Welcome to the 2021 Annual Investment Meeting

We are so excited to have you!
Thank you to our Board!

- Aaron Azari
- David Bomberger
- A. Nikki Borchardt Campbell
- Elycia Cook
- Russell W. Kemp
- Brian Larson
- Shelley A. Marquez
- Dale Martin
- Andre McGregor
- Adi Merchant
- Hereford Percy
- Penfield W. Tate III
- Stacey Pool
- Lynne D. Valencia
- Joy S. Johnson
- Leah Varnell
- Gaye Woods
Thank you to our Professional Advisor Council!

- Michael Corbett
- Kim Eilber, JD, LL.M, CFP
- Erin Hadary
- Julia McVey
- Dan Morris
- Andy Pahl
- Nicole Royer
- Leslie Schaus, CPA, MT
And thank you to our Staff!
Meeting Etiquette

• Participants will be muted.
• Questions should be placed in the chat for Ken Kirwin
Agenda

- **Welcome** – Kelly Dunkin, President and CEO of Community First Foundation

- **Role of Finance and Investment Committee** – Dale Martin, FIC Chair of Community First Foundation

- **2020 Look Back** – Graystone Consulting

- **2021 Look Forward** – Graystone Consulting

- **Break**

- **Q&A** – Moderated by Ken Kirwin, CFO and COO of Community First Foundation
Finance & Investment Committee

Dale Martin
Board Member
Chair, Finance & Investment Committee
Annual Investor Meeting
March 2021
Agenda: Today’s Discussion

Section 1 → Morgan Stanley and Graystone Consulting

Section 2 → Capital Markets Update

Section 3 → Performance

Section 4 → ESG Update
Morgan Stanley & Graystone: 
Who We Are
Graystone Consulting

At a Glance

Morgan Stanley

Founded in 1935
Offices in 42 countries
60,000+ employees
300+ capital markets and industry experts around the globe

Ranked among the largest firms across all of our industry segments:
- Investment bank
- Prime brokerage
- Investment distribution networks
- Global research

The resources of a global financial leader

- $21.7B firmwide revenues\(^1\) (YTD Through June 2018)
- $206B in liquidity reserve\(^2\) (As of March 2018)
- >$3B annual investment in technology
- $59B in Alternative investments under management in 350+ funds (As of December 2017)
- 750+ legal, compliance and risk professionals (As of July 2016)
- 500+ team of cybersecurity professionals (As of July 2016)
- $300+B as of 12/31/2019
- $2.7T as of 12/31/2019
- #1 underwriter of global initial public offerings\(^3\) (As of 2017)
- #1 Barron’s Top 100 Financial Advisors with 38 listings\(^4\) (As of 2018)

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1. Morgan Stanley, June 2018 Unaudited Form 10-Q
2. Unaudited as of March 31, 2018. Morgan Stanley Quarterly Financial Supplement 1Q 2018
3. Source: Thomson Reuters, January 2018
4. Source: Barron’s April 2018
Meet the Team

Graystone Consulting Service Team for Community First Foundation

Institutional Consultants

George T. Cook, CIMA®
Managing Director
Institutional Consultant
Industry Experience: 35+ Years

Robert J. Morris, MBA
Senior Vice President
Institutional Consulting Director
Industry Experience: 15+ Years

Abigail J. Gage
Associate Vice President
Institutional Consultant
Industry Experience: 16+ Years

William G. Hendrix, CIMA®
Senior Vice President
Institutional Consulting Director
Industry Experience: 35+ Years

Carl H. Viard, CIMA®
Senior Vice President
Institutional Consultant
Industry Experience: 32+ Years

Paul Cox
Executive Director
Institutional Consultant
Industry Experience: 15+ Years

Research & Analytical

• Justin S. Dougan, Institutional Consulting Analyst
• Chris Muffie, Institutional Consulting Analyst
• Jeremy Braunius, Registered Associate
• Nicolo Foscarini, CAIA, Senior Investment Officer
• Heather Hackett, CFA, CIMA, Investment Officer
• Kevin Kopczynski, CFA, Senior Investment Officer
• Kristi S. Moby, Senior Investment Officer
• James Totino, CFA, CIMA, Investment Officer
• Robert Geitz, CAIA, Senior Investment Officer
• Steve Edwards, CFA, Senior Investment Officer
• Tae Kim, CFA, FRM, Portfolio Strategist
• Yoon Kang, Portfolio Strategist

Roles & Responsibilities

• Manage all aspects of the team service and provide strategic directional oversight to reach goals
• Monitor team and client performance
• Provide portfolio modification recommendations – asset allocation, Investment manager strategies in conjunction with the OCIO group, etc.
• Deliver on total enterprise consulting
• Lead client discussions on investment objectives and risk tolerance
• Present educational topics and assist CFF in presentations / RFPs

Custom Solutions - OCIO

Suzanne Lindquist
Managing Director

Lily Scott Trager
Executive Director
Impact Investing

Service Team Operational Staff

• Sidney Brinson, Senior Client Service Associate
• Diane Wasilk, Group Director
• Kolleen Sorenson, Senior Registered Associate
• Barbara Brewer, Client Service Associate

Roles & Responsibilities

• Execute transactions
• Facilitate daily client needs
• Accounting operations
• Process journals, wires and new accounts
• Manage onboarding processes

Additional Firm-Wide Resources and Support

Global Investment Manager Analysis (GIMA)
(Investment Manager Research)

Traditional and Alternative Analysts: 75+
Average Industry Experience: 17 years
Chartered Financial Analyst (CFA): 11
Chartered Alternative Investment Analysts (CAIA): 4
Certified Public Accountant (CPA): 1
Certified Investment Manager Analyst (CIMA): 1

Alternative Investment Partners (AIP)
(Alternative Investment Research)

Analytical, Research, Support Members: 243+
Doctor of Philosophy (PhD): 2
Masters of Business Administration (MBA): 4
Chartered Financial Analyst (CFA): 1

Global Investment Committee (GIC)
(Market Research)

Committee Members: 7
Doctor of Philosophy (PhD): 2
Masters of Business Administration (MBA): 4
Chartered Financial Analyst (CFA): 1

Global Investment Committee (GIC)
(Market Research)

Committee Members: 7
Doctor of Philosophy (PhD): 2
Masters of Business Administration (MBA): 4
Chartered Financial Analyst (CFA): 1
We Provide Full-Scale, Customized Advice for Institutions

FIDUCIARY (CLIENT)

All types of clients
- Corporations
- Public institutions
- Non-profit entities
- Individuals & families

ADVISOR / CONSULTANT

- Based locally to provide ongoing support and client service
- Supported globally by dedicated portfolio managers and investment professionals
- Delivers the firm’s best thinking and a full range of innovative strategies and services by partnering with Custom Solutions

CUSTOM SOLUTIONS - OCIO

Established, holistic process
- Grounded in risk management
- Extensive open-architecture platform

Experienced team
- Average of 14 years of financial services industry experience
- 12 combined CFA®, CAIA®, CIMA® and FRM® designations
- Dedicated resources for each aspect of client service

Past performance is no guarantee of future results. Estimates of future performance are based on assumptions that may not be realized. This material is not a solicitation of any offer to buy or sell any security or other financial instrument or to participate in any trading strategy. Please refer to important information, disclosures and qualifications at the end of this material.
Graystone Value Proposition / Services

Graystone offers a comprehensive, full-discretion service relationship, allowing Investment Committees to focus on the big picture rather than day-to-day operations...

**INVESTMENT POLICY DEVELOPMENT**

- Spending Policy Analysis
- Liability Analysis
- Policy benchmark development & allowable asset guidelines
- Impact Investing / ESG
- Best Practice Governance

**ASSET ALLOCATION STRATEGIES**

- Forward Capital Markets assumptions
- Strategic (7 year) & Tactical (18 mo) allocation
- Portfolio allocation optimization
- Managing policy constraints and restrictions

**CASH FLOW & LIABILITY MANAGEMENT**

- Spending Policy Analysis
- Strategic Planning
- Cash Flow matching strategies
- Target strategies (CRT & CGA)
- Capital Campaign / Fundraising model and support.

**PORTFOLIO CONSTRUCTION**

- Manager Due Diligence (including current managers)
- Ex ante and “what-if” analysis
- Factor risk modeling and overlap analysis
- Active/Passive optimization

**PERFORMANCE MONITORING**

- Spending Policy Analysis
- Constituent Level reports
- Policy benchmark development / Compliance
- Impact Investing / ESG Investment Compliance
- Portfolio Attribution Analysis

**RISK MANAGEMENT**

- Portfolio Monitoring and Oversight
- Portfolio Attribution Analysis
- Regulatory risk management
- Environmental and Scenario Stress Testing
Determining the Right Mix for Community First Foundation

WE CONDUCT QUANTITATIVE ANALYSIS AND QUALITATIVE ASSESSMENT IN AN EFFORT TO ACHIEVE THE OPTIMAL PORTFOLIO

LEVERAGES COMPLEMENTARY MANAGER MIX
We seek to achieve long-term outperformance and enhance diversification by combining high-quality managers with strong track records and investment styles that complement one another.

MAXIMIZES RISK BUDGET
Because risk drives variability of performance, we weight managers according to their risk contribution, instead of dollar amounts. This offers greater potential for higher returns.

OPTIMIZES ACTIVE / PASSIVE BLEND
Research shows that an active/passive mix—adjusted as market conditions change—has beaten a purely active or passive approach. You pay for active management only when market conditions suggest it will be rewarded.

CAPITALIZES TACTICAL VIEWS
We select managers whose strategies best align with our tactical market views and may benefit from expected market trends.


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Identifying High-Quality Managers for Your Portfolio

RIGOROUS MANAGER ANALYSIS

INVESTMENT UNIVERSE
20,000+ products

APPROVED
~1,500 products

FOCUS LIST
~380 products

TACTICAL OPPORTUNITIES
~30 products

Meets our qualitative and quantitative standards

Higher level of conviction

Factors in potential short-term performance, drawing from both the Focus and Approved Lists

FEWER THAN 5% OF PRODUCTS MEET OUR HIGHEST STANDARDS

STRONG GOVERNANCE

- Over 50 analysts continually review investment managers
- Decisions are governed by an experienced committee
- Extensive library of analyses are made available to Financial Advisors and clients

PATENTED SCORING TOOL

- Adverse Active AlphaSM seeks to identify managers that can potentially enhance your portfolio’s risk-reward profile

SUCCESSFUL TRACK RECORD

Average Excess Return (bps) for Separately Managed Accounts vs. Benchmark

<table>
<thead>
<tr>
<th>Focus List</th>
<th>Tactical Opportunity List</th>
</tr>
</thead>
<tbody>
<tr>
<td>107</td>
<td>214</td>
</tr>
<tr>
<td>-24</td>
<td>24</td>
</tr>
<tr>
<td>-4</td>
<td>57</td>
</tr>
<tr>
<td>26</td>
<td>94</td>
</tr>
</tbody>
</table>

1. The functions of manager analysis and review are available only through advisory accounts for traditional investment products. The investment universe is inclusive of both traditional and alternative investment products.

2. Source: CompSiteIQ, Performance Analytics, Morgan Stanley Wealth Management as of March 31, 2018. Performance is relative to each product’s appropriate style benchmark. Results shown represent total return (includes dividends) and exclude brokerage commissions or advisory fees. Had the results reflected brokerage commissions or advisory fees, the performance would have been lower.

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### Asset Class Index Performance

#### Capital Market Returns
As of December 31, 2020; Private Real Estate as of September 30, 2020

<table>
<thead>
<tr>
<th>ASSET CLASS</th>
<th>INDEX IN USD</th>
<th>1-MONTH</th>
<th>YTD</th>
<th>1-YR</th>
<th>3-YR ANN</th>
<th>5-YR ANN</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Global Equity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Global Equity</td>
<td>MSCI All Country World</td>
<td>4.7%</td>
<td>16.8%</td>
<td>16.8%</td>
<td>9.9%</td>
<td>13.3%</td>
</tr>
<tr>
<td>US Equity</td>
<td>S&amp;P 500</td>
<td>3.8%</td>
<td>18.4%</td>
<td>18.4%</td>
<td>13.4%</td>
<td>15.5%</td>
</tr>
<tr>
<td>International Equity</td>
<td>MSCI All Country World exUS</td>
<td>5.4%</td>
<td>11.1%</td>
<td>11.1%</td>
<td>4.6%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Emerging Markets Equity</td>
<td>MSCI Emerging Markets</td>
<td>7.4%</td>
<td>18.7%</td>
<td>18.7%</td>
<td>5.5%</td>
<td>14.0%</td>
</tr>
<tr>
<td><strong>Global Fixed Income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Grade Fixed Income</td>
<td>Barclays US Aggregate</td>
<td>0.1%</td>
<td>7.5%</td>
<td>7.5%</td>
<td>5.3%</td>
<td>4.4%</td>
</tr>
<tr>
<td>Inflation-Linked Securities</td>
<td>Barclays Universal Govt Inflation-Linked</td>
<td>0.8%</td>
<td>9.5%</td>
<td>9.5%</td>
<td>5.9%</td>
<td>6.2%</td>
</tr>
<tr>
<td>High Yield</td>
<td>Barclays Global High Yield (H)</td>
<td>2.0%</td>
<td>5.7%</td>
<td>5.7%</td>
<td>5.2%</td>
<td>7.9%</td>
</tr>
<tr>
<td>Emerging Markets Fixed Income</td>
<td>JP Morgan EM Bonds (UH in USD)</td>
<td>3.5%</td>
<td>2.7%</td>
<td>2.7%</td>
<td>2.1%</td>
<td>2.1%</td>
</tr>
<tr>
<td><strong>Alternative Investments</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Global REITs</td>
<td>FTSE EPRA/NAREIT Global REITs</td>
<td>3.2%</td>
<td>-9.2%</td>
<td>-9.2%</td>
<td>2.1%</td>
<td>5.3%</td>
</tr>
<tr>
<td>Commodities</td>
<td>Bloomberg Commodities</td>
<td>5.0%</td>
<td>-3.1%</td>
<td>-3.1%</td>
<td>-2.7%</td>
<td>1.2%</td>
</tr>
<tr>
<td>MLPs</td>
<td>Alerian MLP</td>
<td>2.5%</td>
<td>-28.7%</td>
<td>-28.7%</td>
<td>-14.1%</td>
<td>-6.2%</td>
</tr>
<tr>
<td>Hedged Strategies</td>
<td>HFRX Global Hedge Fund Index</td>
<td>2.3%</td>
<td>6.6%</td>
<td>6.6%</td>
<td>2.6%</td>
<td>3.2%</td>
</tr>
<tr>
<td>Managed Futures</td>
<td>HFRX Macro/CTA Index</td>
<td>2.9%</td>
<td>4.2%</td>
<td>4.2%</td>
<td>1.9%</td>
<td>1.0%</td>
</tr>
<tr>
<td>Private Real Estate</td>
<td>NCREIF Private Real Estate</td>
<td>-</td>
<td>0.4%</td>
<td>2.0%</td>
<td>5.1%</td>
<td>6.3%</td>
</tr>
<tr>
<td><strong>Global Cash</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>Citigroup 3-month Treasury Bill</td>
<td>0.0%</td>
<td>0.6%</td>
<td>0.6%</td>
<td>1.6%</td>
<td>1.2%</td>
</tr>
<tr>
<td><strong>Other Fixed Income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Municipal Fixed Income</td>
<td>Barclays Municipal Bond</td>
<td>0.6%</td>
<td>5.2%</td>
<td>5.2%</td>
<td>4.6%</td>
<td>3.9%</td>
</tr>
</tbody>
</table>

Source: FactSet, Morgan Stanley Wealth Management GIC. For more information about the risks to Master Limited Partnerships (MLPs), please refer to the Risk Considerations section at the end of this material. Past performance is no guarantee of future results. Estimates of future performance are based on assumptions that may not be realized. This material is not a solicitation of any offer to buy or sell any security or other financial instrument or to participate in any trading strategy. Please refer to important information, disclosures and qualifications at the end of this material. This slide sourced from Market Performance section.
2020’s Recovery was uneven, there were clear winners and losers

As of December 31, 2020

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</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P Weight</td>
<td>100.0%</td>
<td>10.4%</td>
<td>27.6%</td>
<td>13.5%</td>
<td>8.4%</td>
<td>2.3%</td>
<td>12.7%</td>
<td>6.5%</td>
<td>10.8%</td>
<td>2.8%</td>
<td>2.6%</td>
<td>2.4%</td>
</tr>
<tr>
<td>YTD Return</td>
<td>18.4%</td>
<td>-1.7%</td>
<td>43.9%</td>
<td>13.4%</td>
<td>11.1%</td>
<td>-33.7%</td>
<td>33.3%</td>
<td>10.7%</td>
<td>23.6%</td>
<td>0.5%</td>
<td>20.7%</td>
<td>-2.2%</td>
</tr>
<tr>
<td>4Q 2020 Return</td>
<td>12.1%</td>
<td>23.2%</td>
<td>11.8%</td>
<td>8.0%</td>
<td>15.7%</td>
<td>27.8%</td>
<td>8.0%</td>
<td>6.4%</td>
<td>13.8%</td>
<td>6.5%</td>
<td>14.5%</td>
<td>4.9%</td>
</tr>
<tr>
<td>Ret. since Top (October 2007)</td>
<td>217.1</td>
<td>34.1</td>
<td>544.8</td>
<td>305.3</td>
<td>166.3</td>
<td>-29.4</td>
<td>432.7</td>
<td>250.4</td>
<td>121.5</td>
<td>152.3</td>
<td>126.7</td>
<td>106.6</td>
</tr>
<tr>
<td>Ret. since Low (March 2009)</td>
<td>608.6</td>
<td>632.2</td>
<td>1251.0</td>
<td>553.4</td>
<td>631.9</td>
<td>29.3</td>
<td>1133.1</td>
<td>391.4</td>
<td>323.2</td>
<td>341.6</td>
<td>440.0</td>
<td>666.0</td>
</tr>
<tr>
<td>Beta to S&amp;P 500</td>
<td>1.00</td>
<td>1.35</td>
<td>1.09</td>
<td>0.74</td>
<td>1.19</td>
<td>1.20</td>
<td>1.14</td>
<td>0.57</td>
<td>0.69</td>
<td>0.45</td>
<td>1.23</td>
<td>1.15</td>
</tr>
<tr>
<td>Fwd. P/ERatio</td>
<td>21.7x</td>
<td>14.4x</td>
<td>26.5x</td>
<td>16.0x</td>
<td>24.5x</td>
<td>37.2x</td>
<td>32.5x</td>
<td>20.9x</td>
<td>22.7x</td>
<td>18.8x</td>
<td>21.3x</td>
<td>20.3x</td>
</tr>
<tr>
<td>10-Yr Average</td>
<td>15.6x</td>
<td>12.3x</td>
<td>16.1x</td>
<td>14.8x</td>
<td>15.8x</td>
<td>26.4x</td>
<td>18.9x</td>
<td>17.8x</td>
<td>15.3x</td>
<td>16.2x</td>
<td>15.1x</td>
<td>18.0x</td>
</tr>
<tr>
<td>PB Ratio</td>
<td>3.9</td>
<td>1.2</td>
<td>10.0</td>
<td>4.6</td>
<td>5.2</td>
<td>1.2</td>
<td>11.0</td>
<td>6.6</td>
<td>3.9</td>
<td>2.1</td>
<td>3.0</td>
<td>3.4</td>
</tr>
<tr>
<td>10-Yr Average</td>
<td>2.7</td>
<td>1.3</td>
<td>4.0</td>
<td>3.7</td>
<td>3.2</td>
<td>1.9</td>
<td>3.8</td>
<td>4.4</td>
<td>2.4</td>
<td>1.8</td>
<td>2.7</td>
<td>3.0</td>
</tr>
<tr>
<td>Dividend Yield</td>
<td>1.6%</td>
<td>2.2%</td>
<td>1.0%</td>
<td>1.6%</td>
<td>1.6%</td>
<td>6.2%</td>
<td>0.9%</td>
<td>2.6%</td>
<td>1.0%</td>
<td>3.3%</td>
<td>1.8%</td>
<td>3.0%</td>
</tr>
<tr>
<td>10-Yr Average</td>
<td>1.9%</td>
<td>1.8%</td>
<td>1.3%</td>
<td>1.7%</td>
<td>2.0%</td>
<td>2.9%</td>
<td>1.3%</td>
<td>2.8%</td>
<td>4.1%</td>
<td>3.6%</td>
<td>2.1%</td>
<td>2.9%</td>
</tr>
</tbody>
</table>

Source: FactSet, Bloomberg, Morgan Stanley Wealth Management GIC
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There Was a “V-Shaped” Recovery in Growth Following the Lockdowns

Atlanta Fed GDPNow Forecast
As of December 17, 2020

Global Purchasing Manager Indices
As of November 30, 2020

US Imports and Exports (Y/Y, 3M Average)
As of October 31, 2020

US Durable Goods Orders Ex-Transportation (Y/Y)
As of October 31, 2020

Source: Bloomberg, Haver Analytics, EvercoreISI Investor Surveys, Commitments of Traders (COT) Report, Morgan Stanley Wealth Management GIC

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There Was a “V-Shaped” Recovery in Growth Following the Lockdowns

Nonfarm Payrolls’ Change & US Unemployment
As of November 30, 2020

Retail Sales Ex Gas (Y/Y, 3-month average)
As of November 30, 2020

US Personal Savings & Personal Income (Y/Y)
As of October 31, 2020

US Housing (3-month average)
As of November 30, 2020

Source: Bloomberg, Haver Analytics, EvercoreISI Investor Surveys, Commitments of Traders (COT) Report, Morgan Stanley Wealth Management GIC

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Bond Interest Rates Reduced Sharply in 2020

US Treasuries by Maturity
As of December 18, 2020

US Treasury Spreads: 3m10y & 2y10y (Bps)
As of December 18, 2020

Market-Implied Pace of Rate Hikes Over Next 12 Months
As of December 17, 2020

10-Year Government Bond Yield Differentials
As of December 18, 2020

Source: Bloomberg, FactSet, Morgan Stanley Wealth Management GIC
Past performance is no guarantee of future results. Estimates of future performance are based on assumptions that may not be realized. This material is not a solicitation of any offer to buy or sell any security or other financial instrument or to participate in any trading strategy. Please refer to important information, disclosures and qualifications at the end of this material.
Bond Interest Rates Reduced Sharply in 2020

**US 10-Year Real Rates**
As of December 18, 2020

**Positioning in Treasury Futures**
As of December 18, 2020

**Credit Spreads**
As of December 18, 2020

Source: Bloomberg, FactSet, EvercoreISI Investor Surveys, Morgan Stanley Wealth Management GIC
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2020 Presidential Election Potential Aftermath

The Biden Agenda:

Possible Stimulative Measures
- $1.9T Stimulus Package ($2000 checks)
- $2T Climate – Green Revolution
- $2T Expand Obamacare
- $ Expand Unemployment Insurance
- $ Student Loan Forgiveness

Possible Non Stimulative Measures
- Raise Corp Tax to 28%
- Raise Taxes on > $400,000
- Raise Tax on Capital Gains
- Equality Act (May impact Faith Based Organizations who receive Federal Aid)

Source: Joebiden.com
COVID continues to spread at an alarming pace – are we flattening the curve?

Source: Johns Hopkins

As of 2-12-21
Massive Central Bank purchases, combined with massive Fiscal Deficit Spending, are flooding the world with liquidity

38% of the total stimulus is from the U.S.

$28 trillion in global stimulus (33% of global GDP)

U.S. stimulus of about $10.5 trillion is equivalent to about 49% of GDP

The New Business Cycle Will be Defined by Different Parameters, Constraints, and Policy Options Than the Era of Secular Stagnation

How the Economy Moves from Secular Stagnation to COVID-19 Recession and Expansion

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Average Annual US GDP Growth</td>
<td>1.8%</td>
<td>-5.7%</td>
<td>2.5%-3.5%</td>
</tr>
<tr>
<td>10-Year Nominal US Treasury Yield</td>
<td>To &lt;1% from 4%</td>
<td>To&gt;1% from &lt;1%</td>
<td>2.5%-4.0%</td>
</tr>
<tr>
<td>Annual PCE Core Inflation</td>
<td>1.6%</td>
<td>1.3%</td>
<td>2.2%-2.5%</td>
</tr>
<tr>
<td>Trade-Weighted US Dollar Change</td>
<td>28.2%</td>
<td>-8%</td>
<td>-10%</td>
</tr>
<tr>
<td>US Government Debt/GDP</td>
<td>Rose to 100%</td>
<td>103-105%</td>
<td>TBD</td>
</tr>
<tr>
<td>Annual Average Productivity Growth</td>
<td>1.4%</td>
<td>N/A</td>
<td>2.2%</td>
</tr>
<tr>
<td>Average Annual Wage Growth</td>
<td>1.60%</td>
<td>N/A</td>
<td>2.0%+</td>
</tr>
<tr>
<td>Corporate Tax Rate</td>
<td>To 21% from 35%</td>
<td>21%</td>
<td>Expected rise to 28%</td>
</tr>
<tr>
<td>Peak Corporate Profits as Share of GDP</td>
<td>12%</td>
<td>6%</td>
<td>8%</td>
</tr>
<tr>
<td>S&amp;P 500 Average Annual Price Gain</td>
<td>14.8%</td>
<td>7.0%-8.0%</td>
<td>4.5%-5.5%</td>
</tr>
<tr>
<td>Average Trailing Price/Earnings Ratio</td>
<td>24.5</td>
<td>27.0</td>
<td>20.5</td>
</tr>
</tbody>
</table>

Source: Morgan Stanley Wealth Management GIC
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How COVID-19 Has Impacted the Five Ds

COVID-19 Has Accelerated Trends:

Demographics:
• Household formations are accelerating and, on a net yearly change basis, pacing at 4.9 million in June 2020
• The global pandemic revealed the risks of dense urban environment and, with the widespread viability of work-from-home options, people are rushing to the suburbs and away from cities

Deglobalization:
• With tariffs, intellectual property protection and cybersecurity concerns already underpinning a movement toward reshoring supply chains, the health security and strategic supply-chain control issues raised by the pandemic lend credence to the trend

Digitization 2.0:
• This recession necessitated a “contactless” economy, accelerating many digitization trends already in motion: internet retailing/e-commerce; social media adoption; digital payment systems; and online banking. This type of accelerated adoption tends to be catalytic: It transforms business models, creates profit opportunities, and energizes the mobility of labor

COVID-19 Has Impacted Policy Responses:

Dollar Debasement:
• The extensive action taken by both monetary and fiscal policymakers will come at a cost, namely much higher levels of debt and likely continued dollar debasement.
• Nevertheless, dollar debasement could help to address the threat of looming deflation, while higher debt levels could encourage a normalization in interest rates; both are necessary elements to encourage sustained higher levels of capital investment

Debt Monetization:
• With the Fed out of conventional policy options, it will be forced to consider ever more innovative tools: negative interest rates, yield curve control, and/or complete debt monetization
• The response to our current crisis has continued the trend of increasingly active interventions on the part of central bankers, who are now directly supporting and even buying bonds issued by public corporations, even potentially risky high yield issuers

Source: Morgan Stanley Wealth Management GIC
Economic Stimulus Has Increased Excess Savings, Retail Sales and Manufacturing, Suggesting a V-Shaped Recovery

“Savings Buffer” Likely to Support a V-Shaped Recovery

As of November 6, 2020

Retail Sales Have Already Recovered, Reaching New Highs

As of November 6, 2020

Data Suggests a V-Shaped Global Economic Recovery Is Underway

As of October 16, 2020

Source: Bloomberg

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Positioning for the Post COVID-19 New Bull Market
As of November 30, 2020

<table>
<thead>
<tr>
<th>Post-GFC &quot;Age Of Secular Stagnation&quot;</th>
<th>Post-COVID-19 New Bull Market</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Equities</strong></td>
<td></td>
</tr>
<tr>
<td>Regions</td>
<td>US</td>
</tr>
<tr>
<td>Sectors</td>
<td>Tech, defensives</td>
</tr>
<tr>
<td>Themes</td>
<td>Smart phone ecosystem, social media</td>
</tr>
<tr>
<td>Capitalization</td>
<td>Mega cap</td>
</tr>
<tr>
<td>Factors</td>
<td>Low volatility, momentum</td>
</tr>
<tr>
<td>Exposure</td>
<td>Passive</td>
</tr>
<tr>
<td>US Dollar</td>
<td>Hedged</td>
</tr>
<tr>
<td><strong>Fixed Income</strong></td>
<td></td>
</tr>
<tr>
<td>Rates Positioning</td>
<td>Long</td>
</tr>
<tr>
<td>Credit Exposure</td>
<td>BBB, high yield</td>
</tr>
<tr>
<td><strong>Alternatives</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Private equity, Private credit</td>
</tr>
</tbody>
</table>
Fund Overview

Fund Assets Under Management
$73.16m

Annual Investment Management Costs*
0.29%

Description

The Long Term Portfolio’s objective is to preserve capital and income while maintaining purchasing power and maximizing excess investment returns over inflation.

About Performance

*The investment results depicted herein represent historical Net performance after the deduction of investment manager and portfolio implementation costs.

Annual, cumulative and annualized total returns are calculated assuming reinvestment of dividends and income plus capital appreciation. Performance for periods greater than one year is annualized. The performance data presented has been prepared by the fund or its sponsor.

Past performance is not a guarantee of future results.

Target Asset Allocation

Long Term Fund (Nonprofit Endowments)

Multi-Period Performance Analysis

Calendar Year Performance Analysis

Long-Term Portfolio

13.45 17.53 -5.01 15.35 7.88 -2.00 3.90 18.76 13.71

Long-Term Benchmark

13.08 18.51 -5.04 14.37 5.66 -0.82 5.06 11.07 10.89
<table>
<thead>
<tr>
<th>Asset Class / Manager</th>
<th>Benchmark</th>
<th>Benchmark Allocation</th>
<th>Average Allocation</th>
<th>Benchmark Index Return</th>
<th>CFF Asset Class Return</th>
<th>Benchmark Allocation Attribution</th>
<th>Asset Allocation Effect</th>
<th>Manager Selection Effect</th>
<th>Portfolio Attribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities</td>
<td>MSCI ACWI</td>
<td>55.0%</td>
<td>56.0%</td>
<td>16.26%</td>
<td>19.06%</td>
<td>8.94%</td>
<td>0.16%</td>
<td>1.57%</td>
<td>10.67%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>Bloomberg Barclays US Aggregate</td>
<td>45.0%</td>
<td>44.0%</td>
<td>7.51%</td>
<td>6.26%</td>
<td>4.06%</td>
<td>-0.76%</td>
<td>-0.55%</td>
<td>2.75%</td>
</tr>
<tr>
<td>Cash</td>
<td>90-Day Treasury Bill</td>
<td>0.0%</td>
<td>0.0%</td>
<td>2.25%</td>
<td>0.98%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Attribution Totals</td>
<td></td>
<td>100.0%</td>
<td>100.0%</td>
<td>13.08%</td>
<td>-0.59%</td>
<td>1.02%</td>
<td>13.45%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Since Inception (01/01/2010) Risk / Return Analysis

<table>
<thead>
<tr>
<th>Portfolio</th>
<th>Return (%)</th>
<th>Standard Deviation (%)</th>
<th>Sharpe Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-Term Fund</td>
<td>8.16</td>
<td>8.60</td>
<td>0.89</td>
</tr>
<tr>
<td>55% MSCI ACWI / 45% BC Agg</td>
<td>7.31</td>
<td>8.09</td>
<td>0.84</td>
</tr>
<tr>
<td>All Endowments &amp; Foundations &lt; $100MM Median</td>
<td>7.94</td>
<td>9.52</td>
<td>0.81</td>
</tr>
</tbody>
</table>
Long Term Fund (Nonprofit Endowments)

- Domestic Equities: 34.8%
- Global Fixed Income: 39.2%
- Emerging Markets: 5.5%
- Developed International: 20.5%
- Cash: 0.0%

**Statistics**

<table>
<thead>
<tr>
<th>STATISTICS</th>
<th>BM</th>
<th>LTP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected Ann. Return (7Y)</td>
<td>4.2%</td>
<td>4.5%</td>
</tr>
<tr>
<td>Expected Ann. Return (Blend)</td>
<td>5.3%</td>
<td>5.6%</td>
</tr>
<tr>
<td>Expected Ann. Return (20Y)</td>
<td>5.9%</td>
<td>6.2%</td>
</tr>
<tr>
<td>Expected Ann. Volatility</td>
<td>8.8%</td>
<td>9.0%</td>
</tr>
<tr>
<td>Sharpe Ratio</td>
<td>0.36</td>
<td>0.39</td>
</tr>
<tr>
<td>Diversification Ratio</td>
<td>15.4%</td>
<td>23.7%</td>
</tr>
<tr>
<td>Yield</td>
<td>2.5%</td>
<td>2.5%</td>
</tr>
</tbody>
</table>
Short Term Portfolio: Donor Advised Funds

**Fund Overview**

**Fund Assets Under Management**
$16.69m

**Annual Investment Management Costs***
0.20%

**Description**

The Short Term Portfolio’s objective is to maximize capital appreciation and income while maintaining purchasing power and excess investment returns over inflation.

**About Performance**

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Annual, cumulative and annualized total returns are calculated assuming reinvestment of dividends and income plus capital appreciation. Performance for periods greater than one year is annualized. The performance data presented has been prepared by the fund or its sponsor. Past performance is not a guarantee of future results.

**Target Asset Allocation**

*Short-term benchmark consist of: 20% MSCI All Country World Index, 75% Bloomberg Barclays US Aggregate 1-3 Yr Index, and 5% 90-day Treasury Bill.*
<table>
<thead>
<tr>
<th>Asset Class / Manager</th>
<th>Benchmark</th>
<th>Benchmark Allocation</th>
<th>Average Allocation</th>
<th>Benchmark Index Return</th>
<th>CFF Asset Class Return</th>
<th>Benchmark Allocation Attribution</th>
<th>Asset Allocation Effect</th>
<th>Manager Selection Effect</th>
<th>Portfolio Attribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities</td>
<td>MSCI ACWI</td>
<td>20.0%</td>
<td>25.0%</td>
<td>16.26%</td>
<td>19.18%</td>
<td>3.46%</td>
<td>0.61%</td>
<td>0.74%</td>
<td>4.81%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>Bloomberg Barclays US Agg 1-3 Yr</td>
<td>75.0%</td>
<td>75.0%</td>
<td>3.08%</td>
<td>3.79%</td>
<td>2.52%</td>
<td>-0.20%</td>
<td>0.54%</td>
<td>2.86%</td>
</tr>
<tr>
<td>Cash</td>
<td>90-Day Treasury Bill</td>
<td>5.0%</td>
<td>0.0%</td>
<td>0.58%</td>
<td>0.00%</td>
<td>0.03%</td>
<td>-0.03%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

| Attribution Totals      |                            | 100.0%               | 100.0%             | 6.01%                  | 0.38%                  | 1.28%                            | 7.67%                  |
Since Inception (01/01/2010) Risk / Return Analysis

<table>
<thead>
<tr>
<th>Portfolio Type</th>
<th>Return (%)</th>
<th>Standard Deviation (%)</th>
<th>Sharpe Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-Term Portfolio</td>
<td>5.27</td>
<td>3.93</td>
<td>1.18</td>
</tr>
<tr>
<td>20% MSCI ACWI / 75% BC Agg / 5% T-Bill</td>
<td>3.32</td>
<td>2.95</td>
<td>0.93</td>
</tr>
<tr>
<td>All Endowments &amp; Foundations &lt; $100MM Median</td>
<td>7.94</td>
<td>9.52</td>
<td>0.81</td>
</tr>
<tr>
<td>All Foundations-US Fixed Income Segment Median</td>
<td>4.07</td>
<td>3.12</td>
<td>1.16</td>
</tr>
</tbody>
</table>
Short-Term Portfolio: Donor Advised Funds Asset Allocation

December 31, 2020

Global Fixed Income 78.1%

Domestic Equities 12.9%
Developed International 6.5%
Emerging Markets 2.5%

STATISTICS

<table>
<thead>
<tr>
<th></th>
<th>BM</th>
<th>STP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected Ann. Return (7Y)</td>
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<td>2.6%</td>
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<tr>
<td>Expected Ann. Return (Blend)</td>
<td>3.5%</td>
<td>3.7%</td>
</tr>
<tr>
<td>Expected Ann. Return (20Y)</td>
<td>4.1%</td>
<td>4.2%</td>
</tr>
<tr>
<td>Expected Ann. Volatility</td>
<td>3.7%</td>
<td>3.7%</td>
</tr>
<tr>
<td>Sharpe Ratio</td>
<td>0.38</td>
<td>0.41</td>
</tr>
<tr>
<td>Diversification Ratio</td>
<td>24.3%</td>
<td>32.4%</td>
</tr>
<tr>
<td>Yield</td>
<td>2.4%</td>
<td>2.4%</td>
</tr>
</tbody>
</table>
Rolling 3 Year Returns vs Benchmark

<table>
<thead>
<tr>
<th>3 Years Ending</th>
<th>Return (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec-2014</td>
<td>3.2</td>
</tr>
<tr>
<td>Mar-2015</td>
<td>3.2</td>
</tr>
<tr>
<td>Jun-2015</td>
<td>3.2</td>
</tr>
<tr>
<td>Sep-2015</td>
<td>3.2</td>
</tr>
<tr>
<td>Dec-2015</td>
<td>3.2</td>
</tr>
<tr>
<td>Mar-2016</td>
<td>3.2</td>
</tr>
<tr>
<td>Jun-2016</td>
<td>3.2</td>
</tr>
<tr>
<td>Sep-2016</td>
<td>3.2</td>
</tr>
<tr>
<td>Dec-2016</td>
<td>3.2</td>
</tr>
<tr>
<td>Mar-2017</td>
<td>3.2</td>
</tr>
<tr>
<td>Jun-2017</td>
<td>3.2</td>
</tr>
<tr>
<td>Sep-2017</td>
<td>3.2</td>
</tr>
<tr>
<td>Dec-2017</td>
<td>3.2</td>
</tr>
<tr>
<td>Mar-2018</td>
<td>3.2</td>
</tr>
<tr>
<td>Jun-2018</td>
<td>3.2</td>
</tr>
<tr>
<td>Sep-2018</td>
<td>3.2</td>
</tr>
<tr>
<td>Dec-2018</td>
<td>3.2</td>
</tr>
<tr>
<td>Mar-2019</td>
<td>3.2</td>
</tr>
<tr>
<td>Jun-2019</td>
<td>3.2</td>
</tr>
<tr>
<td>Sep-2019</td>
<td>3.2</td>
</tr>
<tr>
<td>Dec-2019</td>
<td>3.2</td>
</tr>
<tr>
<td>Mar-2020</td>
<td>3.2</td>
</tr>
<tr>
<td>Jun-2020</td>
<td>3.2</td>
</tr>
<tr>
<td>Sep-2020</td>
<td>3.2</td>
</tr>
<tr>
<td>Dec-2020</td>
<td>3.2</td>
</tr>
</tbody>
</table>
Investing with Impact: From Niche to Mainstream

- **1898**: Quakers Friends Fiduciary Corporation founded and adopts no weapons, alcohol or tobacco investment policy
- **1935**: Morgan Stanley is founded
- **1971**: First ethical investment vehicle launched: the Pax World Balanced Fund
- **1993**: $625 billion in investments screened to exclude South Africa as result of apartheid
- **1999**: Dow Jones Sustainability Index created (DJSI)
- **2000s**: Norway Government Pension and CalPERS (US’s largest pension), pledge 100% integration of sustainability in 15-years
- **2000**: Carbon Disclosure Project (CDP) launched to develop a global environmental disclosure system
- **2006**: UN-supported Principles for Responsible Investment (PRI) is launched for asset owners and managers as a voluntary set of investment principles for incorporating ESG into investment practices
- **2007**: Rockefeller Foundation launches ‘Impact Investing’ initiative and the term emerges globally
- **2009**: Morgan Stanley forms Global Sustainable Finance to integrate sustainability across core businesses
- **2012**: Morgan Stanley Wealth Management launches the Investing with Impact Platform
- **2013**: Morgan Stanley launches Institute for Sustainable Investing
- **2014**: Signatories of the PRI reaches $45 trillion AUM
- **2015**: Department of Labor ruling facilitated the ability for employers to add sustainable and impact investment fund options to their plan choices; 17 United Nations Sustainable Development Goals launched as a global framework for sustainable development
- **2016**: Morgan Stanley Exceeds 5-Year Investing With Impact Asset Goal, with $25 billion in client assets
- **2017**: Morgan Stanley launches Advisor designation to recognize Investing with Impact leadership; UBS commits to directing $5 billion of client assets to impact investments by 2021
- **2018**: Morgan Stanley Launches Morgan Stanley Impact Quotient® a proprietary impact reporting application to help investors understand the environmental and social impact of their investments
- **2019**: Morgan Stanley launches Morgan Stanley Impact Quotient® a proprietary impact reporting application to help investors understand the environmental and social impact of their investments
- **2020**: An estimated US$17.1 trillion, or 1 in 3 dollars invested in the US use socially responsible investing strategies, representing 42% growth from 2018
- **2020**: Blackrock commits to displaying carbon footprint for all BlackRock mutual funds and commits to divest from companies generating 25%+ of revenues from thermal coal production in active investments by year end
- **Sep-2020**: ~70 Advisors with Investing with Impact Director designation; Morgan Stanley Wealth Management Investing with Impact Platform surpasses $47 billion in client assets

Morgan Stanley
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The Future is Bright for Investing with Impact

86% of individual investors believe companies with leading sustainability practices may be better long-term investments\(^1\)

2050

Year that the business opportunities for sustainability-focused companies are expected to be between $3 trillion and $10 trillion annually, or up to 4.5% of global GDP\(^2\)

85% of U.S active investors are interested in sustainable investing\(^3\)

Companies are improving their competitive position by adjusting their business strategies to address long-term global themes / megatrends, including: Climate Change, Health & Wellbeing, Inclusion, Resource Management, Safety & Security\(^3\)

81% of asset owners\(^4\) say their decision to sustainable strategies is in response to client demand

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

\(^3\) Morgan Stanley & Co. Sustainability Research

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Investors Care About Investing with Impact

Globally, one in three dollars is invested with a focus on sustainability, up 73% since 2014

- **Individual Investors:** 85% of U.S. active individual investors describe themselves as interested in sustainable investing.

- **Next Generation Investors:** 95% of millennial active individual investors describe themselves as interested in sustainable investing.

![Sustainable Assets by Region (US$ Trillions)](image)

**Asset Owners Are Driven by a Range of Motivations**

<table>
<thead>
<tr>
<th>Motivation</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk Management</td>
<td>75%</td>
</tr>
<tr>
<td>Mission Alignment</td>
<td>64%</td>
</tr>
<tr>
<td>Return Potential</td>
<td>78%</td>
</tr>
<tr>
<td>Evolving Policies and Regulations</td>
<td>76%</td>
</tr>
<tr>
<td>Constituent and Stakeholder Demand</td>
<td>81%</td>
</tr>
</tbody>
</table>

Note: Percentages reflect motivations identified as "extremely" or "somewhat" important.

95% of asset owners are either already integrating ESG criteria – or actively considering integration of ESG criteria – within their investment process.

Among asset owners integrating ESG criteria, 73% have begun doing so within the last 4 years – with 45% doing so in the last 2 years.

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Community First Foundation ESG / Impact Objectives

**Portfolio Preferences**

**Portfolio Integration Approach**
- Tilt portfolio toward specific themes or objectives

**Available Investment Opportunities**
- Public market investments (e.g., Public Equities, Fixed Income, Multi-Asset)

**Approaches to Investing with Impact**
- Restriction Screening
- Shareholder Engagement

**Impact Preferences**

**Impact Objectives**
- **Climate Action**
  - Cleaner Energy Sources
  - Climate Disclosure
  - Climate Footprint
  - Energy Efficiency
  - Natural Resource Solutions
  - Natural Resource Use
- **Fossil Fuel Aware**
  - Cleaner Energy Sources
  - Climate Disclosure
  - Climate Footprint
  - Energy Efficiency
- **Customized Impact Objectives**
  - Diversity in Leadership
  - Governance Practices
  - Human Rights Record

**Issues of Concern**
- Environment (Bottom 5% Performers)
- Human Rights (Bottom 5% Performers)
- Weapons (Firearms)

**Portfolio Activation**

**Short Term Portfolio**
- 48% Activated

**Long Term Fund**
- 47% Activated

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ESG Data Provided by MSCI, EQUILEAP, ISS ESG

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ESG Screening Has Proven Beneficial To Returns Versus Non-ESG Screening

Manager vs Benchmark: Return
January 2010 - December 2020 (not annualized if less than 1 year)

Past performance is no guarantee of future results. Estimates of future performance are based on assumptions that may not be realized. This material is not a solicitation of any offer to buy or sell any security or other financial instrument or to participate in any trading strategy. Please refer to important information, disclosures and qualifications at the end of this material.
ESG Screening Has Proven Beneficial To Returns Versus Non-ESG Screening

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Break

See you in 5!
Q&A
Thank you so much!

Please take our survey
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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 suitable for you. Please see the Morgan Stanley Smith Barney LLC program disclosure brochure (the “Morgan Stanley ADV”) for more information in the investment advisory programs available. The Morgan Stanley ADV is available at [www.morganstanley.com/ADV](http://www.morganstanley.com/ADV). Information in this material in this report has been obtained from sources that we believe to be reliable, but we do not guarantee its accuracy, completeness or timeliness. Third-party data providers make no warranties or representations relating to the accuracy, completeness or timeliness of the data they provide and are not liable for any damages relating to this data. All opinions included in this material constitute the Firm's judgment as of the date of this material and are subject to change without notice. This material was not prepared by the research departments of Morgan Stanley & Co. LLC or Morgan Stanley Smith Barney LLC. Some historical figures may be revised due to newly identified programs, firm restatements, etc.

Global Investment Manager Analysis (GIMA) 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. 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 Wealth Management. Your Financial Advisor or Private Wealth Advisor can also provide upon request a copy of a publication entitled “Manager Selection Process.”

The Global Investment Committee is a group of seasoned investment professionals who meet regularly to discuss the global economy and markets. The committee determines the investment outlook that guides our advice to clients. They continually monitor developing economic and market conditions, review tactical outlooks and recommend model portfolio weightings, as well as produce a suite of strategy, analysis, commentary, portfolio positioning suggestions and other reports and broadcasts.

The GIC Asset Allocation Models are not available to be directly implemented as part of an investment advisory service and should not be regarded as a recommendation of any Morgan Stanley investment advisory service. The GIC Asset Allocation Models do not represent actual trading or any type of account or any type of investment strategies and none of the fees or other expenses (e.g. commissions, mark-ups, mark-downs, advisory fees, fund expenses) associated with actual trading or accounts are reflected in the GIC Asset Allocation Models which , when compounded over a period of years, would decrease returns.

Adverse Active Alpha (AAA) is a patented screening and scoring process designed to help identify high-quality equity and fixed income managers with characteristics that may lead to future outperformance relative to index and peers. While highly ranked managers performed well as a group in our Adverse Active Alpha model back tests, not all of the managers will outperform. Please note that this data may be derived from back-testing, which has the benefit of hindsight. In addition, highly ranked managers can have differing risk profiles that might not be suitable for all investors. Our view is that Adverse Active Alpha is a good starting point and should be used in conjunction with other information. Morgan Stanley Wealth Management’s qualitative and quantitative investment manager due diligence process are equally important factors for investors when considering managers for use through an investment advisory program. Factors including, but not limited to, manager turnover and changes to investment process can partially or fully negate a positive Adverse Active Alpha ranking. Additionally, highly ranked managers can have differing risk profiles that might not be...
suitable for all investors. For more information on AAA, please see the Adverse Active Alpha Ranking Model and Selecting Managers with Adverse Active Alpha whitepapers. The whitepaper are available from your Financial Advisor or Private Wealth Advisor. ADVERSE ACTIVE ALPHA is a registered service mark of Morgan Stanley and/or its affiliates. U.S. Pat. No. 8,756,098 applies to the Adverse Active Alpha system and/or methodology.

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 Wealth Management). If you do not invest through one of these investment advisory programs, Morgan Stanley Wealth Management is not obligated to provide you notice of any GIMA Status changes even though it may give notice to clients in other programs.

Strategy May Be Available as a Separately Managed Account or Mutual Fund Strategies are sometimes available in Morgan Stanley Wealth Management investment advisory programs both in the form of a separately managed account (“SMA”) and a mutual fund. These may have different expenses and investment minimums. Your Financial Advisor or Private Wealth Advisor can provide more information on whether any particular strategy is available in more than one form in a particular investment advisory program. In most Morgan Stanley Wealth Management investment advisory accounts, fees are deducted quarterly and have a compounding effect on performance. For example, on an advisory account with a 3% annual fee, if the gross annual performance is 6.00%, the compounding effect of the fees will result in a net performance of approximately 3.93% after one year, 1 after three years, and 21.23% after five years. Conflicts of Interest: GIMA’s goal is to provide professional, objective evaluations in support of the Morgan Stanley Wealth Management investment advisory programs. We have policies and procedures to help us meet this goal. However, our business is subject to various conflicts of interest. For example, ideas and suggestions for which investment products should be evaluated by GIMA come from a variety of sources, including our Morgan Stanley Wealth Management Financial Advisors and their direct or indirect managers, and other business persons within Morgan Stanley Wealth Management or its affiliates. Such persons may have an ongoing business relationship with certain investment managers or mutual fund companies whereby they, Morgan Stanley Wealth Management or its affiliates receive compensation from, or otherwise related to, those investment managers or mutual funds. For example, a Financial Advisor may suggest that GIMA evaluates an investment manager or fund in which a portion of his or her clients’ assets are already invested. While such a recommendation is permissible, GIMA is responsible for the opinions expressed by GIMA. See the conflicts of interest section in the applicable Form ADV Disclosure Document for Morgan Stanley Wealth Management for a discussion of other types of conflicts that may be relevant to GIMA’s evaluation of managers and funds. In addition, Morgan Stanley Wealth Management, MS & Co., managers and their affiliates provide a variety of services (including research, brokerage, asset management, trading, lending and investment banking services) for each other and for various clients, including issuers of securities that may be recommended for purchase or sale by clients or are otherwise held in client accounts, and managers in various advisory programs. Morgan Stanley Wealth Management, managers, MS & Co., and their affiliates receive compensation and fees in connection with these services. Morgan Stanley Wealth Management believes that the nature and range of clients to which such services are rendered is such that it would be inadvisable to exclude categorically all of these companies from an account.

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 that increases along with the management fee of the fund so that lower management fee funds pay lower rates than those with higher management fees.

Consider Your Own Investment Needs: The model portfolios and strategies discussed in the material are formulated based on general client characteristics including risk tolerance. This material is not intended to be a client-specific suitability analysis or recommendation, or offer to participate in any investment. Therefore, clients should not use this profile as the sole basis for investment decisions. They should consider all relevant information, including their existing portfolio, investment objectives, risk tolerance, liquidity needs and investment time horizon. Such a suitability determination may lead to asset allocation results that are materially different from the asset allocation shown in this profile. Talk to your Financial Advisor about what would be a suitable asset allocation for you, whether it would be inadvisable to exclude categorically all of these companies from an account.

No obligation to notify – Morgan Stanley Wealth Management has no obligation to notify you when the model portfolios, strategies, or any other information, in this material changes.

Please consider the investment objectives, risks, fees, and charges and expenses of mutual funds, ETFs, closed end funds, unit investment trusts, and variable insurance products 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 or visit the Morgan Stanley website at www.morganstanley.com. Please read it carefully before investing.

An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of your investment at $1.00 per share, it is possible to lose money by investing in the fund.

The type of mutual funds and ETFs discussed in this presentation utilizes nontraditional or complex investment strategies and/or derivatives. Examples of these types of funds include those that utilize
one or more of the below noted investment strategies or categories or which seek exposure to the following markets: (1) commodities (e.g., agricultural, energy and metals), currency, precious metals; (2) managed futures; (3) leveraged, inverse or inverse leveraged; (4) bear market, hedging, long-short equity, market neutral; (5) real estate; (6) volatility (seeking exposure to the CBOE VIX Index). Investors should keep in mind that while mutual funds and ETFs may, at times, utilize nontraditional investment options and strategies, they should not be equated with unregistered privately offered alternative investments. Because of regulatory limitations, mutual funds and ETFs that seek alternative-like investment exposure must utilize a more limited investment universe. As a result, investment returns and portfolio characteristics of alternative mutual funds and ETFs may vary from traditional hedge funds pursuing similar investment objectives. Moreover, traditional hedge funds have limited liquidity with long “lock-up” periods allowing them to pursue investment strategies without having to factor in the need to meet client redemptions and ETFs trade on an exchange. On the other hand, mutual funds typically must meet daily client redemptions. This differing liquidity profile can have a material impact on the investment returns generated by a mutual or ETF pursuing an alternative investing strategy compared with a traditional hedge fund pursuing the same strategy.

Nontraditional investment options and strategies are often employed by a portfolio manager to further a fund’s investment objective and to help offset market risks. However, these features may be complex, making it more difficult to understand the fund’s essential characteristics and risks, and how it will perform in different market environments and over various periods of time. They may also expose the fund to increased volatility and unanticipated risks particularly when used in complex combinations and/or accompanied by the use of borrowing or “leverage."

KEY ASSET CLASS CONSIDERATIONS AND OTHER RISKS

Investing in the markets entails the risk of market volatility. The value of all types of investments, including stocks, mutual funds, exchange-traded funds (“ETFs”), closed-end funds, and unit investment trusts, may increase or decrease over varying time periods. To the extent the investments depicted herein represent international securities, you should be aware that there may be additional risks associated with international investing, including foreign economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes, and differences in financial and accounting standards. These risks may be magnified in emerging markets and frontier markets. Small- and mid-capitalization companies may not trade as readily as, and be subject to higher volatility than, those of larger, more established companies. The value of fixed income securities will fluctuate and, upon a sale, may be worth more or less than their original cost or maturity value. Bonds are subject to interest rate risk, call risk, reinvestment risk, liquidity risk, and credit risk of the issuer. High yield bonds are subject to additional risks such as increased risk of default and greater volatility because of the lower credit quality of the issues. In the case of municipal bonds, income is generally exempt from federal income taxes. Some income may be subject to state and local taxes and to the federal alternative minimum tax. Capital gains, if any, are subject to tax. Treasury Inflation Protection Securities (“TIPS”) coupon payments and underlying principal are automatically increased to compensate for inflation by tracking the consumer price index (CPI). While the real rate of return is guaranteed, TIPS tend to offer a lower return. Because the return of TIPS is linked to inflation, TIPS may significantly underperform versus conventional U.S. Treasuries in times of low inflation. There is no guarantee that investors will receive par if TIPS are sold prior to maturity. The returns on a portfolio consisting primarily of environmental, social, and governance-aware investments ("ESG") may be lower or higher than a portfolio that is more diversified or where decisions are based solely on investment considerations. Because ESG 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. The companies identified and investment examples are for illustrative purposes only and should not be deemed a recommendation to purchase, hold or sell any securities or investment products. They are intended to demonstrate the approaches taken by managers who focus on ESG criteria in their investment strategy. There can be no guarantee that a client’s account will be managed as described herein. Options and margin trading involve substantial risk and are not suitable for all investors. Besides the general investment risk of holding securities that may decline in value and the possible loss of principal invested, closed-end funds may have additional risks related to declining market prices relative to net asset values (NAVs), active manager underperformance and potential leverage. Closed-end funds, unlike open-end funds, are not continuously offered. There is a one-time public offering and once issued, shares of closed-end funds are sold in the open market through a stock exchange. NAV is total assets less total liabilities divided by the number of shares outstanding. At the time an investor purchases shares of a closed-end fund, shares may have a market price that is above or below NAV. Portfolios that invest a large percentage of assets in only one industry sector (or in only a few sectors) are more vulnerable to price fluctuation than those that diversify among a broad range of sectors.

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 suitable 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. Certain of these risks may include but are not limited to: Loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative practices; Lack of liquidity in that there may be no secondary market for a fund; Volatility of returns; Restrictions on transferring interests in a fund; Potential lack of diversification and resulting higher risk due to concentration of trading authority when a single advisor is utilized; Absence of information regarding valuations and pricing; Complex tax structures and delays in tax reporting; Less regulation and higher fees than mutual funds; Risks associated with the operations, personnel, and processes of the manager; and Risks associated with cybersecurity. As a diversified global financial services firm, Morgan Stanley Wealth Management engages in a broad spectrum of activities including financial advisory services, investment management activities, sponsoring and managing private investment...
funds, engaging in broker-dealer transactions and principal securities, commodities and foreign exchange transactions, research publication, and other activities. In the ordinary course of its business, Morgan Stanley Wealth Management therefore engages in activities where Morgan Stanley Wealth Management’s interests may conflict with the interests of its clients, including the private investment funds it manages. Morgan Stanley Wealth Management can give no assurance that conflicts of interest will be resolved in favor of its clients or any such fund. All expressions of opinion are subject to change without notice and are not intended to be a forecast of future events or results. Further, opinions expressed herein may differ from the opinions expressed by Morgan Stanley Wealth Management and/or other businesses/affiliates of Morgan Stanley Wealth Management. 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These limitations include survivorship bias (the returns of the indices may not be representative of all the hedge funds in the universe because of the tendency of lower performing funds to leave the index); heterogeneity (not all hedge funds are alike or comparable to one another, and the index may not accurately reflect the performance of a described style); and limited data (many hedge funds do not report to indices, and the index may omit funds, the inclusion of which might significantly affect the performance shown. The HFRI indices are based on information self-reported by hedge fund managers that decide on their own, at any time, whether or not they want to provide, or continue to provide, information to HFR Asset Management, L.L.C. Results for funds that go out of business are included in the index until the date that they cease operations. Therefore, these indices may not be complete or accurate representations of the hedge fund universe, and may be biased in several ways. Composite index results are shown for illustrative purposes and do not represent the performance of a specific investment. Individual funds have specific tax risks related to their investment programs that will vary from fund to fund. Clients should consult their own tax and legal advisors as Morgan Stanley Wealth Management does not provide tax or legal advice. Interests in alternative investment products are offered pursuant to the terms of the applicable offering memorandum, are distributed by Morgan Stanley Wealth Management and certain of its affiliates, and (1) are not FDIC-insured, (2) are not deposits or other obligations of Morgan Stanley Wealth Management or any of its affiliates, (3) are not guaranteed by Morgan Stanley Wealth Management and certain of its affiliates, and (4) involve investment risks, including possible loss of principal. Morgan Stanley Wealth Management is a registered broker-dealer, not a bank. 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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 suitable for all investors. As a diversified global financial services firm, Morgan Stanley Wealth Management engages in a broad spectrum of activities including financial advisory services, investment management activities, sponsoring and managing private investment funds, engaging in broker-dealer transactions and principal securities, commodities and foreign exchange transactions, research publication, and other activities. In the ordinary course of its business, Morgan Stanley Wealth Management therefore engages in activities where Morgan Stanley Wealth Management’s interests may conflict with the interests of its clients, including the private investment funds it manages. Morgan Stanley Wealth Management can give no assurance that conflicts of interest will be resolved in favor of its clients or any such fund. Alternative investments involve complex tax structures, tax inefficient investing, and delays in distributing important tax information. Individual funds have specific tax risks related to their investment programs that will vary from fund to fund. Clients should consult their own tax and legal advisors as Morgan Stanley Wealth Management does not provide tax or legal advice. A majority of Alternative Investment managers reviewed and selected by GIMA pay or cause to be paid an ongoing fee for distribution from their management fees to Morgan Stanley Wealth Management in connection with Morgan Stanley Wealth Management clients that purchase an interest in an Alternative Investment and in some instances pay these fees on the investments held by advisory clients. Morgan Stanley Wealth Management rebates such fees that are received and attributable to an investment held by an advisory client and retains the fees paid in connection with investments held by brokerage clients. Morgan Stanley Wealth Management has a conflict of interest in offering alternative investments because Morgan Stanley Wealth Management or our affiliates, in most instances, earn more money in your account from your investments in alternative investments than from other investment options. It should be noted that the majority of hedge fund indexes are comprised of hedge fund manager returns. This is in contrast to traditional indexes, which are comprised of individual securities in the various market segments they represent and offer complete transparency as to membership and construction methodology. As such, some believe that hedge fund index returns have certain biases that are not present in traditional indexes. Some of these biases inflate index performance, while others may skew performance negatively. However, many studies indicate that overall hedge fund index performance has been biased to the upside. Some studies suggest performance has been inflated by up to 260 basis points or more annually depending on the types of biases included and the time period studied. Although there are numerous potential biases that could affect hedge fund returns, we identify some of the more common ones throughout this paper. Self-selection bias results when certain manager returns are not included in the index returns and may result in performance being skewed up or down. Because hedge funds are private placements, hedge fund managers are able to decide which fund returns they want to report and are able to opt out of reporting to the various databases. Certain hedge fund managers may choose only to report
returns for funds with strong returns and opt out of reporting returns for weak performers. Other hedge funds that close may decide to stop reporting in order to retain secrecy, which may cause a downward bias in returns.

Survivorship bias results when certain constituents are removed from an index. This often results from the closure of funds due to poor performance, “blow ups,” or other such events. As such, this bias typically results in performance being skewed higher. As noted, hedge fund index performance biases can result in positive or negative skew. However, it would appear that the skew is more often positive. While it is difficult to quantify the effects precisely, investors should be aware that idiosyncratic factors may be giving hedge fund index returns an artificial “lift” or upwards bias.

Hedge Funds of Funds and many funds of funds are private investment vehicles restricted to certain qualified private and institutional investors. They are often speculative and include a high degree of risk. Investors can lose all or a substantial amount of their investment. They may be highly illiquid, can engage in leverage and other speculative practices that may increase volatility and the risk of loss, and may be subject to large investment minimums and initial lockups. They involve complex tax structures, tax-inefficient investing and delays in distributing important tax information. Categorically, hedge funds and funds of funds have higher fees and expenses than traditional investments, and such fees and expenses can lower the returns achieved by investors. Funds of funds have an additional layer of fees over and above hedge fund fees that will offset returns. An investment in an exchange-traded fund involves risks similar to those of investing in a broadly based portfolio of equity securities traded on an 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 and bond prices. An investment in a target date portfolio is subject to the risks attendant to the underlying funds in which it invests, in these portfolios the funds are the Consulting Group Capital Market funds. A target date portfolio is geared to investors who will retire and/or require income at an approximate year. The portfolio is managed to meet the investor’s goals by the pre-established year or “target date.” A target date portfolio will transition its invested assets from a more aggressive portfolio to a more conservative portfolio as the target date draws closer. An investment in the target date portfolio is not guaranteed at any time, including, before or after the target date is reached. Managed futures investments are speculative, involve a high degree of risk, use significant leverage, are generally illiquid, have substantial charges, subject investors to conflicts of interest, and are suitable only for the risk capital portion of an investor’s portfolio. Managed futures investments do not replace equities or bonds but rather may act as a complement in a well diversified portfolio. Managed Futures are complex and not appropriate for all investors. Rebalancing does not protect against a loss in declining financial markets. There may be a potential tax implication with a rebalancing strategy.

Asset allocation and diversification do not assure a profit or protect against loss in declining financial markets. Past performance is no guarantee of future results. Actual results may vary.

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Annuities and insurance products are offered in conjunction with Morgan Stanley Smith Barney LLC’s licensed insurance agency affiliates.

Indices are unmanaged and investors cannot directly invest in them. They are not subject to expenses or fees and are often comprised of securities and other investment instruments the liquidity of which is not restricted. A particular investment product may consist of securities significantly different than those in any index referred to herein. Composite index results are shown for illustrative purposes only, generally do not represent the performance of a specific investment, may not, for a variety of reasons, be a suitable comparison or benchmark for a particular investment and may not necessarily reflect the actual investment strategy or objective of a particular investment. Consequently, comparing an investment to a particular index may be of limited use.

This material is not a financial plan and does not create an investment advisory relationship between you and your Morgan Stanley Financial Advisor. We are not your fiduciary either under the Employee Retirement Income Security Act of 1974 (ERISA) or the Internal Revenue Code of 1986, and any information in this report is not intended to form the primary basis for any investment decision by you, or an investment advice or recommendation for either ERISA or Internal Revenue Code purposes. Morgan Stanley Private Wealth Management will only prepare a financial plan at your specific request using Private Wealth Management approved financial planning signature.

We may act in the capacity of a broker or that of an advisor. As your broker, we are not your fiduciary and our interests may not always be identical to yours. Please consult with your Private Wealth Advisor to discuss our obligations to disclose to you any conflicts we may from time to time have and our duty to act in your best interest. We may be paid both by you and by others who compensate us based on what you buy. Our compensation, including that of your Private Wealth Advisor, may vary by product and overtime.

Investment and services offered through Morgan Stanley Private Wealth Management, a division of Morgan Stanley Smith Barney LLC, Member SIPC.
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For index, indicator and survey definitions referenced in this report please visit the following: https://www.morganstanley.com/wealth-investmentsolutions/wmir-definitions

GLOBAL INVESTMENT COMMITTEE (GIC) ASSET ALLOCATION MODELS: The Asset Allocation Models are created by Morgan Stanley Wealth Management’s GIC.

HYPOTHETICAL MODEL PERFORMANCE (GROSS): Hypothetical model performance results do not reflect the investment or performance of an actual portfolio following a GIC Strategy, but simply reflect actual historical performance of selected indices on a real-time basis over the specified period of time representing the GIC’s strategic and tactical allocations as of the date of this report. The past performance shown here is simulated performance based on benchmark indices, not investment results from an actual portfolio or actual trading. There can be large differences between hypothetical and actual performance results achieved by a particular asset allocation or trading strategy. Hypothetical performance results do not represent actual trading and are generally designed with the benefit of hindsight. Actual performance results of accounts vary due to, for example, market factors (such as liquidity) and client-specific factors (such as investment vehicle selection, timing of contributions and withdrawals, restrictions and rebalancing schedules). Clients would not necessarily have obtained the performance results shown here if they had invested in accordance with any GIC Asset Allocation Model for the periods indicated. Despite the limitations of hypothetical performance, these hypothetical performance results allow clients and Financial Advisors to obtain a sense of the risk/return trade-off of different asset allocation constructs. The hypothetical performance results in this report are calculated using the returns of benchmark indices for the asset classes, and not the returns of securities, fund or other investment products. Models may contain allocations to Hedge Funds, Private Equity and Private Real Estate. The benchmark indices for these asset classes are not issued on a daily basis. When calculating model performance on a day for which no benchmark index data is issued, we have assumed straight line growth between the index levels issued before and after that date.

FEES REDUCE THE PERFORMANCE OF ACTUAL ACCOUNTS: None of the fees or other expenses (e.g. commissions, mark-ups, mark-downs, fees) associated with actual trading on accounts are reflected in the GIC Asset Allocation Models. The GIC Asset Allocation Models and any model performance included in this presentation are intended as educational materials. Were a client to use these models in connection with investing, any investment decisions made would be subject to transaction and other costs which, when compounded over a period of years, would decrease returns. Information regarding Morgan Stanley’s standard advisory fees is available in the Form ADV Part 2, which is available at www.morganstanley.com/adv. The following hypothetical illustrates the compound effect fees have on investment returns: For example, if a portfolio’s annual rate of return is 15% for 5 years and the account pays 50 basis points in fees per annum, the gross cumulative five-year return would be 101.1% and the five-year return net of fees would be 96.8%. Fees and/or expenses would apply to clients who invest in investments in an account based on these asset allocations, and would reduce clients’ returns. The impact of fees and/or expenses can be material.

Variable annuities are long-term investments designed for retirement purposes and may be subject to market fluctuations, investment risk, and possible loss of principal. All guarantees, including optional benefits, are based on the financial strength and claims-paying ability of the issuing insurance company and do not apply to the underlying investment options. Optional riders may not be able to be purchased in combination and are available at an additional cost. Some optional riders must be elected at time of purchase. Optional riders may be subject to specific limitations, restrictions, holding periods, costs, and expenses as specified by the insurance company in the annuity contract. If you are investing in a variable annuity through a tax-advantaged retirement plan such as an IRA, you will get no additional tax advantage from the variable annuity. Under these circumstances, you should only consider buying a variable annuity because of its other features, such as lifetime income payments and death benefits protection. Taxable distributions (and certain deemed distributions) are subject to ordinary income tax and, if taken prior to age 59½, may be subject to a 10% federal income tax penalty. Early withdrawals will reduce the death benefit and cash surrender value.

Equity securities may fluctuate in response to news on companies, industries, market conditions and general economic environment. Ultrashort-term fixed income asset class is comprised of fixed income securities with high quality, very short maturities. They are therefore subject to the risks associated with debt securities such as credit and interest rate risk.

Master Limited Partnerships (MLPs) are limited partnerships or limited liability companies that are taxed as partnerships and whose interests (limited partnership units or limited liability company units) are traded on securities exchanges like shares of common stock. Currently, most MLPs operate in the energy, natural resources or real estate sectors. Investments in MLP interests are subject to the risks generally applicable to companies in the energy and natural resources sectors, including commodity pricing risk, supply and demand risk, depletion risk and exploration risk. Individual MLPs
are publicly traded partnerships that have unique risks related to their structure. These include, but are not limited to, their reliance on the capital markets to fund growth, adverse ruling on the current tax treatment of distributions (typically mostly tax deferred), and commodity volume risk. The potential tax benefits from investing in MLPs depend on their being treated as partnerships for federal income tax purposes and, if the MLP is deemed to be a corporation, then its income would be subject to federal taxation at the entity level, reducing the amount of cash available for distribution to the fund which could result in a reduction of the fund's value. MLPs carry interest rate risk and may underperform in a rising interest rate environment. MLP funds accrue deferred income taxes for future tax liabilities associated with the portion of MLP distributions considered to be a tax-deferred return of capital and for any net operating gains as well as capital appreciation of its investments; this deferred tax liability is reflected in the daily NAV, and, as a result, the MLP fund’s after-tax performance could differ significantly from the underlying assets even if the pre-tax performance is closely tracked.

Investing in commodities entails significant risks. Commodity prices may be affected by a variety of factors at any time, including but not limited to, (i) changes in supply and demand relationships, (ii) governmental programs and policies, (iii) national and international political and economic events, war and terrorist events, (iv) changes in interest and exchange rates, (v) trading activities in commodities and related contracts, (vi) pestilence, technological change and weather, and (vii) the price volatility of a commodity. In addition, the commodities markets are subject to temporary distortions or other disruptions due to various factors, including lack of liquidity, participation of speculators and government intervention. Physical precious metals are non-regulated products. Precious metals are speculative investments, which may experience short-term and long-term price volatility. The value of precious metals investments may fluctuate and may appreciate or decline, depending on market conditions. Unlike bonds and stocks, precious metals do not make interest or dividend payments. Therefore, precious metals may not be suitable for investors who require current income. Precious metals are commodities that should be safely stored, which may impose additional costs on the investor.

REITs investing risks are similar to those associated with direct investments in real estate: property value fluctuations, lack of liquidity, limited diversification and sensitivity to economic factors such as interest rate changes and market recessions. Risks of private real estate include: illiquidity; a long-term investment horizon with a limited or nonexistent secondary market; lack of transparency; volatility (risk of loss); and leverage. Principal is returned on a monthly basis over the life of a mortgage-backed security. Principal prepayment can significantly affect the monthly income stream and the maturity of any type of MBS, including standard MBS, CMOs and Lottery Bonds. Asset-backed securities generally decrease in value as a result of interest rate increases, but may benefit less than other fixed-income securities from declining interest rates, principally because of prepayments.

Yields are subject to change with economic conditions. Yield is only one factor that should be considered when making an investment decision. Credit ratings are subject to change. Duration, the most commonly used measure of bond risk, quantifies the effect of changes in interest rates on the price of a bond or bond portfolio. The longer the duration, the more sensitive the bond or portfolio would be to changes in interest rates. The majority of $25 and $1000 par preferred securities are “callable” meaning that the issuer may retire the securities at specific prices and dates prior to maturity. Interest/dividend payments on certain preferred issues may be deferred by the issuer for periods of up to 5 to 10 years, depending on the particular issue. The investor would still have income tax liability even though payments would not have been received. Price quoted is per $25 or $1,000 share, unless otherwise specified. Current yield is calculated by multiplying the coupon by par value divided by the market price. The initial interest rate on a floating-rate security may be lower than that of a fixed-rate security of the same maturity because investors expect to receive additional income due to future increases in the floating security’s underlying reference rate. The reference rate could be an index or an interest rate. However, there can be no assurance that the reference rate will increase. Some floating-rate securities may be subject to call risk. The market value of convertible bonds and the underlying common stock(s) will fluctuate and after purchase may be worth more or less than original cost. If sold prior to maturity, investors may receive more or less than their original purchase price or maturity value, depending on market conditions. Callable bonds may be redeemed by the issuer prior to maturity. Additional call features may exist that could affect yield. Some $25 or $1000 par preferred securities are QDI (Qualified Dividend Income) eligible. Information on QDI eligibility is obtained from third party sources. The dividend income on QDI eligible preferreds qualifies for a reduced tax rate. Many traditional ‘dividend paying’ perpetual preferred securities (traditional preferreds with no maturity date) are QDI eligible. In order to qualify for the preferential tax treatment all qualifying preferred securities must be held by investors for a minimum period – 91 days during a 180 day window period, beginning 90 days before the ex-dividend date.

Companies paying dividends can reduce or cut payouts at any time.

Nondiversification: For a portfolio that holds a concentrated or limited number of securities, a decline in the value of these investments would cause the portfolio’s overall value to decline to a greater degree than a less concentrated portfolio. The indices selected by Morgan Stanley Wealth Management to measure performance are representative of broad asset classes. Morgan Stanley Wealth Management retains the right to change representative indices at any time. Because of their narrow focus, sector investments tend to be more volatile than investments that diversify across many sectors and companies.

Growth investing does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations. Value investing does not guarantee a profit or eliminate risk. Not all companies whose stocks are
considered to be value stocks are able to turn their business around or successfully employ corrective strategies which would result in stock prices that do not rise as initially expected.

Any type of continuous or periodic investment plan does not assure a profit and does not protect against loss in declining markets. Since such a plan involves continuous investment in securities regardless of fluctuating price levels of such securities, the investor should consider his financial ability to continue his purchases through periods of low price levels.

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