

Morgan Stanley

# Introducing Consulting Group

## *Summary*

The financial markets have proven to be both challenging and unpredictable. Being able to understand and take action on investment advice has become even more important to investors. Whether you are managing your own assets or the institutional funds entrusted to your care, the guidance of a skilled professional can be a critical component of your portfolio's long-term success.

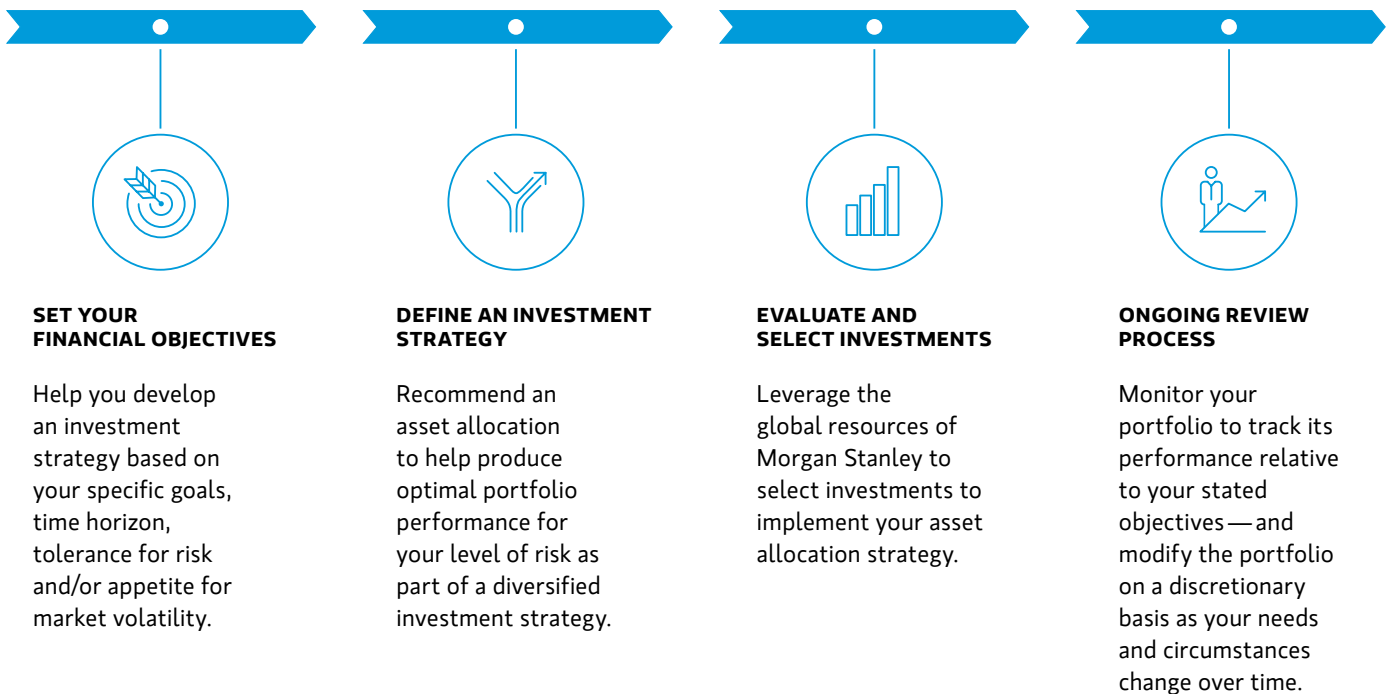
Consulting Group, the investment advisory arm of Morgan Stanley Wealth Management, has a long tradition of serving clients, from the individual investor to larger institutions, providing each with investment consulting advice and services.

## **TABLE OF CONTENTS**

- 2** Our Approach
- 3** Our Advisory Program Offering
- 4** Institutional Investment Strategies
- 5** At a Glance
- 6** Assistance With Investment Guidance and Portfolio Construction
- 7** About Consulting Group

# Our Approach

Our four-step investment advisory process is a disciplined approach that begins and ends with you. It is a method designed to help you reach your investment objectives, maintain a diversified portfolio and manage your exposure to risk. Your Financial Advisor will help you:



# Our Advisory Program Offering

Consulting Group leverages global resources from across the firm to provide access to advice and investment manager analysis, while bringing you a personalized and local perspective. Through your Financial Advisor, we also offer a range of strategies designed to meet the needs of most individual investors — whatever your financial profile or investment goals.

## **CONSULTING GROUP ADVISOR:**

Based on your short- and long-term objectives for reaching your financial goals, such as regular income and appreciation potential, your Morgan Stanley Financial Advisor takes a personalized approach to help you choose appropriate investments based on a collaborative and disciplined process. Your Financial Advisor consults with you on an ongoing basis to reassess your investment performance, make appropriate adjustments and adapt your strategy to changes in your personal and professional life.

**SELECT UMA®:** Given the complexity of managing investments, coordinating your decisions can be a full-time job. Unified Managed Accounts (UMAs) allow you to take a comprehensive, disciplined approach to asset allocation,<sup>1</sup> investment selection, account management and performance reporting by consolidating your investment products — such as Separately Managed Accounts (SMAs), mutual funds and exchange-traded funds (ETFs) — within a single account structure.

## **PORTFOLIO MANAGEMENT (PM):**

Because markets are complex and are given to sudden shifts, you may prefer to give full discretion to a trusted professional to invest your assets and manage your portfolio. Financial Advisors who participate in our PM program represent a select group qualified by the firm to manage client assets based on training, experience and commitment to client service. They bring a disciplined approach to managing your portfolio and a focus to investing.

## **SEPARATELY MANAGED ACCOUNTS (SMAs):**

Constructing the right mix of investments can be a difficult undertaking for individual investors. Consulting & Evaluation Services (CES), our SMA program, gives you access to portfolios that are professionally managed by some of the nation's most recognized investment management firms. CES accounts are designed for clients who may have complex tax situations, would like direct access to the manager, have a number of customizations they would like to implement or for outside custody accounts. Morgan Stanley continues to

monitor managers for performance, style adherence and organizational depth and stability?

## **MORGAN STANLEY PATHWAY FUNDS:**

Put your goals at the center of the investment process with Morgan Stanley Pathway Funds. A family of 11 mutual funds offered through Consulting Group's investment advisory platform, these investment strategies take into account where you currently are in life and where you want to be. Choose from goals-based, short-term tactical portfolios, long-term strategic portfolios or retirement-focused target date portfolios. Gain institutional-caliber access with diversification benefits across and within asset classes.

# At a Glance

Consulting Group is an Industry Leader in Investment Consulting<sup>3</sup>

\$1.9 trillion

In Assets Under Management<sup>3</sup>

#1

Rep-as-Portfolio Manager Program by Assets<sup>3</sup>

Approximately

3,500

Investment Products Evaluated Regularly

#1

Managed Accounts Program by Assets<sup>3</sup>

#1

Separately Managed Account (SMA) Programs by Assets<sup>3</sup>

70+

Manager Analysis Professionals\*

\*As of July 2022

# Institutional Investment Strategies

To help meet the needs of institutional investors, as well as ultra high net worth individual investors, Consulting Group offers several investment consulting programs designed to take advantage of advanced strategies.

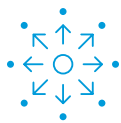
**GRAYSTONE CONSULTING**, a global leader in the institutional consulting business, offers a spectrum of solutions to a broad range of sophisticated clients, including foundations, endowments, nonprofit organizations, Taft-Hartley plans, corporations and more. Graystone has experienced teams across the United States focusing on the unique objectives of our institutional clients. Each team consists of an Institutional Consulting Director, who is backed by the strength, global resources and intellectual capital of Morgan Stanley in order to provide customized advice and investment strategies.

**CUSTOM SOLUTIONS** provides tailored investment management solutions for pensions, foundations, endowments, ultra high net worth individuals, family offices and other institutional clients. Composed of a team of experienced professionals, the Custom Solutions Group is centrally located, with direct access to the firm's thought leadership. From assistance with investment policy statements, portfolio construction, performance reporting and risk management to portfolio oversight and monitoring, Custom Solutions provides a holistic solution for institutional clients and ultra high net worth individuals seeking outsourced CIO services.

# Assistance With Investment Guidance and Portfolio Construction

No two individual investors are alike, however similar their financial, professional and personal characteristics may appear. Each investor brings a unique set of financial goals, time horizon and tolerance for risk to the investment process.

To help you and your Financial Advisor meet your investment needs, Consulting Group's programs draw on the global resources of Morgan Stanley, offering guidance in asset allocation, choosing a professional asset manager, selecting complementary investment products and managing complex account structures effectively.



**ASSET ALLOCATION:** The role of asset allocation in an investment plan cannot be overstated. While asset

allocation cannot ensure a profit or protect against loss, it represents a way to help you manage risk and seeks to achieve your long-term goals. Consulting Group draws on the guidance of the Global Investment Committee (GIC) to create strategic and tactical asset allocation models. These models are designed to meet your financial needs and objectives and are adjusted, as needed, in response to changes in the capital markets over time.



**INVESTMENT MANAGER**

**ANALYSIS:** Choosing an asset manager is one of the most important decisions you will make. The Global Investment Manager Analysis team consists of over 70 professionals experienced in evaluating approximately 3,500 traditional and alternative strategy<sup>4</sup> investment products, including SMAs, mutual funds, ETFs and liquid alternatives.



**INVESTMENT SELECTION:**

Experience and resources count when selecting complementary investment

products for your portfolio. Our portfolio construction team uses a disciplined risk management framework to evaluate and recommend investment products for our discretionary advisory programs, including Custom Solutions and Firm Discretionary UMA.



**DISCIPLINED PORTFOLIO MANAGEMENT:**

Effectively coordinating an account structure that incorporates multiple investment products requires a high degree of integration and may be challenging without professional expertise. For Firm Discretionary accounts, within our Select UMA program, our overlay manager will manage adherence to your investment strategies through 24/7 oversight, ongoing portfolio reviews, risk monitoring and optional tax harvesting.<sup>5</sup>



**TAX MANAGEMENT:** Select UMA clients can seek to mitigate their tax liability for no incremental fee. As an optional service, we

seek to enhance clients' after-tax returns through tax-efficient trading, automatic tax-loss harvesting and certain IRS wash sale adherences. Client-specific customization is also available, including tax mandates, which are specific to limits on capital gains, and can help manage tax liabilities; tax-focused portfolio transitions; and security overlap assistance.



**HOLISTIC ADVICE:**

Effective investment advice is not limited to an individual account. Consulting Group continually seeks to expand the ways in which Morgan Stanley Financial Advisors can help you define, pursue and meet your financial objectives. Investment advice should consider not only individual investment and retirement accounts, but also insurance and annuities, trusts and charitable giving, for example. Consulting Group assists our Financial Advisors in providing a high level of service and appropriate advice that keeps these priorities in mind.

## About Consulting Group

Founded in 1973, Morgan Stanley's Consulting Group provides a range of investment consulting advice and services to both private individuals and institutional investors. Through our attention to client objectives, we have earned a distinguished reputation as a leading provider of investment advisory services. One of the reasons for our success is our commitment to investment excellence through innovative programs and continually improving our investment advisory platforms. Consulting Group's mission is to provide the highest level of sophisticated financial advice; objective, investment manager analyses; and asset allocation advice to our clients. Utilizing Consulting Group, your Financial Advisor can develop and implement investment strategies personalized to your specific needs.

Investing for long-term success in today's dynamic and complicated market environment has become increasingly complex. There are too many trends and variables to track, too much information to gather and process, and too many options to evaluate. When you invest through Consulting Group's advisory programs, you gain access to a range of services backed by the extensive manager analysis capabilities, intellectual capital and global reach of Morgan Stanley.



To learn more about Consulting Group and how you may be able to benefit from a disciplined investment advisory approach for your portfolio, speak with your Morgan Stanley Financial Advisor today.

<sup>1</sup> Asset allocation and diversification do not assure a profit or protect against loss in a declining market.

<sup>2</sup> **Separate Account Programs:** Programs by which asset managers manage investors' assets in discretionary separate accounts. A bundled asset-based fee (often 2.5% to 3% before breakpoints and discounts from negotiation) covers money management, trading and custody. Dual-contract programs involve a virtually unlimited number of managers. Investors in the program typically have two contracts, one with the asset management firm and one with the program sponsor. Investors in dual-contract relationships typically have the ability to negotiate these parameters. Consulting and Evaluation Services (CES) is a Consulting Group dual-contract separately managed account program. Clients sign a contract with a firm-approved third-party investment manager and with Morgan Stanley. Morgan Stanley contractually provides consulting, execution, manager monitoring and reporting services. If required by clients, assets may be held outside of Morgan Stanley but all SMA strategies must be approved by the Global Investment Manager Analysis team.

<sup>3</sup> Cerulli Associates, 1Q22 Summary Report. See below disclosures for more information.

<sup>4</sup> In Consulting Group's advisory programs, alternative investments are limited to U.S.-registered open-end mutual funds, separately managed accounts and exchange-traded funds that seek to pursue alternative investment strategies or returns utilizing publicly traded securities. Investment products in this category 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. Alternative investments are not appropriate for all investors.

<sup>5</sup> There may be tax implications with a rebalancing strategy.

**Please consider the investment objectives, risks, and charges and expenses of the Morgan Stanley Pathway Funds carefully before investing. The prospectus contains this and other information about each fund. To obtain a prospectus, contact your Financial Advisor or Private Wealth Advisor. Please read it carefully before investing.**

Cerulli Associates' data are based on data submitted by firms participating in Cerulli's survey. Morgan Stanley was ranked #1 in terms of assets under management among firms listed in the industry with respect to Top Managed Account Program Sponsors Across All Industry Segments. This category includes Separate Account Consultant programs, Mutual Fund Advisory programs, ETF Advisory programs, Rep-as-Portfolio Manager programs, Rep-as-Advisor programs and Unified Managed Account programs. Separate Account Consultant programs are programs in which asset managers manage investors' assets in discretionary separate accounts. Mutual Fund Advisory programs and ETF Advisory programs are discretionary and nondiscretionary programs designed to systematically allocate investors' assets across a wide range of mutual funds or ETFs. Rep-as-Portfolio Manager programs are discretionary programs in which advice is an essential element; planning is undertaken or advice is treated as a separate service from brokerage. Rep-as-Advisor programs are nondiscretionary programs where the advisor has not been given discretion by the client and must obtain approval each time a change is made to the account or its investments. Unified Managed Accounts are vehicle-neutral platforms that simplify the delivery of multiple investment vehicles, such as separate accounts, mutual funds, exchange-traded funds and individual securities through their integration with a single environment.

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.

An investment in a target date allocation is subject to the risks attendant to the underlying funds in which it invests. An investment in the target date allocation is not guaranteed at any time, including before or after the target date is reached.

The information herein has been obtained from sources that we believe to be reliable, but we do not guarantee its accuracy or completeness.

Morgan Stanley Smith Barney LLC ("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 your specific investment objectives and financial position, may not be appropriate for you.

Generally, investment advisory accounts are subject to an annual asset-based fee (the "Fee") which is payable monthly in advance (some account types may be billed differently). In general, the Fee covers Morgan Stanley investment advisory services, custody of securities with Morgan Stanley, trade execution with or through Morgan Stanley or its affiliates, as well as compensation to any Morgan Stanley Financial Advisor.

In addition, each account that is invested in a program that is eligible to purchase certain investment products, such as mutual funds, will also pay a Platform Fee (which is subject to a Platform Fee offset) as described in the applicable ADV brochure. Accounts invested in the Select UMA program may also pay a separate Sub-Manager fee, if applicable.

If a client's account is invested in mutual funds or exchange traded funds (collectively "funds"), they will pay the fees and expenses of any funds in which their account is invested. Fees and expenses are charged directly to the pool of assets the fund invests in and are reflected in each fund's share price. These fees and expenses are an additional cost to the client and would not be included in the Fee amount in their account statements. The advisory program the client chooses is described in the applicable Morgan Stanley Smith Barney LLC ADV Brochure, available at [www.morganstanley.com/ADV](http://www.morganstanley.com/ADV).

Morgan Stanley or Executing Sub-Managers, as applicable, in some of Morgan Stanley's Separately Managed Account ("SMA") programs may effect transactions through broker-dealers other than Morgan Stanley or our affiliates. In such instance, the client may be assessed additional costs by the other firm in addition to the Morgan Stanley and Sub-Manager fees. Those costs will be included in the net price of the security, not separately reported on trade confirmations or account statements. Certain Sub-Managers have historically directed most, if not all, of their trades to outside firms. Information provided by Sub-Managers concerning trade execution away from Morgan Stanley is summarized at: [www.morganstanley.com/wealth/investmentsolutions/pdfs/adv/sotresponse.pdf](http://www.morganstanley.com/wealth/investmentsolutions/pdfs/adv/sotresponse.pdf). For more information on trading and costs, please refer to the ADV Brochure for your client's program(s), available at [www.morganstanley.com/ADV](http://www.morganstanley.com/ADV).

Select UMA® is a registered service mark of Morgan Stanley Smith Barney LLC.

Please see the applicable Morgan Stanley Smith Barney LLC ADV Brochure for more information for any of the advisory programs discussed in this brochure. The ADV Brochure is available from your Financial Advisor or online at [www.morganstanley.com/ADV](http://www.morganstanley.com/ADV).