

Revenue-Sharing Fund Families

JUNE 2019

The following information mainly pertains to mutual fund revenue sharing and fees for administrative services, expense payments and data analytics. For more information regarding mutual fund fees and how Morgan Stanley and your Financial Advisor are compensated when you purchase and hold mutual fund shares, please refer to the “Mutual Fund Features, Share Classes and Compensation” brochure available on our website at the address noted in the For More Information section below

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. The rate ranges from 0.01% per year (\$1 per \$10,000 of assets) up to a maximum of 0.10% per year (\$10 per \$10,000 of assets). The tiered rates are the same for commission-based brokerage and fee-based advisory client account holdings. However, for advisory accounts, there are account type and program exceptions, and the fees are rebated to clients. Please see the applicable Morgan Stanley ADV brochure for additional information.

Revenue-sharing payments are generally paid out of the fund’s investment adviser, distributor or other fund affiliate’s revenues or profits and not from the fund’s assets. However, fund affiliate revenues or profits may, in part, be derived from fees earned for services provided to and paid for by the fund. Morgan Stanley does not receive any portion of these revenue-sharing payments through brokerage commissions generated by the fund. 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.

Set forth below is a listing of the fund families from which we received revenue-sharing payments of at least

\$250,000 in 2018. Fund families are listed in descending order based on the total amount of revenue-sharing payments we recognized from each fund family. Although we seek to charge all fund families the same revenue-sharing fee rate schedule, in aggregate, Morgan Stanley receives significantly more revenue-sharing from the families with the largest client fund share holdings at our firm. This fact presents a conflict of interest for Morgan Stanley to promote and recommend funds from those fund families rather than funds from families that, in aggregate, pay us less revenue-sharing. In addition, since our revenue-sharing rates are higher for funds with higher management fees, this fact presents a conflict of interest for us to promote and recommend funds that have higher management fees. In order to mitigate this conflict, Financial Advisors and their Branch Office Managers do not receive additional compensation as a result of revenue-sharing payments received by Morgan Stanley. Moreover, for advisory account clients the fees are rebated.

Administrative Service Fees

Morgan Stanley and/or its affiliates receive compensation from funds or their affiliated service providers for providing record-keeping and related services to the funds. These charges are based upon the aggregate value of client positions. Administrative fees may be viewed in part as a form of revenue-sharing if and

to the extent the amounts paid by the fund exceed what the mutual fund would otherwise have paid for those services. However, they are not included in the revenue-sharing payments described above.

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

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

While all fund families are charged the same administrative service fee rates, in aggregate, Morgan Stanley receives

significantly more administrative service fees from the fund families with the largest client fund share holdings at our firm. This fact presents a conflict of interest for Morgan Stanley to promote and recommend funds from those fund families rather than funds from families that, in aggregate, pay us less administrative service fees. In order to mitigate this conflict, Financial Advisors and their Branch Office Managers do not receive additional compensation as a result of these administrative service fee payments received by Morgan Stanley. Moreover, for advisory account clients, the fees are rebated.

Expense Payments and Data Analytics Fees

Morgan Stanley provides fund families with opportunities to sponsor meetings and conferences, and grants them access to our branch offices and Financial Advisors for educational, marketing and other promotional efforts. Some fund representatives also work closely with our branch offices and Financial Advisors to develop business strategies and plan promotional events for clients, prospective clients and educational activities. Some fund families or their affiliates reimburse Morgan Stanley for

certain expenses incurred in connection with these promotional efforts, as well as training programs. Fund families independently decide if and what they will spend on these activities, with some fund families agreeing to make annual dollar amount expense reimbursement commitments of up to \$600,000, although actual reimbursements may be higher. In addition, some fund families may provide support of up to \$125,000 for the development and maintenance of our internal Financial Advisor training and education e-learning platform. Some fund families 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.

Morgan Stanley also provides fund families with the opportunity to purchase sales data analytics. The amount of the fees depends on the level of data and ranges up to \$600,000 per year. For an additional fee, fund families may purchase supplemental data analytics on other financial product sales at Morgan Stanley.

These facts present a conflict of interest for Morgan Stanley and our Financial Advisors to the extent they lead us to focus on funds from those fund families that commit significant financial and

2018 Revenue-Sharing Fund Families

American Funds	PIMCO	Putnam Funds	Mainstay Funds	Cohen & Steers	MFS Offshore
Legg Mason	Virtus	Delaware Investments	Matthews International Funds	Alliance Bernstein Offshore	Transamerica Funds
BlackRock Funds	Janus Capital Group	Principal Funds	Calamos Funds	AIG Funds	Fred Alger & Company
First Eagle Funds	Hartford Funds	Goldman Sachs	Lazard Funds	Metropolitan West Funds	Victory Funds
Franklin Templeton	Thornburg	Pioneer Funds	Ivy Funds	Allianz	Deutsche Asset Management
JP Morgan	Oakmark Funds	John Hancock Funds	Davis Advisors	Touchstone Funds	Tortoise Funds
Oppenheimer	Prudential Investments	Legg Mason 529 Plans	DoubleLine Capital LP	Brookfield	Gabelli Funds
Invesco	Fidelity Advisors	Wells Fargo	Dreyfus Premier Funds	Blackstone Funds	Royce Funds
Lord Abbett Funds	Columbia Management	Guggenheim	American Century Investments	Neuberger Berman Management Inc.	JP Morgan Offshore
Nuveen Funds	T Rowe Price Funds	Harding Loevner Funds	Causeway Funds	AQR Capital Management, LLC	AMG Distributors, Inc.
MFS Investments	Natixis Funds	Federated Securities	Franklin Templeton Offshore		Lord Abbett Offshore
Morgan Stanley Funds	Alliance Bernstein Funds	Morgan Stanley Offshore			Voya Funds
Eaton Vance Group					

staffing resources to promotional and educational activities and/or purchase data analytics instead of funds from fund families that do not. In order to mitigate this conflict, Financial Advisors and their Branch Office Managers do not receive additional compensation for recommending funds sponsored by fund families that purchase data analytics.

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.

Money Market and Money Market Sweep Funds

Money market funds are subject to different compensation arrangements than the revenue-sharing and administrative service fees outlined above for mutual funds.

NON-SWEEP MONEY MARKET FUNDS

We receive revenue-sharing fees of up to 0.10% per year (\$10 per \$10,000 of

assets) on money market funds available for direct purchase. However, unlike the compensation arrangements outlined above for non-money market mutual funds where Financial Advisors do not receive any portion of this compensation, all or a portion of these payments is allocated to your Morgan Stanley Financial Advisor for holdings of such funds in your brokerage account. Note, for advisory accounts the fees are rebated to clients.

In addition, for those money market funds that are available for direct purchase we seek or may have been reimbursed for the associated operational and/or technology costs of adding such funds to our platform. These one-time flat-fees are paid by fund sponsors or other affiliates (and not the funds) in connection with the onboarding process. Financial Advisors and their Branch Office Managers do not receive additional compensation for recommending funds that have reimbursed Morgan Stanley for our onboarding costs.

SWEEP MONEY MARKET FUNDS

Our affiliate, Morgan Stanley Investment Management, serves as the investment adviser to the money market funds that are available as cash management

sweep options for Morgan Stanley client accounts. Morgan Stanley receives compensation based on the amount of money market sweep fund assets held by our clients in brokerage accounts of up to 0.25% per year (\$25 per \$10,000 of assets). A portion of such compensation is paid to your Financial Advisor. Morgan Stanley either rebates to clients or does not receive compensation on sweep money market fund 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 Features, Share Classes and Compensation" available at: Mutual Fund Features Share Classes and Compensation. You may also contact your Financial Advisor.

Angel Oak Funds

Baron Funds

Miller Value Partners, LLC

Artisan Distributors LLC

BlackRock Offshore

Catalyst Capital Advisors, LLC

Cambiar Funds

First Pacific

Investec Asset Management Guernsey

Polen Capital Management, LLC

Diamond Hill

American Beacon

IVA Funds

Legg Mason Offshore

Brandes

LoCorr Funds

TCW Funds

Robeco Institutional Asset Management B.V.

Pioneer Global Investments Limited

Schroder Offshore

Tweedy Brown Funds

Pear Tree Funds

Aberdeen Asset Management, Inc.

Parnassus Funds

Nationwide

Van Eck Funds

Chiron Investment Management LLC

Invesco Conservative Income Inst

William Blair Funds

Principal Global Investors

Hennessy

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.

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