

Mutual Fund Features, Share Classes and Compensation

It's important to understand how mutual fund fees and expenses, and your choice of share class, affect your investment and return. Of course, you also need to consider the fund's investment objectives and policies, and its risks.



Note: Before buying any mutual fund, request a prospectus from your Financial Advisor/Private Wealth Advisor and read it carefully. The prospectus contains important information on fees, charges, risks and investment objectives, and should be considered carefully before investing. You can also request a copy of the fund's statement of additional information (SAI), for additional details.

Summarized below is important information about mutual fund share classes and the types of fees and expenses you may be required to pay depending upon the share class you select. This summary also explains how Morgan Stanley and your Financial Advisor/Private Wealth Advisor are compensated when you invest in mutual funds. In general, the fees, expenses and payments described below are specific to mutual fund investments. Other available investment options feature different fees and charges, and may provide less compensation to Morgan Stanley and your Financial Advisor/Private Wealth Advisor. You should speak with your Financial Advisor/Private Wealth Advisor if you have any questions regarding the relative costs and compensation for available investment product alternatives.

You can also visit the websites sponsored by the U.S. Securities and Exchange Commission (www.SEC.gov) and the Financial Industry Regulatory Authority (www.FINRA.org), to obtain additional educational information about mutual funds.

The following information principally pertains to mutual fund sales transacted through commission-based brokerage accounts at Morgan Stanley. For more information on fees and expenses in our fee-based advisory account programs, please refer to the applicable Morgan Stanley ADV Brochure. You should consider all of the available methods for purchasing and holding mutual fund shares discussed in this booklet, your Morgan Stanley advisory program documents as well as through our self-directed program, Morgan Stanley

Online, or through our affiliate, E*TRADE.

Each Mutual Fund is Different

All mutual funds charge investment management fees and ongoing expenses for operating the fund that you will pay while you are invested. These fees are described in each mutual fund's prospectus fee table. These fees will vary from fund to fund and for different share classes of the same fund. You can use prospectus fee tables to help you compare the annual expenses of different funds.

The prospectus also describes how investors can qualify for sales charge waivers or reductions based upon the amount of their investments or other circumstances. Of course, in choosing a mutual fund investment, you should also consider the fund's investment objectives and policies, and its risks which are

also described in the prospectus. Determine if they match your own goals. Your Morgan Stanley team can provide assistance if you have questions.

Mutual Fund Share Class Basics and Availability

A single mutual fund usually offers different pricing arrangements or "classes" of its shares to meet investor preference and needs. Each share class represents an investment in the same mutual fund portfolio, but offers investors a choice of how and when to pay for fund distribution costs. Many funds also utilize "advisory" share classes—typically offered with no front-end, back-end or ongoing sales charges—but Morgan Stanley generally makes these share classes available only in our fee-based advisory account programs. Please refer to the applicable Morgan Stanley ADV Brochure for more information on fees and expenses for these accounts.

It is important to understand the costs associated with various share classes because they decrease the return on your investment (as is the case for all investment costs). Two of the most common mutual fund share classes available in commission-based brokerage accounts—A and C—are described below. Class A shares typically assess a front-end sales charge along with an ongoing fee known as a 12b-1 fee (described below in more detail). Class C shares do not assess a front-end sales charge, but utilize a level sales charge structure in the form of higher 12b-1 fees.

In addition to the advisory share classes offered in our advisory programs, funds may also offer specialized share classes, such as those for eligible retirement plan accounts, share classes that do not compensate financial intermediaries for providing administrative services, and share classes that have no distribution-related expenses, but are subject to "transaction fees" charged by the financial intermediary that sells them.

Morgan Stanley generally offers only Class A and Class C shares (or their equivalents) in its commission-based brokerage accounts. If you wish to purchase other types of shares, which may carry lower overall costs and thereby increase your investment return, you will need to do so directly with the fund or through an account at another financial intermediary.

12b-1 Fees

Class A shares and Class C shares both charge 12b-1 fees (sometimes called “trails”), which take their name from the Securities and Exchange Commission rule under which they were created. The fees (typically 0.25% for Class A shares and 1.00% for Class C shares) are charged against your mutual fund assets on a continuing basis to cover marketing, distribution and/or shareholder services costs. The portion of the 12b-1 fee that is used for distribution expenses (typically 0.75% per year for Class C shares) is effectively an asset-based sales charge paid over time instead of or in addition to the front-end sales charge utilized with Class A shares. We receive these fees as long as you continue to hold fund shares in your Morgan Stanley account or directly at the fund if we act as your “broker of record.” The amount of the 12b-1 fee is charged as a percentage of the fund’s total assets attributable to the share class and is listed in a mutual fund’s prospectus fee table.

Share Class Selection

The key distinctions among share classes are the sales charges and ongoing expenses (12b-1 fees) you will pay in connection with your investment in the fund. Morgan Stanley employs an order entry share class selection calculator designed to assist clients with selecting the most economical

choice between Class A and Class C shares over the anticipated holding period of the investment. When deciding which share class makes the most economic sense for you, you should ask your Financial Advisor/Private Wealth Advisor about the effect of a number of factors on your costs, including:

- How long you plan to hold the fund, as Class A shares are generally appropriate for longer-term investments while Class C shares can be more economical for shorter-term investments, especially those that do not qualify for any breakpoints (see below);
- Whether the amount of your initial and intended subsequent investments, together with other eligible fund holdings, qualifies you for any sales-charge discounts (“breakpoints”) that reduce the front-end sales charge that applies to Class A shares;
- Whether you qualify for any front-end sales charge waivers that eliminate the front-end sales charge applicable to Class A shares; and
- How the choice of share class will impact your Financial Advisor/Private Wealth Advisor’s compensation.

Class A Shares

Purchasers of Class A shares are typically charged a front-end sales charge (sales charges on mutual funds are also referred to as “loads” or “commissions”) that is included in the price of the fund shares. When you buy shares with a front-end sales charge, a portion of the money you invest is used to pay the sales charge. For example, if you invest \$10,000 in a fund and the front-end sales charge is five percent you would be charged \$500, and the remaining \$9,500 would be invested in the chosen fund. Class A share 12b-1 fees (generally 0.25% or \$25 per \$10,000 of fund assets per year) typically are lower than those of Class C shares.

Fund families pay Morgan Stanley all or most of the front-end sales charge you pay. For very large Class A share purchases that qualify for a complete waiver of their front-end sales charge, the fund’s distributor typically pays Morgan Stanley a selling fee at a rate set by the fund family. Morgan Stanley shares a portion of these payments with your Financial Advisor/Private Wealth Advisor based upon Morgan Stanley standard compensation formulas.

Please note that some funds impose higher upfront sales charges and ongoing trails than others, which generally would increase the amount paid to your Financial Advisor/Private Wealth Advisor. These inherent mutual fund product pricing discrepancies present a conflict of interest for Morgan Stanley and our Financial Advisors/Private Wealth Advisors when recommending purchases. In order to mitigate this conflict of interest, Morgan Stanley has implemented caps on front-end sales charges and ongoing trails to limit and compress the range of payments your Financial Advisor/Private Wealth Advisor may receive on these transactions.

CLASS A SHARE SALES CHARGE DISCOUNTS (BREAKPOINTS)

As noted above, funds may offer purchasers of Class A shares volume discounts—also called breakpoint discounts—on the front-end sales charge if the investor:

- Makes a large purchase;
- Commits to purchase additional shares of the fund (Letters of Intent); or
- Holds other mutual funds offered by the same fund family and/or has family members (or others with whom they may link purchases according to the prospectus) who hold funds in the same fund family (Rights of Accumulation).

LARGE PURCHASES

When you purchase Class A shares at or above a “breakpoint,” you are entitled to pay a reduced front-end sales charge. For example, suppose the prospectus says that a breakpoint occurs when you purchase \$25,000 or more of Class A shares. If you buy less than \$25,000 worth of shares, the sales charge is 5.75%. If you buy \$25,000 or more, the sales charge is 5.00%. Now, suppose you buy \$24,500 worth of Class A shares. You would pay \$1,408.75 in sales charges.

If you buy \$25,000 of shares, you would pay only \$1,250. In this example, by choosing to invest an additional \$500 you would actually pay \$158.75 less in the front-end sales charge, and those savings would increase your net investment in the fund.

Mutual funds typically offer multiple breakpoints, each at increasingly higher investment levels. Increasing your investment size, if you are able and willing to do so, can allow you to take advantage of higher breakpoints and further reduce the sales charges you pay. It is important that you understand how breakpoints work so that, consistent with your investment objectives, you can take advantage of the lowest possible front-end sales charge.

Different funds and fund families have different breakpoint schedules, which are described in each fund’s prospectus. Please ask your Morgan Stanley team how a fund’s breakpoint schedule compares with those of other funds on our platform.

LETTERS OF INTENT

A Letter of Intent (LOI) is an agreement that expresses your intention to invest an amount equal to or greater than a breakpoint within a given period of time, generally 13

months after the LOI period begins. If you expect to make additional investments during the next 13 months in a fund with a front-end sales charge, it is worth considering how an LOI can help you qualify for a breakpoint discount to reduce your front-end sales charge. As a result, be sure to tell your Morgan Stanley team about any plans you may have for making additional purchases in the future.

Note: If you do not invest the amount stated in your LOI during the requisite period, the fund can redeem a portion of the shares that you hold to retroactively collect the higher sales charge that would have applied to your purchase without the LOI.

RIGHTS OF ACCUMULATION

A Right of Accumulation (ROA) generally permits you to accumulate or combine your existing fund family holdings with new Class A purchases of the same fund family’s funds for the purpose of qualifying for breakpoints. For example, if you are investing \$10,000 in Class A shares of a fund today, and you already own \$40,000 in shares of that fund family, the fund may allow you to combine those investments to reach a \$50,000 breakpoint, entitling you to a lower sales charge on your \$10,000 purchase today. Please refer to the fund prospectus for details as rules vary by fund family.

Fund families also typically permit you to aggregate fund family holdings in other accounts that you and your family may own, including fund assets held at other brokerage firms, for the purpose of achieving a breakpoint discount. For example, a fund may allow you to qualify for a breakpoint discount by combining your fund purchases and holdings with those of your spouse or minor children. You also may be able to aggregate mutual fund transactions in certain retirement accounts, educational savings accounts or any

accounts you maintain at other brokerage firms. In some instances, employer-sponsored retirement or savings-plan accounts may be aggregated. These features vary among fund families.

As a result, please keep your Morgan Stanley team informed of your mutual fund holdings and those of your family, including holdings at other brokerage firms or with the fund itself that can be aggregated for the purpose of achieving a breakpoint discount.

WAYS TO ELIMINATE SALES CHARGES

In addition to qualifying for front-end sales charge discounts through any of the above options, you may also qualify for a waiver, which would eliminate the front-end sales charge. Two common options available to investors are intra-fund family exchange privileges and sales charge waiver programs.

EXCHANGES BETWEEN FUNDS WITHIN THE SAME FUND FAMILY

Exchanges between the same share classes of funds within the same fund family typically may be made without sales charges. Funds often limit the number and frequency of transfers that can be made during a certain period of time. Certain funds may impose short-term exchange or redemption fees based on your holding period. Because these time parameters and the amount of any fees vary among mutual fund companies, please check the fund prospectus for more information.

SALES CHARGE WAIVERS

Many mutual funds offer waivers that eliminate front-end sales charges on Class A shares to clients who meet various qualifying conditions. Because these waivers and conditions vary between fund families, Morgan Stanley adopted a customized front-end sales charge waiver program. Since this program standardizes waivers

across all fund families available for purchase at Morgan Stanley, these waivers will differ from and in some instances may be more limited than waivers available for purchases made directly with the fund family or through other financial intermediaries.

Note: You should refer to the fund prospectus to see if by processing the transaction directly with the fund family or elsewhere you may benefit from such features not available at Morgan Stanley.

Under our program, Class A share purchases through a Morgan Stanley commission-based brokerage account will not be subject to a front-end sales charge if you:

- Purchase shares for an employer-sponsored retirement plan account, as described below;
- Sell Class A shares of a fund and use the proceeds from that sale to purchase Class A shares of a fund that is part of the same fund family. To qualify, the purchase must be made within 90 days of the redemption, the redeemed shares must have been subject to a front-end or deferred sales charge, and all of the transactions must occur in the same account; and
- Receive additional Class A shares through the reinvestment of dividends and capital gains distributions.

In addition, Morgan Stanley maintains a Class C Share Conversion Program (described below) under which we exchange eligible Class C shares for Class A shares of the same fund with the Class A sales charge waived.

Class C Shares And Class C Share Conversions

Investments in Class C are generally not subject to front-end sales charges. However, purchasers of Class C shares are typically required to pay a contingent deferred sales charge (CDSC) if the shares are sold within a short time of purchase (usually one year).

While Class C share investors do not pay an upfront sales charge, the 12b-1 fees associated with Class C shares (most often 1.00% or \$100 per \$10,000 of fund assets per year) are typically higher than those of Class A shares. In general, Class C shares are preferable for investors who have a shorter-term investment horizon, especially those who do not qualify for any breakpoints, because during those first years they will generally be cheaper to buy and sell than Class A shares which carry upfront sales charges.

Morgan Stanley shares a portion of Class C share 12b-1 fees with your Financial Advisor/Private Wealth Advisor based upon Morgan Stanley standard compensation formulas. Some funds, however, impose higher ongoing trails than others, which generally would increase the amount paid to your Financial Advisor/Private Wealth Advisor. To mitigate this conflict of interest for Morgan Stanley and our Financial Advisors/Private Wealth Advisors when recommending purchases, Morgan Stanley has implemented caps on ongoing trails to limit and compress the range of payments your Financial Advisor/Private Wealth Advisor may receive on these transactions. Please ask your Financial Advisor/Private Wealth Advisor how a fund's 12b-1 fees compare with those of other funds.

Owning Class C shares over longer holding periods will typically be more expensive than owning Class A shares. The higher ongoing 12b-1 expenses associated with Class C shares will mean increased costs and reduced investment performance over time versus Class A shares. To address this, Morgan Stanley has adopted a Class C Share Conversion Program. Under this program, eligible Class C shares held in Morgan Stanley accounts for six or more years are automatically converted into Class A shares of the same fund at net asset

value without the imposition of the sales charge that typically applies to Class A shares. The share class conversion will not be treated as a taxable event. This feature allows investors holding eligible aged-Class C shares to benefit from the lower ongoing costs of Class A shares.

Note: If you participate in any systematic investment sales/withdrawal programs, Morgan Stanley will, in certain circumstances, modify the share class attached to your instructions following a conversion to ensure you receive uninterrupted service.

Retirement Account Shares

Many mutual fund families offer share classes for use by employer-sponsored retirement plans that do not charge a front-end or back-end sales charge (e.g., Class "R shares"). Class R shares, however, generally have higher 12b-1 fees than Class A shares.

As noted above, Morgan Stanley has adopted its own Class A share front-end sales charge waiver for eligible employer-sponsored retirement plan accounts. For purposes of this waiver, an employer-sponsored retirement plan includes 401(k) plans, 457 plans, employer-sponsored 403(b) plans, profit sharing and money purchase pension plans and defined benefit plans. Morgan Stanley's program does not apply the waiver to SEP IRAs, Simple IRAs, SAR-SEPs or Keogh plan accounts, which is allowed by certain fund families. Such clients who previously received a waiver will cease to receive it for purchase transactions through Morgan Stanley accounts. In order to continue to receive the waiver, affected clients will need to purchase the fund directly from the fund family or through an account at another financial intermediary.

With the adoption of this standardized waiver, we closed all Class R share fund offerings on our platform. As noted above, Class R shares typically have higher ongoing 12b-1 fees than Class A

shares making the latter the more economical choice for eligible retirement plan client accounts. Clients who wish to purchase Class R shares will need to do so directly from the fund family or through an account at another financial intermediary.

Advisory Account Shares

Advisory shares do not have front-end or back-end sales charges, or ongoing 12b-1 fees, although some may assess fees for record keeping and related services. Morgan Stanley does not generally offer advisory shares in its brokerage client accounts where typically the only available share classes have a sales charge component. Morgan Stanley does offer advisory shares in its fee-based advisory programs. These accounts charge investors fees for the advice and services provided based upon a percentage of billable assets held in the account. Please refer to the applicable Morgan Stanley ADV Brochure for more information on advisory shares, and the fees and expenses for these accounts.

Multiple Fund Families

Sometimes investors may choose to invest in multiple fund families. These investors perceive benefits that may include diversification, the ability to select those funds that they believe will have the best opportunity to outperform other funds in specific fund categories, or the ability to invest in unique funds that may not be available in a single fund family. However, it is important to bear in mind this investment strategy reduces the opportunities to qualify for exchange privileges and/or breakpoint discounts and can, as a result, increase the cost of investing. Also, there is no guarantee that a multi-family investment strategy will provide significant diversification or outperform a single-family strategy.

Fund Transfer Restrictions

Certain mutual funds may not be transferable from an account at one brokerage firm to accounts at other brokerage firms. A common factor limiting transferability is when a fund or its principal distributor does not have a selling or other agreement in place with the other brokerage firm. If a particular fund family's funds are not transferable to another brokerage firm, you may have the following options: leave the position in an account at the original brokerage firm, or have the position re-registered in your name on the books and records of the fund company or its transfer agent. As an alternative, you may liquidate the position and transfer the proceeds. This option may have tax implications and/or other costs. For further information regarding the transferability of a particular fund's shares, please refer to the fund's prospectus and SAI, or contact your Morgan Stanley team.

Our Relationship With Mutual Fund Families

Morgan Stanley offers clients a large selection of mutual funds. We review and evaluate each fund family whose mutual funds we offer based upon various factors, including but not limited to:

- Investment opportunity;
- Number and variety of funds offered.
- Level of interest and demand;
- Length of track record and historical appeal to our clients;
- Short- and long-term performance of the funds offered;
- Amount of assets under management;
- Agreement to uniform, levelized economic terms in relation to revenue-sharing and administrative service payments,

which limit the availability of certain fund families on our platform; and

- Ability to support our Financial Advisors/Private Wealth Advisors and clients through training, education and sales and marketing assistance.

Our Financial Advisors/Private Wealth Advisors are not permitted to execute investments in funds that we have not reviewed and evaluated.

Additional Compensation For Mutual Fund Sales

In addition to the compensation described above, Morgan Stanley also receives the following types of compensation related to mutual funds.

REVENUE-SHARING

Morgan Stanley charges each fund family we offer a mutual fund support fee, also called a revenue-sharing payment, on client account holdings in fund families according to a tiered rate which increases along with the management fee of the fund so that lower management fee funds pay lower rates than those with higher management fees. The rate ranges from 0.01% per year (\$1 per \$10,000 of assets) up to a maximum of 0.10% per year (\$10 per \$10,000 of assets).

The tiered rates are the same for commission-based brokerage and fee-based advisory client account holdings. However, for advisory accounts there are account type and program exceptions and the fees are rebated to clients. Please see the applicable Morgan Stanley ADV brochure for additional information.

Revenue-sharing payments are generally paid out of the fund's investment adviser, distributor or other fund affiliate's revenues or profits and not from the fund's assets. However, fund affiliate revenues or profits may in part be derived from fees earned

for services provided to and paid for by the fund. Morgan Stanley does not receive any portion of these revenue-sharing payments through brokerage commissions generated by the fund.

A list of revenue-sharing fund families, organized by size of payment, is available on our website at the address noted in the “For More Information” section below.

Although we seek to charge all fund families the same revenue-sharing fee rate schedule, in aggregate Morgan Stanley receives significantly more revenue-sharing from the families with the largest client fund share holdings at our firm. This fact presents a conflict of interest for Morgan Stanley to promote and recommend funds from those fund families rather than funds from families that in aggregate pay us less revenue-sharing. In addition, since our revenue-sharing rates are higher for funds with higher management fees, this fact presents a conflict of interest for us to promote and recommend funds that have higher management fees. In order to mitigate these conflicts, Financial Advisors/Private Wealth Advisors and their Branch Managers do not receive additional compensation as a result of mutual fund revenue-sharing payments received by Morgan Stanley. Moreover, for advisory account clients the fees are rebated.

ADMINISTRATIVE SERVICE FEES

Morgan Stanley and/or its affiliates receive compensation from funds or their affiliated service providers for providing record keeping and related services to the funds. These charges are based upon the aggregate value of client positions. Administrative fees may be viewed in part as a form of revenue-sharing if and to the extent the amounts paid by the fund exceed what the mutual fund would otherwise have paid for those services. However, they

are not included in the revenue-sharing payments described above.

As noted, some funds offer share classes that do not compensate financial intermediaries for providing administrative services, which generally make such share classes more economical than those that do. You should understand these costs because they decrease the return on your investment. If you wish to purchase a share class that does not compensate your financial intermediary for such services, you will need to do so directly with the fund or through an account at another financial intermediary that offers such shares.

We typically process transactions with fund families on an omnibus basis, which means we consolidate our clients' trades into one daily trade with the fund, and therefore maintain all pertinent individual shareholder information for the fund. Trading in this manner requires that we maintain the transaction history necessary to track and process sales charges, annual service fees, and applicable redemption fees and deferred sales charges for each position, as well as other transaction details required for ongoing position maintenance purposes.

For these services, funds pay 0.06% per year (\$6 per \$10,000) on fund assets held by our clients in commission-based brokerage accounts and fee-based advisory account programs. However, for advisory accounts there are account type and program exceptions and the fees are rebated to clients. Please see the applicable Morgan Stanley ADV brochure for additional information.

While all fund families are charged the same administrative service fee rates, in aggregate, Morgan Stanley receives significantly more administrative service fees from the fund families with the largest client fund share holdings at our Firm. This fact presents a conflict of interest for Morgan Stanley to promote and

recommend funds from those fund families rather than funds from families that in aggregate pay us less administrative service fees. In order to mitigate this conflict, Financial Advisors/Private Wealth Advisors and their Branch Managers do not receive additional compensation as a result of these administrative service fee payments received by Morgan Stanley. Moreover, for advisory account clients the fees are rebated.

EXPENSE PAYMENTS AND DATA ANALYTICS FEES

Morgan Stanley provides fund families with opportunities to sponsor meetings and conferences and grants them access to our branch offices and Financial Advisors/Private Wealth Advisors for educational, marketing and other promotional efforts. Some fund representatives also work closely with our branch offices and Financial Advisors/Private Wealth Advisors to develop business strategies and plan promotional events for clients, prospective clients and educational activities. Some fund families or their affiliates reimburse Morgan Stanley for certain expenses incurred in connection with these promotional efforts and/or training programs. Fund families independently decide if and what they will spend on these activities, with some fund families agreeing to make annual dollar amount expense reimbursement commitments of up to \$300,000, although actual reimbursements may be higher. Some fund families also invite our Financial Advisors/Private Wealth Advisors to attend fund family-sponsored events. Expense payments may include meeting or conference facility rental fees and hotel, meal and travel charges.

Morgan Stanley also provides fund families with the opportunity to purchase sales data analytics. The amount of the fees depends on the level of data and ranges up to \$700,000 per year.

For an additional fee, fund families may purchase supplemental data analytics on other financial product sales at Morgan Stanley.

These facts present a conflict of interest for Morgan Stanley and our Financial Advisors/Private Wealth Advisors to the extent they lead us to focus on funds from those fund families that commit significant financial and staffing resources to promotional and educational activities and/or purchase data analytics instead of on funds from fund families that do not. In order to mitigate this conflict, Financial Advisors/Private Wealth Advisors and their Branch Managers do not receive additional compensation for recommending funds sponsored by fund families that purchase data analytics.

Fund family representatives are allowed to provide funding for client/prospect seminars, employee education and training events, occasional meals and entertainment and gifts. Morgan Stanley's non-cash compensation policies set conditions for these types of payments, and do not permit any funding conditioned on achieving any sales target or awarded on the basis of a sales contest.

MISCELLANEOUS COMPENSATION

Morgan Stanley or its affiliates receive, from certain funds, compensation in the form of commissions and other fees for providing traditional brokerage services, including related research and advisory support, and for purchases and sales of securities for fund portfolios. Our affiliate E*TRADE also receives revenue sharing and other payments from some of the same fund families on our platform. Our affiliates also receive other compensation from certain funds for financial services performed for the benefit of such funds, including but not

limited to providing stand-by liquidity facilities. Providing these services may give rise to a conflict of interest for Morgan Stanley or its affiliates to place their interests ahead of those of the funds by, for example, increasing fees or curtailing services, particularly in times of market stress.

Morgan Stanley prohibits linking the determination of the amount of brokerage commissions and service fees charged to a fund to the aggregate values of our overall fund-share sales, client holdings of the fund or to offset the revenue-sharing, expense reimbursement, data analytics, and administrative fees described above. Financial Advisors/Private Wealth Advisors and their Branch Managers do not receive additional compensation as a result of these payments received by Morgan Stanley.

In addition, we generally seek to be reimbursed for the associated operational and/or technology costs of adding and/or maintaining mutual funds and money market funds on our platform. These flat fees are paid by fund sponsors or other affiliates (and not the funds). Financial Advisors/Private Wealth Advisors and their Branch Managers do not receive additional compensation for recommending funds that have reimbursed Morgan Stanley for our costs.

Availability of Affiliated Funds

Our affiliates, including Morgan Stanley Investment Management, Eaton Vance, Boston Management and Research, Calvert Research and Management, Atlanta Capital Management Company and Parametric Portfolio Associates, serve as the investment adviser to certain mutual funds that our Financial Advisors/Private Wealth Advisors may offer. These affiliated entities receive investment management fees

and other fees from these funds. Therefore, Morgan Stanley has a conflict to recommend these affiliated funds. In order to mitigate this conflict, Financial Advisors/Private Wealth Advisors and their Branch Managers do not receive additional compensation for recommending affiliated funds. Affiliated mutual fund companies have entered into the same administrative services and revenue-sharing arrangements with Morgan Stanley as described herein.

Money Market Fund Compensation

Money market funds that are available for direct purchase are subject to different compensation arrangements than those outlined above for mutual funds. We receive revenue-sharing fees according to a tiered rate that increases along with the expense ratio of such money market funds. The current rates are either 0.07% per year (\$7 per \$10,000 of assets) or 0.10% per year (\$10 per \$10,000 of assets). However, unlike the compensation arrangements outlined above for non-money market mutual funds where Financial Advisors/Private Wealth Advisors do not receive any portion of this compensation, under certain circumstances, all or a portion of these payments is allocated to your Financial Advisor/Private Wealth Advisor based upon Morgan Stanley's standard compensation formulas.

Note: For advisory accounts, the fees are rebated to clients.

Offshore Mutual Funds and Offshore Exchange-Traded Funds

KEY INVESTOR INFORMATION DOCUMENTS (KIIDS)

Please be advised that there is a Key Investor Information Document (KIID) available for each offshore mutual fund and exchange-traded fund offered by offshore (non-U.S. domiciled) investment

companies regulated as Undertaking for Collective Investments in Transferable Securities (UCITS). The KIID contains essential information and key facts about a UCITS fund aimed at helping investors make informed investment decisions about whether the particular fund meets their needs. Please read the KIID carefully before you invest.

In respect of any transactions with respect to UCITS mutual funds and UCITS exchange-traded funds, we provide investors with the KIID by means of a website, portal or any other durable medium other than paper. Investors have the right to request a paper copy of the KIID free of charge.

Any KIID provided to investors by means of a website/portal, including any updates, will be made available at the following web location:

<https://www.morganstanley.com/OffshoreMutualFunds/KIIDrepository>

for UCITS mutual funds and at the following web location:

<https://www.morganstanley.com/disclosures/etfkiidrepository> for UCITS exchange-traded funds.

You agree to review the KIID, including any updates, in good time before being bound by any contract or offer relating to any UCITS mutual fund or UCITS exchange-traded fund transactions, on a trade-by-trade basis.

OFFSHORE MUTUAL FUND SHARE CLASSES

Offshore mutual funds, similar to their domestic counterparts, may offer different share classes to meet investor preferences and needs. There are, however, differences in how share classes work in offshore mutual funds.

For example, a typical offshore fund Class A share (or equivalent) does not offer sales charge discounts or breakpoints based on asset or trade amounts as do their domestic counterparts. Instead, your Financial Advisor/Private Wealth Advisor has discretion on setting and negotiating sales charges, thereby impacting your overall costs as well as the compensation he or she will receive on the transaction.

Class C shares (or equivalents) generally have no sales charge at the time of purchase, but may have one assessed upon redemption if sold within a certain timeframe. Additionally, offshore Class C shares typically have higher annual expenses than offshore Class A shares, primarily due to higher ongoing "trail fees."

Please note that Morgan Stanley only offers Class A shares on brokerage account sales of offshore mutual funds. Because Morgan Stanley only offers Class A shares of offshore mutual funds, if an offshore investor wishes to purchase other types of share classes, they will need to do so directly with the fund or through an account at another financial intermediary.

The ability for your Financial Advisor/Private Wealth Advisor to negotiate the sales charge associated with offshore Class A shares creates a conflict of interest. In order to mitigate this conflict, Morgan Stanley has implemented caps on upfront sales charges and ongoing trails to limit and compress the range of payments your Financial Advisor/Private Wealth Advisor may receive on these transactions. You should discuss your upfront sales charge with your Financial Advisor/Private Wealth Advisor.

For More Information

For additional information on a particular fund's payment and compensation practices, please refer to the fund's prospectus and SAI. Further information regarding revenue-sharing and administrative service fees is available in the document titled "Mutual Fund Revenue Sharing Arrangements," which is available at:

<https://www.morganstanley.com/disclosures> or by contacting your Morgan Stanley team.

Important Note

We invite you to examine the wealth of information provided on FINRA's website (www.FINRA.org) and the SEC's website (www.SEC.gov). FINRA's website also contains a fund calculator to assist you in determining which fund share class offers the least expensive fee structure. FINRA's "Fund Analyzer" is located at: https://tools.finra.org/fund_analyzer/.

Mutual funds are sold by prospectus only. You should consider the investment objectives, risks, charges and expenses of the fund carefully before investing. The prospectus contains this and other information about the fund. You can obtain a prospectus from your Morgan Stanley team or the fund company's website. Please read the prospectus carefully before investing. Equity funds are subject generally to market, market sector, market liquidity, issuer and investment style risks, among other factors, to varying degrees. Bond mutual funds are subject generally to interest rate, credit liquidity and market risks, among other factors, to varying degrees. These risks are more fully described in each fund's prospectus.

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