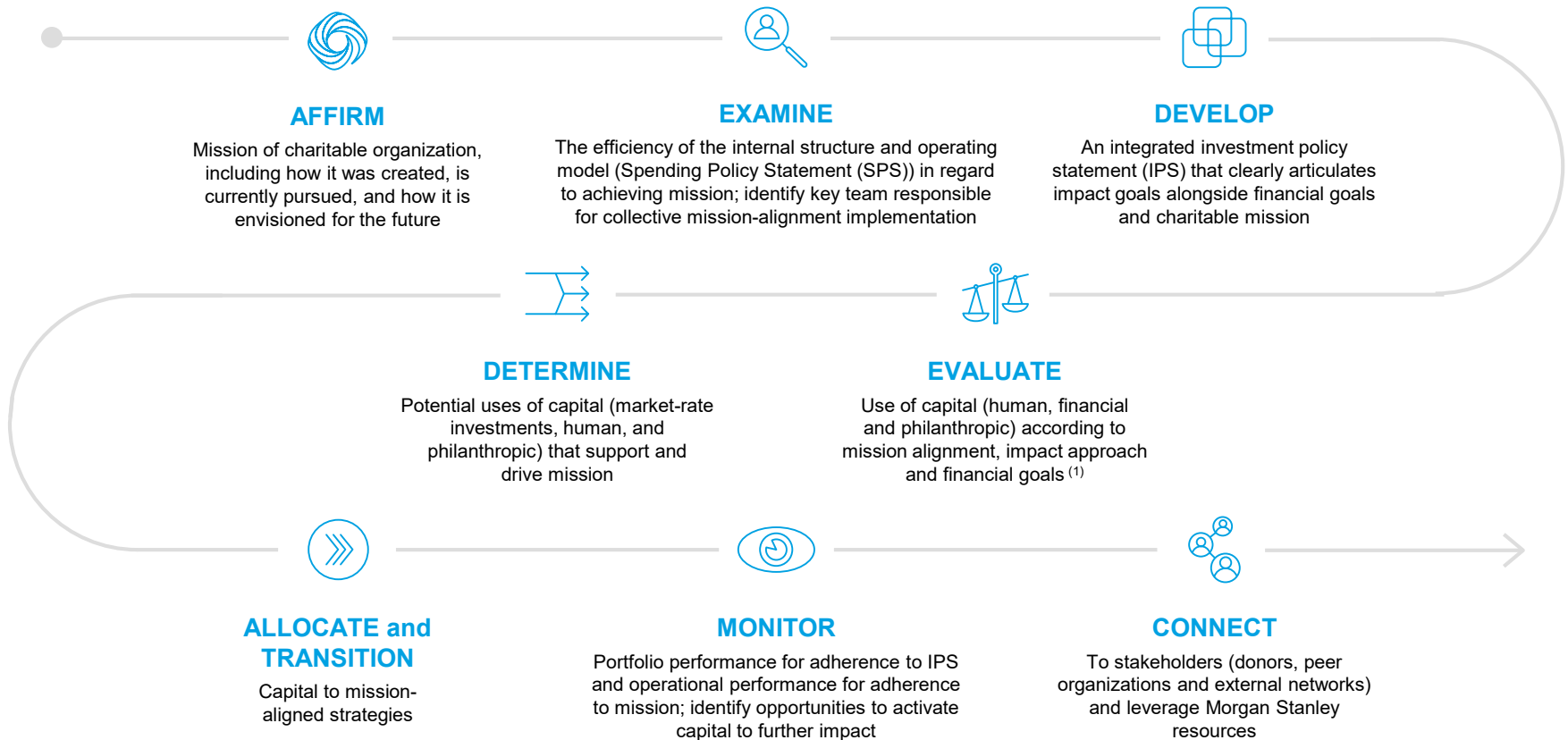
Organizational Assets Available for Impact ⁽¹⁾



1. Morgan Stanley Investing with Impact, *Mission Align 360°: Maximizing an Organization's Connection between Mission and Capital*, May 2018.

Mission Align 360°: Implementation Roadmap at a Glance

Organizations seeking to align human, financial and philanthropic capital with mission can consider the following process as a guide that can be iterated upon and customized based on the organization’s goals and objectives:



1. Note that this step should be seen as iterative and is appropriate both before and after developing a mission-aligned Investment Policy Statement.

Investing with Impact in Action

Our portfolio solutions are available and customizable to a wide array of client segments

PORTFOLIO NAME	DESCRIPTION	INVESTMENT MINIMUM
Custom Portfolios	Tailored to match client-specific financial and impact goals	\$1,000,000
Firm-Discretionary Portfolios	Multi-asset class portfolios that utilize Investing with Impact third-party separately managed accounts, mutual funds and exchange-traded funds	\$10,000 (impact portfolio) ⁽¹⁾ \$750,000 (balanced portfolio) \$400,000 (equity portfolio)
Impact Solutions	Baskets of individual equities that are fundamentally well-positioned and exhibit positive ESG ⁽²⁾ corporate practices in addition to having revenue exposure to Morgan Stanley & Co.'s Global Sustainability Themes	\$50,000
Morgan Stanley Access Investing	Impact Core, Climate Action and Gender Diversity themed portfolios on digital investment platform	\$5,000
Morgan Stanley Global Impact Funding Trust (MS GIFT)	Multiply the impact of charitable giving through Impact pools in Morgan Stanley's Donor-Advised Fund	\$25,000





1. Consists of mutual funds and ETFs only.

2. ESG = Environmental, social and governance.

Investing with Impact Questions Incorporated into Due Diligence for All Managers



Sample Questions from Global Investment Manager Analysis (GIMA)'s Initial Request for Information

-  What Investing with Impact approaches are employed by the manager (Restriction Screening, ESG Integration, Thematic Exposure or Impact Investing)?
-  Describe your ESG/impact investment philosophy and investment process.
-  How diverse is the manager's staff and leadership (e.g., gender, multicultural, etc.)?
-  Which of the United Nations Sustainable Development Goals (SDGs), if any, is an intentional focus area?

GIMA has dedicated resources to analyze each manager's approach to sustainable investing. Managers that meet a higher bar across 5 key dimensions are considered for the Investing with Impact Platform.

A Higher Bar for the Investing with Impact Platform

Morgan Stanley's Global Investment Manager Analysis team has a proprietary process to analyze each manager's approach to Investing with Impact across 5 key dimensions



PERSONNEL AND FIRM

- **Experience of sustainability professionals**
- Credentials and expertise of key professionals
- Ownership structure
- Compensation and/or incentives for key professionals
- Personnel turnover
- Depth of experience and history of success



INVESTMENT PROCESS AND IMPLEMENTATION

- **Clear and intentional process for incorporating sustainability factors**
- **Shareholder engagement**
- Idea generation
- Portfolio construction methodology
- Risk management
- Sector and/or industry concentration or exposure
- Volatility guidelines and other constraints
- Style consistency



ANALYTICAL CAPABILITIES

- **Well-defined and repeatable method for evaluating data and materiality**
- **Outcomes measurement and impact reporting**
- Depth of analysis
- Industry expertise
- Databases, technology and analytical tools
- Number of companies covered



BUSINESS OPERATIONS

- **Legal documentation with specific sustainability language**
- Manager incentives and client fees
- Assets under management
- Growth or stability of personnel
- Legal or regulatory issues
- Other business and management results and strategies



PERFORMANCE

- **Reviewed with the same rigorous analysis of traditional products**
- Compared to peer group of traditional products and benchmarks
- ~20% of Investing with Impact offerings selected for GIMA Focus List

Continuing due diligence for all Approved List and Focus List products including annual reviews, regular meetings with managers, performance analysis and an annual survey.

Investing with Impact Analysis and Thought Leadership

The foundational guiding principles of our program and solutions

IMPACT OUTCOMES

Our quarterly publication addresses some of the timeliest topics across the Investing with Impact spectrum.

THEMATIC RESEARCH

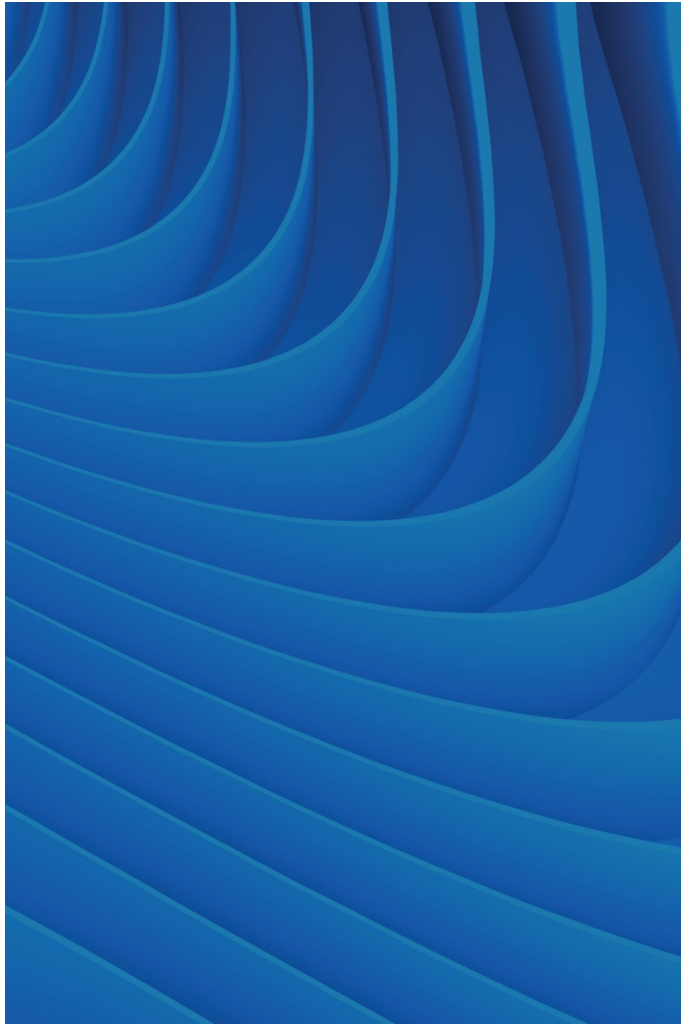
Exploring a range of themes, such as Catholic Values, Climate Change and Fossil Fuel Awareness, and Gender Diversity to showcase the causes you care about.

IDEAS AND INSIGHTS

Research from MS & Co Research, Morgan Stanley Institute for Sustainable Investing and Wealth Management Investment Resources.



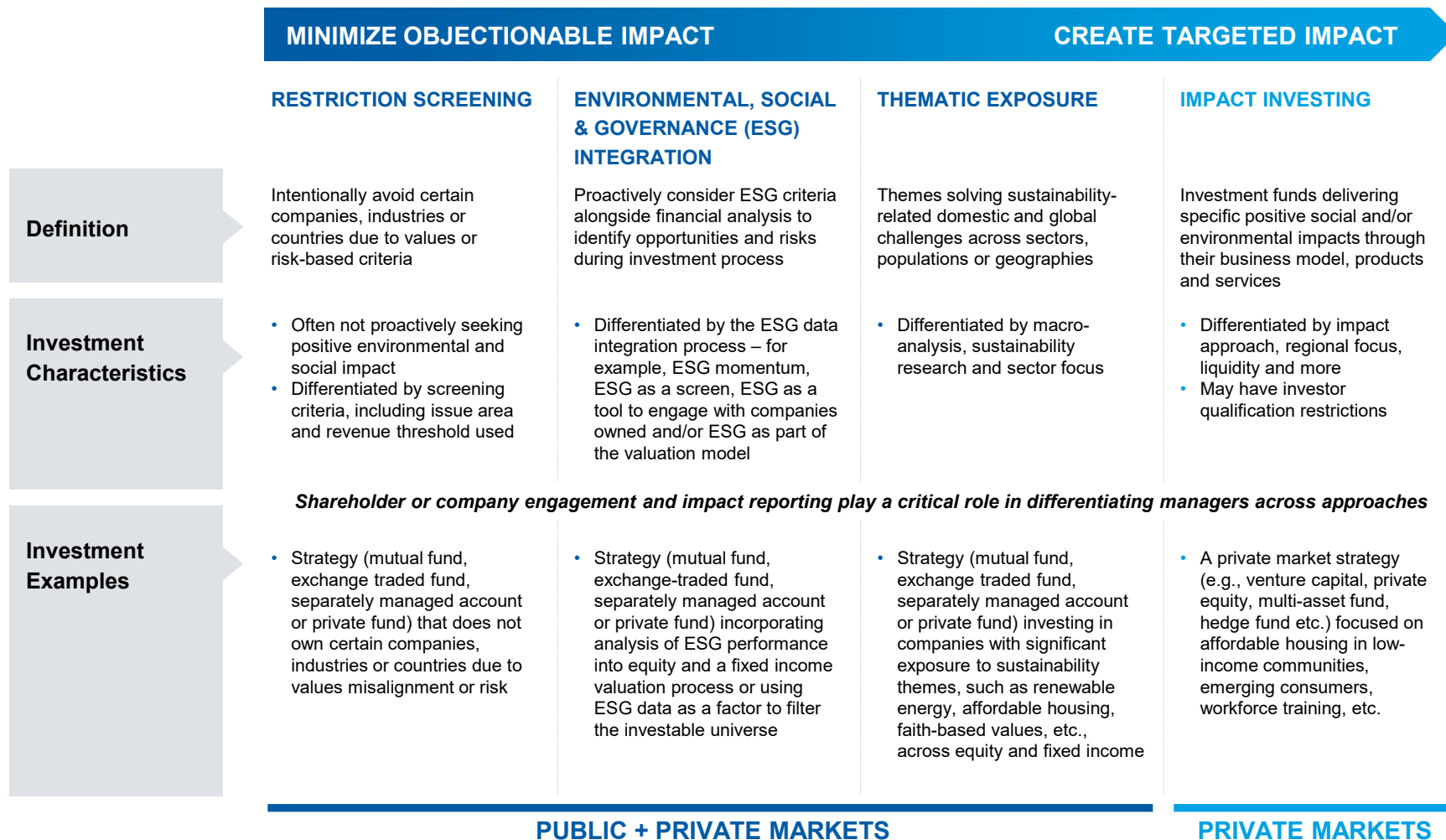
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SECTION 3

Implementation

A Tailored Approach to Implementation



Understanding Your Portfolio's Impact

Measurement and reporting are central to advancing the positive impact of your investments. You cannot manage what you are not measuring.



Investors have long sought the ability to understand the environmental and social impact of their investments; however, impact data and reporting are complex.

Current Landscape:

Impact reporting has evolved into a complex global network of organizations, data providers and rating systems that can be challenging to navigate.

15+ organizations such as the Global Impact Investing Network and the Sustainability Accounting Standards Board are building the infrastructure to drive the effective use of material sustainability information by investors

100+ data providers can now deliver environmental, social and governance (ESG) insights across multiple levels (company, manager and portfolio-level) to help determine ESG-driven risks and opportunities

Emerging ratings systems assess ESG performance, but are either oversimplified, non-customizable or struggle to capture intentional sustainable investing approaches

Solution

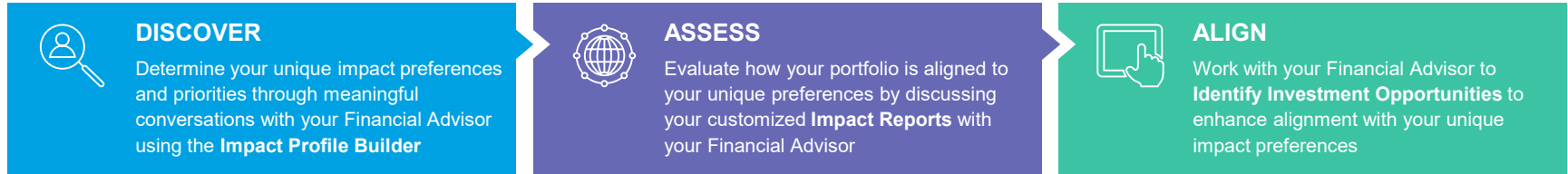


We have vetted and partnered with leading ESG data providers – MSCI ESG Research, ISS-ESG, Equileap and Fossil Free Indexes – to deliver a customized impact reporting tool exclusively for Morgan Stanley Financial Advisors and clients. **With us, you can understand and monitor your impact to make informed investment decisions based on your unique impact priorities.**



Introducing Morgan Stanley Impact Quotient®

Available exclusively to Morgan Stanley clients, **Morgan Stanley Impact Quotient®** is a new suite of capabilities designed to help you understand the environmental and social impact of your investments.



The process is designed to capture impact priorities and assess alignment across multiple dimensions:

IMPACT PREFERENCES

	Impact Themes and Objectives	Social and/or environmental impacts sought to be aligned within an investment portfolio
	Issues of Concern	Sectors, issues or business activities found to be objectionable or to be avoided within an investment portfolio
	Sustainable Development Goals	United Nations-supported framework aimed at ending poverty, protecting the planet and ensuring prosperity for all
	Targeted Populations for Impact ⁽¹⁾	Geographies or groups intended to experience positive impacts associated with selected investments
	Faith-Based Approaches ⁽¹⁾	Faith can serve as a lens or set of considerations within an investment portfolio

PORTFOLIO PREFERENCES

	Portfolio Integration Approach	Portfolio integration, targeted curve out, portfolio tilt, or integration when new cash or investment changes
	Available Investment Opportunities	Public markets (e.g., public equities fixed income, and multi-asset) and/or alternative investment ⁽¹⁾ (e.g., real assets, private equity)
	Approaches to Investing with Impact	Restriction screening, ESG integration, thematic exposure, impact investing and shareholder engagement

1. 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. The description of Morgan Stanley Impact Quotient and the reports that it generates are 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.

Evaluate and Enhance the Alignment of Your Investments

Why Engage With *Morgan Stanley Impact Quotient*®?

#1

Ensures your Financial Advisor **understands your unique impact priorities.**

#2

Gain **transparency into the impact of your investments** with data-driven insights customized to your unique preferences.

#3

Take action with your Financial Advisor **to better align your investments** over time.

Who Is *Morgan Stanley Impact Quotient*® Designed for?



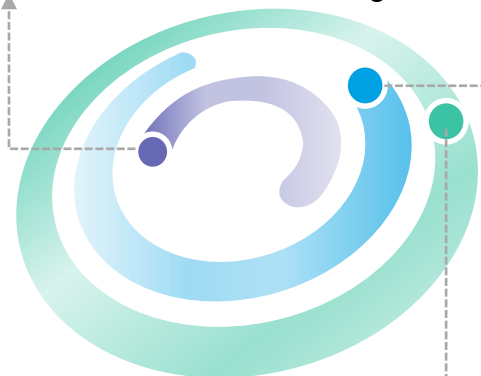
Individuals seeking to generate positive impact with their capital



Families seeking to align portfolios to their legacies



Institutions and Boards seeking to understand portfolio alignment or organizational mission



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Bottom Line: The Future Is Bright for Investing with Impact

71%

of individual investors believe they can effect change through their investment decisions ⁽¹⁾



86%

of individual investors believe that corporate ESG ⁽²⁾ practices can potentially lead to higher profitability ⁽¹⁾



Companies are improving their competitive position by adjusting their business strategies to address long-term global themes / mega-trends, including: Climate Change, Health and Well-Being, Inclusion, Resource Management, Safety and Security ⁽³⁾



95%

of institutional asset owners are integrating or considering integrating sustainable investing in all or part of their portfolios ⁽⁴⁾



Morgan Stanley is well-positioned to help deliver impact via customized solutions based on clients' financial and impact goals

1. Morgan Stanley Institute for Sustainable Investing, *Sustainable Signals: Individual Investor Interest Drive by Impact, Conviction and Choice*, 2019.

2. ESG = Environmental, social and governance.

3. Morgan Stanley & Co. Sustainability Research.

4. Morgan Stanley Institute for Sustainable investing, *Asset Owners See Sustainability as Core to the Future of Investing*, 2020.

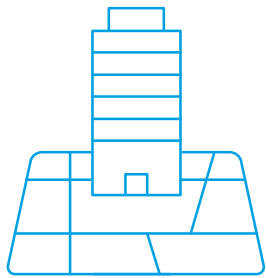
Questions for Families and Individuals to Consider



**FOR FAMILIES
AND INDIVIDUALS**

- What social and environmental risks and opportunities am I passionate about?
- What am I already doing through philanthropy, business, and/or advocacy to address these?
- What Investing with Impact approach resonates with my impact goals?
- How do I work with my Financial Advisor to engage in Investing with Impact?

Questions for Institutions to Consider



**FOR
INSTITUTIONS**

- What social and environmental risks and opportunities does my organization help solve?
- How can these be addressed through investments?
- Are there any investments that my organization currently makes that we consider Investing with Impact?
- What are the legal and operating constraints that shape the approach we can take to Investing with Impact?
- How can I work with my Advisor to learn more about the different approaches to Investing with Impact?
- Does it make sense for our organization to develop a mission-aligned Investment Policy Statement?

Disclosures

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. Asset allocation and diversification do not guarantee a profit or protect against a loss. Past performance is no guarantee of future results.

Private Funds (which include hedge funds and private equity funds) often engage in speculative investment techniques and are only appropriate for long-term, qualified investors. Investors could lose all or a substantial amount of their investment. They are generally illiquid, not tax-efficient and have higher fees than many traditional investments.

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Investing in the market entails the risk of market volatility. The value of all types of investments may increase or decrease over varying time periods. Fixed Income investing entails credit risks and interest rate risks. When interest rates rise, bond prices generally fall.

The returns on a portfolio consisting primarily of sustainable investments may be lower or higher than a portfolio that is more diversified or where decisions are based solely on investment considerations. Because sustainability criteria exclude some investments, investors may not be able to take advantage of the same opportunities or market trends as investors that do not use such criteria.

An investment in an exchange-traded fund involves risks similar to those of investing in a broadly based portfolio of equity securities traded on 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 prices. The investment return and principal value of ETF investments will fluctuate so that an investor's ETF shares, if or when sold, may be worth more or less than the original cost.

The Morgan Stanley Global Impact Funding Trust, Inc. ("MS GIFT, Inc.") is an organization described in Section 501(c) (3) of the Internal Revenue Code of 1986, as amended. Morgan Stanley Global Impact Funding Trust ("MS GIFT") is a donor-advised fund. Morgan Stanley Smith Barney LLC provides investment management and administrative services to MS GIFT. The Donor Circular & Disclosure Statement describes the risks, fees and expenses associated with establishing and maintaining an MS GIFT account. Read it carefully before contributing.

The Morgan Stanley Impact Quotient is designed to help provide an assessment of a portfolio (or subset thereof) utilizing various environmental, social, and governance (ESG) factors. The metrics included in this assessment are based on key topic areas for sustainable and impact investing. Assessment of a portfolio's alignment with ESG factors, established by Morgan Stanley, is evaluated based on available data and expertise from MSCI ESG Research, ISS-ESG, Equileap and Fossil Free Indexes.

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.