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 an 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, each of which seeks a particular investment objective or follows 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 sales charges and those that relate to operation of the UIT.

**SALES CHARGES** UI Ts assess sales charges on units you purchase in commission-based brokerage accounts. 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 objectives and policies, selecting portfolio securities and other functions. The creation and development fee (generally $0.05 per unit) is generally deducted at the end of the initial offering period.

UITs may 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. The advisory account’s fee will also be applied to the UIT asset value.

**OPERATING EXPENSES / ORGANIZATION COSTS** In general, all 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 with 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’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 an Unaffiliated Sponsor

Unaffiliated 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 charge, referred to as the dealer concession. For example, 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. Each UIT prospectus describes the applicable sales charge and dealer concession. We pay all or a portion of the dealer concession to our Financial Advisors based upon Morgan Stanley standard compensation formulas, which are the same regardless of which UIT you purchase. However, as noted above, some UITs impose higher sales charges than others, which can affect the amount paid to your Financial Advisor.

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 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.

UIT sponsors make payments to Morgan Stanley from the portion of the maximum sales charge 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 proprietary UITs in commission-based brokerage accounts. The gross underwriting commission is equal to the sum of any initial sales charge and the deferred sales charge. We pay a portion of these amounts to our Financial Advisors similar to the amounts that they receive when selling an unaffiliated UIT. UITs purchased through a fee-based investment advisory account are not assessed a gross underwriting commission and do not result in any additional compensation to your Financial Advisor; however, as noted, the advisory account’s fee will be applied to the UIT asset value.

In general, for all proprietary UITs, Morgan Stanley receives the creation and development fee, which compensates Morgan Stanley for the creation and development of each UIT, including the determination of the investment objectives and policies, selecting portfolio securities and other functions. As sponsor, Morgan Stanley also receives an annual fee for the administrative and other services which it provides during the life of each UIT. Morgan Stanley is also reimbursed for amounts expended to organize each UIT. These facts present a conflict of interest for Morgan Stanley and our Financial Advisors to the extent they lead us to focus on proprietary UITs instead of unaffiliated UITs. In order to mitigate this conflict, Financial Advisors and their Branch Office Managers do not receive additional compensation for recommending proprietary UITs.

**Access to Branches, Expense Payments and Data Analytics Fees**

Morgan Stanley provides UIT sponsors, many of which also sponsor other investment products such as mutual funds and exchange-traded funds, 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. UIT sponsors may also work closely with our branch offices and Financial Advisors to develop business strategies and plan promotional events for clients and prospective clients and educational activities. UIT sponsors or their affiliates, with regard to UITs or other investment products offered through Morgan Stanley, make payments to Morgan Stanley in connection with these promotional efforts to reimburse Morgan Stanley for expenses incurred for sales events and training programs as well as client seminars, conferences and meetings. UIT sponsors also invite our Financial Advisors to attend events. Expense payments may include meeting or conference facility rental fees and hotel, meal and travel charges.

In addition, Morgan Stanley provides UIT sponsors with the opportunity to purchase sales data analytics regarding UITs and other investment products. These facts present a conflict of interest for Morgan Stanley and our Financial Advisors to the extent they lead us to focus on UITs from those sponsors, including Morgan Stanley, that commit significant financial and staffing resources to promotional and educational activities and/or purchase sales data analytics instead of UITs from sponsors that do not. In order to mitigate this conflict, Financial Advisors and their Branch Office Managers do not receive additional compensation for recommending UITs from sponsors that provide significant sales and training support and/or purchase data analytics.

UIT sponsor 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 company per year). Morgan Stanley’s cash/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.
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 a 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. You can lose money investing in a unit investment trust. You should consider a 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 a member of your Morgan Stanley team. 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 does not provide tax advice.

The information in this disclosure document is as of August 2019. For additional and the most current information, call a member of your Morgan Stanley team.