Morgan Stanley

Unit Investment Trusts — Features, Costs and Compensation

This document will help you understand unit investment trusts (“UITs”), their features and costs, and how Morgan Stanley and your Financial Advisor are compensated when you buy a UIT. Like mutual funds, UITs are securities that are offered through a disclosure document known as a prospectus. You should read the prospectus carefully before investing. You should also discuss your investment goals and objectives with your Financial Advisor. For additional information, you can visit the following websites: Securities and Exchange Commission (www.SEC.gov), Financial Industry Regulatory Authority (www.FINRA.org), the Securities Industry and Financial Markets Association (www.SIFMA.org) and the Investment Company Institute (www.ICI.org).

What Is a UIT?

A UIT is a SEC-registered investment company that issues redeemable securities and invests in a portfolio of bonds and/or equity securities according to a specific investment objective or strategy. Generally, a UIT’s portfolio is not actively traded and follows a “buy and hold” strategy, investing in a static portfolio of securities for a specified period of time. Certain UITs may hold a portfolio that reflects a stock index. At the end of the specified period, UITs terminate and all remaining portfolio securities are sold. Redemption proceeds are then paid to the investors.

UIT sponsors offer many different UITs that each seek a particular investment objective or follow a predefined investment strategy. In general, UIT sponsors offer successive “series” of each UIT — the offering period for each new series coincides with the time that a prior series terminates. This allows an investor to purchase a new series of the UIT with the same objective or strategy but with a new portfolio of securities. Investors can also reinvest the proceeds from one series and invest in a different UIT.

What Are the Costs Associated With Investing in UITs

All UITs have fees and expenses. These costs, like all investing costs, are important to understand because they affect the return on your investment. UIT fees and expenses can be divided into those fees that relate to distribution of the UIT and those that relate to operation of the UIT.

SALES CHARGES UITs assess sales charges on units you purchase. The sales charge for UITs may be composed of three components. First, an initial sales charge may be applied to your purchase amount. Second, most UITs assess a deferred sales charge. The deferred sales charge is generally deducted in periodic installments following the end of the initial offering period. Finally, most UITs assess a creation and development fee that compensates the UIT sponsor for creating and developing each UIT, including determining the UIT's investment objective and policies, selecting portfolio securities and other functions. The creation and development fee (generally 0.50%) is deducted at the end of the initial offering period.

UITs may also be offered through fee-based investment advisory accounts. UIT units purchased through a fee-based investment advisory account are not assessed initial sales charges or deferred sales charges; however, the creation and development fee does apply.

OPERATING EXPENSES / ORGANIZATION COSTS UITs make a charge against the UIT portfolio's assets for amounts expended to organize the trust itself. UITs separately deduct for operating expenses, including portfolio supervision, bookkeeping, administrative costs and trading expenses. These amounts will vary by each UIT.

NOTE: Each UIT is different and specific fees and charges may be referred to by different names. Actual charges may differ based on the duration of the UIT and the terms of each UIT sponsor's prospectus. Longer duration UITs generally have higher sales charges. This summary is intended to be a general overview. You should review the terms of the prospectus for any UIT you intend to purchase.

How Morgan Stanley and Your Financial Advisor Are Compensated When You Buy UITs From a Nonaffiliated Sponsor

Nonaffiliated UIT sponsors compensate Morgan Stanley when we sell their UITs, except when purchased through a fee-based investment advisory account. Morgan Stanley receives a portion of the maximum sales load, referred to as the dealer concession. For example, with respect to the new fixed sales charge discussed in the column to the right, if the maximum sales charge is 1.85%, Morgan Stanley expects to receive as a dealer concession up to 1.25%. The difference between the maximum sales charge and dealer concession is retained by the UIT sponsor. For UITs that are initially offered before June 9, 2017, the dealer concession that Morgan Stanley receives from the UIT sponsor declines with larger purchases and rollovers. Each UIT prospectus describes the applicable sales load and dealer concession. We pay a portion of the dealer concession to our Financial Advisors. UITs purchased through a fee-based investment advisory account do not result in any additional compensation to your Financial Advisor; however, the advisory account's fee will be applied to the UIT asset value.

In addition to the dealer concession, UIT sponsors generally pay Morgan Stanley additional sales concessions based on the overall volume of UIT sales in a particular trust during the initial offering period. The sales volume required to be eligible to receive these additional amounts vary by UIT sponsor and by trust, and the additional amounts that Morgan Stanley receives for such sales may also differ. Amounts

Changes to UIT Pricing Structure

UITs that are initially offered on or after June 9, 2017 have a simplified sales charge structure that, in most circumstances, lowers client costs. The new pricing structure applies a fixed sales charge to initial purchases of UITs, as well as exchanges and rollovers into other UITs, regardless of the amount purchased. UITs initially offered before June 9, 2017 generally include sales charge discounts for larger purchases and sales charge reductions for certain exchanges and rollovers. Notwithstanding, the new fixed sales charge structure is generally lower than any such discounted or reduced sales charges.

Clients who intend to purchase UITs on or about June 9, 2017 should ask their Financial Advisor whether it would be beneficial to postpone their purchases until the date the new sales charge structure is in effect. Further, clients who intend to purchase UITs during the period when both pricing structures are available to investors, which may last until early- to mid-August 2017, should ask their Financial Advisor whether it would be beneficial to invest in UITs that employ the new sales charge structure. During this period, clients should carefully review the prospectus to confirm whether the new fixed sales charge structure applies or, if not, whether their purchase is entitled to any sales charge discounts and reductions.

may be up to 0.175% in addition to the standard dealer concession. Morgan Stanley generally retains the additional volume-based concessions it receives and except in limited circumstances, does not pay any portion of such amounts to your Financial Advisor. Morgan Stanley does not receive an additional volume-based concession on units purchased through fee-based investment advisory accounts. However, when determining the payout level that Morgan Stanley will receive on eligible (non-fee-based) units, the UIT sponsor includes the volume of sales of fee-based units.

UIT sponsors make payments to Morgan Stanley from the portion of the maximum sales load the sponsor does not pay to distributors as the dealer concession, and other corporate assets that may be derived from profits on other fees and charges it receives from sponsoring and operating the UIT.

How Morgan Stanley and Your Financial Advisor Are Compensated When You Buy UITs Sponsored by Morgan Stanley

Morgan Stanley receives a gross underwriting commission on sales of its affiliated UITs. We pay a portion of these amounts to our Financial Advisors similar to the amounts that they receive when selling a nonaffiliated UIT. UITs purchased through a fee-based investment advisory account do not result in any additional compensation to your Financial Advisor.

The gross underwriting commission is equal to the sum of any initial sales charge and the deferred sales charge. Morgan Stanley also receives the creation and development fee. For example, on a typical UIT, Morgan Stanley receives a gross underwriting commission equal to any initial sales charge, the deferred sales charge (which is deducted in three monthly installments) and the creation and development fee. For UITs that are initially offered before June 9, 2017, the gross underwriting commission is subject to discounts and reductions, as described in the applicable prospectus.

The creation and development fee compensates Morgan Stanley for the creation and development of each UIT, including the determination of the objectives and policies and portfolio composition and size, and selection of service providers and information services. As sponsor, Morgan Stanley also receives an annual fee for the administrative and other services which it provides during the life of each UIT.

Conferences

Financial Advisors may qualify to attend conferences on the basis of their sale of all UITs offered through Morgan Stanley. At such conferences, Financial Advisors participate in programs and receive information with respect to UIT sponsors. UIT sponsors pay for all or a portion of the costs associated with such conferences, including the qualifying Financial Advisors' expenses for travel and accommodations.

For more information

For a more detailed discussion regarding UITs and how Morgan Stanley and your Financial Advisor are compensated for investments and services, please speak with your Financial Advisor. Clients are encouraged to ask their Financial Advisor how he or she will be compensated for any UIT transaction.

Risk Considerations

There is no assurance a specific unit investment trust will achieve its investment objective. An investment in a unit investment trust is subject to market risk, which is the possibility that the market values of securities owned by the trust will decline and that the value of trust units may therefore be less than what you paid for them. Unit investment trusts are unmanaged and each trust's portfolio or strategy is not intended to change during the trust's life except in limited circumstances. Accordingly, you can lose money investing in a unit investment trust. You should consider this trust as part of a long-term investment strategy and you should consider your ability to pursue it by investing in successive trusts, if available. You will encounter tax consequences associated with reinvesting from one trust to another.

Investors should carefully consider the investment objectives and risks as well as charges and expenses of a unit investment trust before investing. To obtain a prospectus, contact your Financial Advisor. The prospectus contains this and other information about the unit investment trust. Read the prospectus carefully before investing. Clients should consult with their tax advisors before making any tax-related investment decisions, as Morgan Stanley and its Financial Advisors do not provide tax advice.

The information in this disclosure document is as of June 2017. For additional and the most current information, call your Financial Advisor.

CRC1810186 06/17 CS 8700476 06/17