



## Investment Evaluation Process for DC Consulting Clients

Morgan Stanley utilizes the following two-pronged process to evaluate the investment strategies for DC Consulting clients who have executed an Institutional Services Advisory Agreement with our firm.

### Global Investment Manager Analysis (GIMA)

GIMA evaluates mutual funds, ETFs, CITs and stable value funds for the Morgan Stanley DC Consulting platform. As part of their evaluation, GIMA collects relevant documentation which may include a Request for Information (RFI), portfolio holdings, past performance information and marketing literature. GIMA uses that information to evaluate various qualitative and quantitative factors, including:

- Personnel depth
- Turnover
- Experience
- Investment process
- Business and organization characteristics
- Investment performance

Based on GIMA's review of the above factors, an investment may either be placed on its Focus List or Approved List.

### FOCUS LIST

Following the review process outlined above, Focus List status indicates GIMA's high confidence level in the overall quality of the investment option and its ability to outperform applicable benchmarks over a full market cycle. GIMA continues to conduct periodic reviews of investments on the Focus List and may change the status of an investment at any time. Components of on-going review include qualitative (personnel, manager capabilities, firm resources) and quantitative (performance, statistical measures and peer group comparison, business metrics) factors.

### APPROVED LIST

Following the review process outlined above, Approved List status indicates that the investment option meets an acceptable due diligence standard based on GIMA's evaluation and is approved for use in advisory programs. GIMA periodically evaluates investments on the Approved List to determine whether they continue to meet the Approved List standards. Components of on-going review include qualitative (personnel, manager capabilities, firm resources) and quantitative (performance, statistical measures and peer group comparison, business metrics) factors.

## Proprietary Investment Screening Process

Investments not on the GIMA Focus or Approved List are reviewed using a proprietary algorithm based on the following criteria:

ACTIVE STRATEGIES	TARGET DATE STRATEGIES	MONEY MARKET	INDEX STRATEGIES
<ul style="list-style-type: none"> <li>• Assets</li> <li>• Cash Holding Percentages</li> <li>• Expense Ratio</li> <li>• Manager Tenure</li> <li>• Performance and Risk Adjusted Rankings</li> <li>• Stewardship</li> </ul>	<ul style="list-style-type: none"> <li>• Assets in Target Date Series</li> <li>• Expense Ratio</li> <li>• Manager Tenure</li> <li>• Performance and Risk Adjusted Rankings</li> </ul>	<ul style="list-style-type: none"> <li>• Returns</li> <li>• Track Record</li> <li>• Yield</li> <li>• Liquidity</li> </ul>	<ul style="list-style-type: none"> <li>• Assets</li> <li>• Expense Ratio</li> <li>• Track Record</li> </ul>

### DISCLOSURES

#### The Global Investment Manager Analysis (GIMA) services only apply to certain Investment Advisory Programs.

GIMA evaluates certain investment products for the purposes of some— but not all—of Morgan Stanley Smith Barney LLC’s investment advisory programs (as described in more detail in the applicable Form ADV Disclosure Document for Morgan Stanley). If you do not invest through one of these investment advisory programs, Morgan Stanley is not obligated to provide you notice of any GIMA status changes even though it may give notice to clients in other programs.

#### *Focus List, Approved List and Tactical Opportunities List; Watch Policy*

GIMA uses two methods to evaluate investment products in applicable advisory programs: Focus (and investment products meeting this standard are described as being on the Focus List) and Approved (and investment products meeting this standard are described as being on the Approved List). In general, Focus entails a more thorough evaluation of an investment product than Approved. Sometimes an investment product may be evaluated using the Focus List process but then placed on the Approved List instead of the Focus List.

Investment products may move from the Focus List to the Approved List, or vice versa. GIMA may also determine that an investment product no longer meets the criteria under either process and will no longer be recommended in investment advisory programs (in which case, the investment product is given a “Not Approved” status).

GIMA has a “Watch” policy and may describe a Focus List or Approved List investment product as being on “Watch” if GIMA identifies specific areas that (a) merit further evaluation by GIMA and (b) may, but are not certain to, result in the investment product becoming “Not Approved.” The Watch period depends on the length of time needed for GIMA to conduct its evaluation and for the investment manager or fund to address any concerns. GIMA may, but is not obligated to, note the Watch status in this report with a “W” or “Watch” next to the “Status” on the cover page.

Certain investment products on either the Focus List or Approved List may also be recommended for the Tactical Opportunities List based in part on tactical opportunities existing at a given time. The investment products on the Tactical Opportunities List change over time.

For more information on the Focus List, Approved List, Tactical Opportunities List and Watch processes, please see the applicable Form ADV Disclosure Document for Morgan Stanley. Your Financial Advisor or Private Wealth Advisor can also provide upon request, a copy of a publication titled “GIMA at a Glance.”

**Investors should carefully consider the investment objectives, risks, charges and expenses of a mutual fund before investing. To obtain a prospectus, contact your Financial Advisor or visit the mutual fund company’s website. The prospectus contains this and other information about the mutual fund. Read the prospectus carefully before investing.**

It is not possible to directly invest in an index.

Investments in target-date funds are subject to the risks associated with their underlying funds. The year in the fund name refers to the approximate year (the target date) when an investor in the fund would retire and leave the workforce. The fund will gradually shift its emphasis from more aggressive investments to more conservative ones based on its target date. An investment in a target date fund is not guaranteed at any time, including or after the target date. These funds are based on an estimated retirement age of approximately 65. Should you choose to retire significantly earlier or later, you may want to consider a fund with an asset allocation more appropriate to your particular situation.

Shares of mutual funds are not deposits of, or guaranteed or endorsed by, any financial institution; are not insured by the Federal Deposit Insurance Corporation (FDIC), the Federal Reserve Board, or any other agency; and involve risk, including the possible loss of the principal amount invested.

When Morgan Stanley Smith Barney LLC, its affiliates and Morgan Stanley Financial Advisors and Private Wealth Advisors (collectively, “Morgan Stanley”) provide “investment advice” regarding a retirement or welfare benefit plan account, an individual retirement account or a Coverdell education savings account (“Retirement Account”), Morgan Stanley is a “fiduciary” as those terms are defined under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and/or the Internal Revenue Code of 1986 (the “Code”), as applicable. When Morgan Stanley provides investment education, takes orders on an unsolicited basis or otherwise does not provide “investment advice”, Morgan Stanley will not be considered a “fiduciary” under ERISA and/or the Code. For more information regarding Morgan Stanley’s role with respect to a Retirement Account, please visit [www.morganstanley.com/disclosures/dol](http://www.morganstanley.com/disclosures/dol). Tax laws are complex and subject to change. Morgan Stanley does not provide tax or legal advice. Individuals are encouraged to consult their tax and legal advisors (a) before establishing a Retirement Account, and (b) regarding any potential tax, ERISA and related consequences of any investments or other transactions made with respect to a Retirement Account.