

Revenue Sharing Fund Families

JUNE 2016

The following revenue sharing information principally pertains to mutual fund purchases in commission-based brokerage accounts. In general, the revenue sharing payments described below are specific to mutual fund investments. For more information on fees and expenses relating to mutual fund purchases through Morgan Stanley fee-based advisory account programs, please refer to the applicable Morgan Stanley ADV brochure.

Morgan Stanley charges each fund family we offer a mutual fund support fee, also called revenue sharing, up to a maximum per fund family of 0.16% per year (\$16 per \$10,000 of assets) on the mutual fund holdings of our brokerage account clients. The minimum annual fee is \$250,000 per fund family but may be reduced in certain circumstances. Revenue sharing payments are in addition to the sales charges, annual distribution and service fees (referred to

as “12b-1 fees”), applicable redemption fees and deferred sales charges, and other fees and expenses disclosed in the fund’s prospectus fee table. Revenue sharing payments are generally paid out of the fund’s investment adviser, distributor or other fund affiliate’s revenues or profits and not from the fund’s assets. However, fund affiliate revenues or profits may in part be derived from fees earned for services provided to and paid for by the

fund. No portion of these revenue sharing payments is made by means of brokerage commissions generated by the fund.

Set forth below is a listing of the fund families from which we received revenue sharing payments in 2015. Fund families are listed in descending order based upon the total amount of revenue sharing payments we recognized from each fund family for 2015. Although we seek to charge all fund families the same revenue sharing fee rate, in aggregate Morgan Stanley receives significantly more revenue sharing from the families with the largest client fund share holdings at our firm. This fact presents a conflict of interest for Morgan Stanley to promote and recommend funds from those fund families rather than funds from families that in aggregate pay us less revenue sharing. In order to mitigate this conflict, Financial Advisors and their Branch Office Managers do not receive additional compensation as a result of these revenue sharing payments received by Morgan Stanley.

2015 Revenue Sharing Fund Families

Legg Mason*	Hartford Funds**	MFS Offshore	Aberdeen Asset Management Inc.	Kinetics Asset Management, Inc.	Pacific Select Distributors, Inc.
Franklin Templeton	Mainstay (NY Life)*	Legg Mason Offshore	Advisors Asset Management**	Kopernik	Polen Offshore
American Funds	Federated Securities*	BlackRock Offshore	Alpine Funds	Mirae Asset	Third Avenue Offshore
BlackRock Funds*	Goldman Sachs*	Guardian Investor Services LLC	ALPS	Nationwide	Robeco
Invesco*	Virtus*	Liberty Street	Altegris Funds	Olstein Financial	Ashmore
Lord Abbett Funds*	Natixis Funds	VOYA Investments, LLC**	American Beacon	Ramius	Oak Ridge
Oppenheimer*	DWS (Deutsche) Funds**	Fred Alger & Company	Angel Oak	RidgeWorth Funds	Fidelity Offshore
First Eagle Funds*	Principal Funds**	Neuberger Berman Management Inc.**	Arbitrage	Salient Partners	BNY Mellon Offshore
JP Morgan*	Delaware Investments*	Cohen & Steers	Astor Asset Management	Tortoise	Janus Offshore
Morgan Stanley Funds*	Davis Advisors	JP Morgan Offshore	Brandes**	UBS Global Asset Management	Pictet Funds (Europe) S.A.
Fidelity Advisors*	Transamerica IDEX	Pioneer Offshore	Brookfield	Van Eck Management	Selector Advisors LTD
Ivy Funds*	Allianz*	IVA Funds	Destra	Schroder Offshore	Aquila Group of Funds
Putnam Funds*	Calamos Funds	Highland Capital Management	Direxion	LoCorr	PIMCO Europe LTD
PIMCO*	John Hancock Funds*	American Century Investments**	Eagle Fund Distributors, Inc.	Babson Capital Management	Lateef Fund
Nuveen Funds*	Franklin Templeton Offshore	Investec Offshore	Equinox	Abbey Capital Limited	Snow Capital
Eaton Vance Group *	Henderson Global Investments**	Touchstone Family of Funds**	Forward Funds	Innealta	
Thornburg*	Dreyfus Premier Funds**	Sentinel Investments	Frank Russell	Pax World	
Alliance Bernstein Funds*	SunAmerica Funds	Calvert Group	Good Harbor Financial, LLC	Domini	*Denotes Global Partner Fund Family
Columbia Management*	Guggenheim*	Victory Funds	Hatteras Capital Distributors, LLC	Arrow	**Denotes Emerging Partner Fund Family
Wells Fargo	Janus Capital Group**	1919 Investment Counsel, LLC	Keeley Investment Corp.	Credit Suisse	
MFS Investments	Gabelli Funds			First Trust*	
Prudential Investments*	Royce			Hancock Horizon Investments	
Pioneer Funds*					

Expense Payments, Data Analytics and Administrative Service Fees

Morgan Stanley receives expense payments and fees for providing data analytics and performing record keeping and related services, which are more fully described below. Administrative fees may be viewed in part as a form of revenue sharing if and to the extent they exceed what the mutual fund would otherwise have paid for those services. However, they are not included in the revenue sharing payments described above.

Expense Payments and Data Analytic Fees

Morgan Stanley provides fund families with opportunities to sponsor meetings and conferences and grants them access to our branch offices and Financial Advisors for educational, marketing and other promotional efforts. Fund representatives may also work closely with our branch offices and Financial Advisors to develop

business strategies and plan promotional and educational activities. In addition, Morgan Stanley typically receives payments from funds or their affiliates in connection with these promotional efforts to help offset expenses incurred for sales events and training programs as well as client seminars, conferences and meetings. Fund families independently decide what they will spend on these activities and may also invite our Financial Advisors to attend fund family sponsored events. Expense payments may include meeting or conference facility rental fees and hotel, meal and travel charges.

Certain fund families (referred to as either “Global Partners” or “Emerging Partners”) dedicate significant financial and staffing resources to these efforts and receive supplemental and mutual fund sales data analytics as well as additional opportunities to sponsor firm events and promote their funds to our Financial Advisors and clients. Global Partners commit \$550,000 per year for training

and sales meeting expenses, and pay a fee of \$300,000 per year for mutual fund sales data analytics. Emerging Partners commit \$250,000 per year for training and sales meeting expenses and pay a fee of \$150,000 per year for mutual fund sales data analytics. For an additional fee, Global and Emerging Partners that sponsor products in addition to mutual funds (e.g., ETFs and SMAs) may purchase data analytics on other financial project sales at Morgan Stanley. These facts present a conflict of interest for Morgan Stanley and our Financial Advisors to the extent they lead us to focus on funds from those fund families, including our Global and Emerging Partners, that commit significant financial and staffing resources to promotional and educational activities instead of on funds from fund families that do not purchase sales data analytics or do not commit similar resources to these activities. In order to mitigate this conflict, Financial Advisors and their Branch Office

Managers do not receive additional compensation for recommending funds sponsored by our Global or Emerging Partners or any other fund families that provide significant sales and training support. Morgan Stanley selects the Global and Emerging Partners fund families based on a number of quantitative and qualitative criteria. Our Global and Emerging Partners are denoted by an asterisk on the above Revenue sharing Fund Families list.

Fund family representatives are allowed to occasionally give nominal gifts to Financial Advisors, and to occasionally entertain Financial Advisors (subject to an aggregate entertainment limit of \$1,000 per employee per fund family per year). Morgan Stanley's non-cash compensation policies set conditions for each of these types of payments, and do not permit any gifts or entertainment conditioned on achieving any sales target.

Administrative Service Fees

Morgan Stanley and/or its affiliates receive compensation from funds or their affiliated service providers for providing certain recordkeeping and related services to the funds. These charges typically are based upon the number or aggregate value of client positions and the levels of service provided. We process transactions with most fund families on an omnibus basis, which means we consolidate our clients' trades into one daily trade with the fund, and therefore maintain all pertinent individual shareholder information for the fund. Trading in this manner requires that we maintain the transaction history necessary to track and process sales charges, annual service fees, and applicable redemption fees and deferred sales charges for each position, as well as other transaction details required for ongoing position maintenance purposes. For these services funds pay, at their election, either up to \$21 per year per position or up to 0.16% per year (\$16 per \$10,000) of fund assets held by our clients in commission-based brokerage accounts. The annual fees for positions held by clients in our fee-based advisory account programs are up to 0.16% (\$16 per \$10,000) of fund assets per year for nonretirement advisory accounts.

As of June 2016, we were trading on an omnibus basis with:

1919 funds	Capital Markets Funds	Prudential Funds*	Virtus*
American Funds	Goldman Sachs Funds*	Transamerica Idex Funds	Fidelity Advisor Funds*
Barrett Funds	Legg Mason Funds*	Domini Social Funds	Janus Funds**
Abbey Capital	Oppenheimer Funds*	Henderson Funds**	Natixis (Loomis) Funds
AMG Funds (Managers)*	T Rowe Price/John Hancock Freedom 529 Funds**	Manning & Napier Funds	SCHARF Fund Invst
BlackRock Funds*	Credit Suisse Funds	Putnam Funds*	VOYA Funds**
Aberdeen Funds	Good Harbor Funds	Transparent Value Trust	First Eagle Funds*
Angel Oak Funds	Leuthold Funds	DoubleLine Funds Trust	Jensen Funds
Blackrock Offshore Funds	Palmer Square/Zacks/Famco	Hennessey Funds	Neuberger Berman Funds**
Advisors Inner Circle	TCW Galileo Funds	Marketfield Funds	Schooner Funds
AQR Funds	CRM Funds	Ramius Funds	VULCAN VALUE PARTNERS FUND
Blackstone Funds	GREEN OWL FUNDS	Turner Funds	First Trust Funds*
Aim Institutional Money Market Funds	Liberty Funds	Dreyfus Funds**	John Hancock Funds**
Aquila Funds	Pax World Funds	Highland Funds	Northern Trust Funds
Brandes**	Third Avenue Funds	Matthews International Funds	Schroder Funds (Domestic)
Alger Funds	Cullen Funds	Reinhart Funds	Wells Fargo Funds
Arbitrage Funds	Guggenheim Investments (Rydex)*	Tweedy Brown Funds	Forum/Auxier/Absolute/BIA/Dover Funds
Brookfield Investment Funds	LoCorr Funds	Driehaus Funds	JP Morgan Funds*
Alliance	Permanent Portfolio Funds	Innealta Funds	Nuance Funds
Bernstein Funds*	Thornburg Funds*	Merger Fund	Sentinel Funds
Ariel Funds	Davis Funds	Ridgeworth Funds	Westcore Funds
Brown Funds	Hancock Horizon Funds	UBS Funds	Forward Emerald Funds
Allianz Investors**	Loomis Sayles Funds	Driehaus Mutual Funds	Keeley Funds
Artisan	Pimco Funds*	Invesco Funds*	Nuveen Funds*
Buffalo Funds	Titan Financial Services Fund	Metropolitan West Funds	Shelton Capital Management
ALPS Dist	Davis Selected Funds	Riverpark Funds	Western Asset Offshore & Money Markets Funds
Aston Funds (Formerly ABN Amro)	Harbor Funds	USAA Funds	FPA Funds
Calamos Funds	Lord Abbett Funds*	Dunham Funds	Kinetics Funds
Altegris Mutual Funds	Pimco Offshore Funds	IQ Funds	Oak Associates Funds
Avenue Capital Funds	Tocqueville Funds	MFS Funds	Smith Group Funds
Causeway Funds	Delaware Funds*	Value Line Funds	William Blair Funds
Amana Funds	Harding Loevner Funds	Eagle Funds	Franklin Templeton Funds
Babson Funds	Lyrical Asset Management Funds	IVA FUNDS	Lateef Investment Advisors LLC
Cohen & Steers Funds	Pioneer Funds*	Mirae Asset Discovery Funds	Oakmark Funds
American Beacon Funds	Tortoise MLP & Pipeline	Royce Funds	Snow Capital Funds
Baird	Deutsche Funds (Formally DWS)*	Van Eck Funds	Wintergreen Fund
Columbia Funds*	Hartford Funds**	Eaton Vance Funds*	Gabelli/GAMCO Funds
American Century Funds**	Madison Funds	Ivy/Waddell & Reed Funds*	Lazard Funds*
Baron Funds	Principal Funds**	Morgan Stanley Funds*	Olstein Funds
Community Capital	Touchstone Funds**	RS/Guardian Funds	SSgA Funds*
Congress Asset Management*	Diamond Hill Funds	Victory Funds	
Glenmede Funds	Hatteras Funds	Federated Funds*	
Legg Mason 529 Funds (CO)	Mainstay Funds (NY Life)*	James Advantage Funds	
Oppenheimer 529 Funds (OR/IL/NM)		Nationwide Gartmore Funds	
SunAmerica Funds		Salient Funds	
Consulting Group			

*Denotes Global Partner Fund Family

**Denotes Emerging Partner Fund Family

All other fund families are traded on a networked basis, which means Morgan Stanley submits a separate trade for each individual client trade to the fund and, therefore, we maintain only certain elements of the fund's shareholder information. We charge these remaining funds a networking fee of up to \$11 per year per position held by our clients.

Although Morgan Stanley provides additional services to funds where positions are held on an omnibus basis, the fact that the administrative fee rate is higher for those services than the rate for networked accounts presents a conflict of interest for Morgan Stanley to recommend purchases of omnibus-traded funds over networked funds. In addition, while all fund families are charged the same administrative service fee rates for either omnibus or networked accounts, in aggregate, Morgan Stanley receives significantly more administrative service fees from the fund families with the largest client fund share holdings at our firm. This fact presents a conflict of interest for Morgan Stanley to promote and recommend funds from those fund families rather than funds from

families that in aggregate pay us less administrative service fees. In order to mitigate this conflict, Financial Advisors and their Branch Office Managers do not receive additional compensation as a result of these administrative service fee payments received by Morgan Stanley.

Money Market and Money Market Sweep Funds

Money market funds are generally subject to the same revenue sharing and administrative service fees outlined above. However, different fees are assessed on money market fund assets that are available as cash management sweep options for Morgan Stanley client accounts. Our affiliate, Morgan Stanley Investment Management ("MSIM"), serves as the investment adviser to the cash management sweep option funds. Morgan Stanley receives revenue sharing compensation from MSIM based on the amount of money market sweep fund assets held by our clients in brokerage accounts of up to 0.15% per year (\$15 per \$10,000 of assets). This fee is not assessed on positions held by clients in our fee-based advisory account programs.

For More Information

For additional information on a particular fund's payment and compensation practices, please refer to the fund's Prospectus and Statement of Additional Information. For further information regarding the fund fees and expenses borne by you and how Morgan Stanley and your Financial Advisor are compensated when you purchase and hold mutual fund shares, please refer to "Mutual Fund Share Classes and Compensation" available at: <http://www2.morganstanley.com/wealth/investmentsolutions/mutualfunds.asp>. You may also contact your Financial Advisor.

Before buying any mutual fund, request a prospectus from your Financial Advisor and read it carefully. The prospectus contains important information on fees, charges and investment objectives which should be considered carefully before investing.

An investment in a mutual fund is subject to market risk, including the loss of principal invested.

Morgan Stanley Smith Barney LLC, its affiliates and its Financial Advisors do not provide tax advice. Clients should speak with their own tax advisors regarding their personal situation.

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