

Morgan Stanley

# INVESTING WITH IMPACT

Create Positive Impact Aligned With Your Values



# An End-to-End Process to Discover and Implement Your Unique Impact Goals

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Four out of five individual investors are interested in sustainable investing.<sup>1</sup>



## Impact Goal Discovery

Discover your unique impact goals and priorities through meaningful conversations with your Financial Advisor using Morgan Stanley Impact Quotient® (Morgan Stanley IQ®).

## Innovative Products and Solutions

Our Investment and Operational Due Diligence is performed by a 60+ manager analysis team, who assess impact through our proprietary framework and scoring tools including Impact Signal and DEI Signal.

## Impact Reporting and Monitoring

Work with your Financial Advisor to evaluate how well your portfolio is aligned with your unique impact goals through real-time analysis from Morgan Stanley IQ®.

# Our Proprietary Investing With Impact Framework

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The "Three I's of Impact" represent the range of customizable approaches investors can pursue across asset classes to maximize positive impact.

## Intentionality

Intentional investment process that seeks to generate market-rate financial returns alongside positive social and environmental impact in one or more of the following ways:

- Restriction Screening
- Environmental, Social and Governance (ESG) Integration
- Thematic Solutions

## Influence

- Influence companies in your portfolio by utilizing asset managers that exhibit active ownership such as voting proxies, participating or leading corporate dialogue and filing resolutions
- Influence the industry through market-building initiatives by joining affiliates, associations and adopting leading global frameworks

## Inclusion\*

- Diverse Firm Ownership
- Diverse Representation Across Investment Professionals

\*Morgan Stanley's Global Investment Manager Analysis team defines diverse asset managers as those with 33% or greater ownership by women and/or racially/ethnically diverse individuals. The categories that make up the racially/ethnically diverse individuals as defined by Morgan Stanley align with those of the U.S. Equal Employment Opportunity Commission and includes: Hispanic or Latino, Black or African American, Asian, American Indian or Alaska Native, or Native Hawaiian or other Pacific Islander.

# A Comprehensive Suite of Products and Solutions

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Investing with Impact is customizable to fit your varied needs, allowing both targeted allocation and full integration of impact objectives into an account of any size.

Public Equity and Fixed Income				Private Markets
380+ Third-Party Investments	12+ Investing With Impact Portfolio Solutions	Sustainable Capital Market Solutions	Single-Stock Insights	Alternative Investments
<ul style="list-style-type: none"> <li>• Exchange Traded Funds (ETFs)</li> <li>• Mutual Funds (MFs)</li> <li>• Separately Managed Accounts (SMAs)</li> <li>• Unit Investment Trust (UITs)</li> </ul>	<ul style="list-style-type: none"> <li>• \$10k min. Impact Portfolios</li> <li>• \$10k min. Impact Solutions</li> <li>• \$100k min. Diversity Portfolios</li> <li>• Custom Solutions/ Outsourced Custom Investment Officers</li> <li>• MS GIFT Donor-Advised Fund</li> </ul>	<ul style="list-style-type: none"> <li>• Green, Blue, Sustainability and Social Bonds</li> <li>• Sustainable Structured Products</li> </ul>	<ul style="list-style-type: none"> <li>• Morgan Stanley and Co. Sustainability Research</li> <li>• Capital Markets Desk</li> </ul>	<ul style="list-style-type: none"> <li>• Venture Capital, Private Equity, Private Credit and Real Assets</li> <li>• Hedge Funds</li> <li>• Custom Impact with Morgan Stanley Investment Management Alternative Investment Partners</li> </ul>

# Impact Reporting Through Morgan Stanley Impact Quotient®

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Our patented<sup>2</sup> and award-winning\* application delivers real-time assessment of any investment portfolio's alignment with over 100 environmental and social impact objectives.

## PRIORITIZE IMPACT GOALS WITH YOUR FINANCIAL ADVISOR



Broad-Based Sustainability



Circular Economy



Climate Action



Conservation and Biodiversity



Diversity, Equity and Inclusion



Faith-Based Investing



Gender Lens



Health and Wellness



Improving Lives

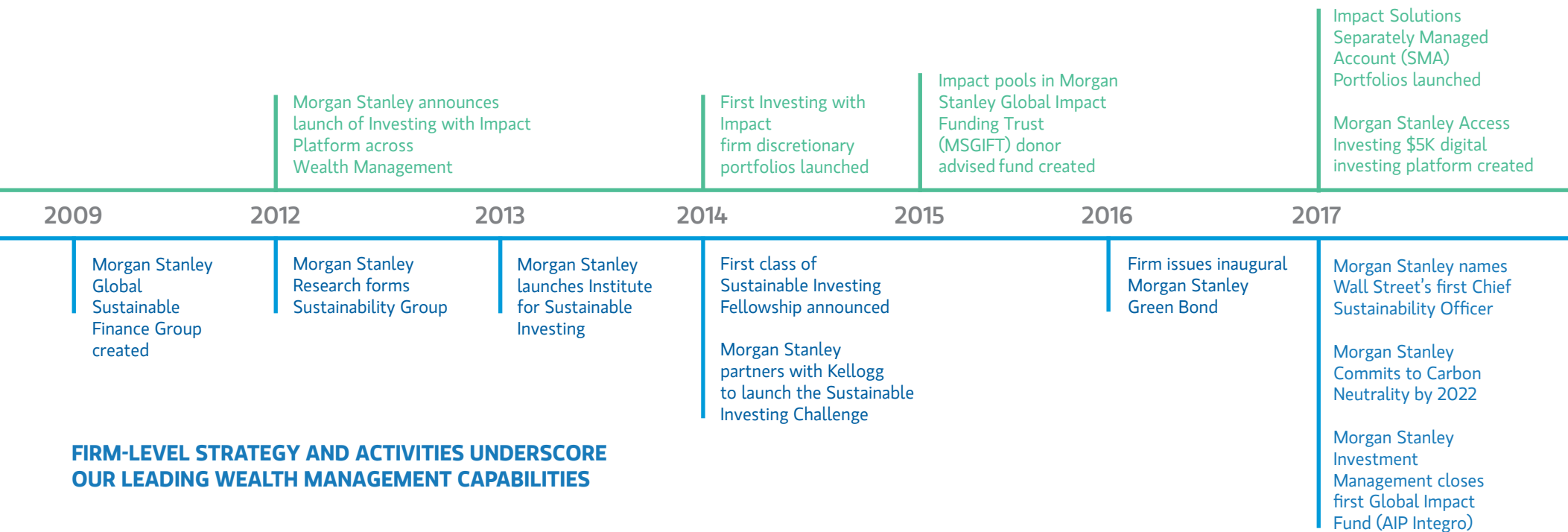


Inclusive Workplace

\*Aite-Novarica Group's Digital Wealth Management Impact Awards (9/2022) based on time period from 1/1/2021–3/31/2022. For criteria & methodology, go to (<https://datos-insights.com/resources/awards/>).

# Driving Impact at Scale For Over a Decade

## INVESTING WITH IMPACT PLATFORM HIGHLIGHTS



## FIRM-LEVEL STRATEGY AND ACTIVITIES UNDERSCORE OUR LEADING WEALTH MANAGEMENT CAPABILITIES

### AFFILIATES AND PARTNERS



## INVESTING WITH IMPACT PLATFORM HIGHLIGHTS

2018	2019	2020	2021	2022	2023	2024
<p>Investing with Impact assets reach <b>\$25BN</b>, surpassing goal</p> <p>Investing with Impact Director designation created to recognize elite practitioners</p>	<p>Morgan Stanley IQ® launched; impact reporting application awarded best new sustainable investing tool by Money Management Institute<sup>1</sup></p> <p>\$10K minimum Investing with Impact portfolios launched</p>	<p>Global Investment Manager Analysis forms Diversity and Inclusion Investment Office</p>	<p>Impact and DEI Signal manager scoring tools launched</p>	<p>Investing with Impact celebrates its <b>10th Anniversary</b></p>	<p>Investing with Impact assets reach <b>\$68BN</b></p>	
<p><b>FIRM-LEVEL STRATEGY AND ACTIVITIES UNDERSCORE OUR LEADING WEALTH MANAGEMENT CAPABILITIES</b></p>		<p>Morgan Stanley creates the Institute for Inclusion</p> <p>First Wall Street firm to commit to net-zero financed emissions</p> <p>Firm issues \$1BN Morgan Stanley Social Bond</p> <p>Morgan Stanley named Best Bank for Sustainable Finance, North America by Euromoney<sup>2</sup></p>	<p>Morgan Stanley becomes a founding member of the Net Zero Banking Alliance</p> <p>Morgan Stanley announces a \$1TN Sustainable Finance target by 2030</p> <p>Morgan Stanley Investment Management closes acquisition of Eaton Vance including Calvert Research and Management</p>	<p>Established EMEA Sustainability Office</p>	<p>Morgan Stanley named Best Bank for ESG Investing, North America by Euromoney<sup>3</sup></p> <p>Morgan Stanley named Best Bank for Sustainable &amp; ESG Investing Awards by Money Management Institute and Barron's<sup>4</sup></p> <p>Established Japan Sustainability Office</p>	<p>Morgan Stanley named Best Bank for Sustainable Finance, North America by Euromoney<sup>5</sup></p>

### AFFILIATES AND PARTNERS



1. Money Management Institute/Barron's Industry Awards (10/2019) (<https://archive.mminst.org/mmi-news/mmi-and-barron%E2%80%99s-announce-winners-2019-industry-awards>).
2. Euromoney Awards for Excellence (07/2020) (<https://www.euromoney.com/awards/awards-for-excellence/awards-for-excellence-2020>).
3. Euromoney Global Private Banking Awards (02/2023) based on the time period 10/01/2021 - 09/30/2022. For criteria & methodology, go to (<https://www.euromoney.com/awards/private-banking-awards>).
4. Money Management Institute/Barron's Industry Awards (10/2023) (<https://www.mminst.org/insight/money-management-institute-announces-winners-2023-mmibarrons-industry-awards#sec=3>).
5. Euromoney Global Private Banking Awards (02/2024) based on the time period 10/01/2022 - 09/30/2023. For criteria & methodology, go to (<https://www.euromoney.com/awards/private-banking-awards>).

For more information regarding Investing with Impact, please contact your Morgan Stanley Financial Advisor or visit [morganstanley.com/impactinvesting](https://morganstanley.com/impactinvesting)



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1. Morgan Stanley Institute for Sustainable Investing. "Understanding Individual Investors' Interests and Priorities" 2024.
2. Morgan Stanley Impact Quotient® is a patented ("US Pat. No. 11,188,983") technology that enables you to align client portfolios with unique social and environmental impact goals.

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Certain portfolios may include investment holdings that takes into account one or more **Environmental, Social and Governance ("ESG") factors** (referred to as "ESG investments"). For reference, environmental ("E") factors can include, but are not limited to, climate change, water, waste, and biodiversity. Social ("S") factors can include, but are not limited to, employees, diversity & inclusion, cyber security, data privacy, health & wellness, supply chains, product safety & security, community engagement, and human rights. Governance ("G") factors can include, but are not limited to, board structure & oversight, leadership composition, pay and incentive structures, corruption & bribery, ethics & business conduct, shareholder rights, accounting & audit practices, tax evasion, and risk management. You should carefully review an investment product's prospectus or other offering documents, disclosures and/or marketing material to learn more about how it incorporates ESG factors into its investment strategy.

ESG investments may also be referred to as sustainable investments, impact aware investments, socially responsible investments or diversity, equity, and inclusion ("DEI") investments. It is important to understand that ESG definitions and criteria used within the industry can vary, and ESG ratings of the same subject companies and/or securities can vary among different ESG ratings providers for various reasons including differences in definitions, methodologies, processes, data sources and subjectivity among ESG rating providers when determining a rating. Certain issuers of investments including, but not limited to, separately managed accounts ("SMAs"), mutual funds and exchange traded funds ("ETFs") may have differing and inconsistent views concerning ESG criteria where the ESG claims made in offering documents or other literature may overstate ESG impact. Further, socially responsible norms vary by region, and an issuer's ESG practices or Morgan Stanley's assessment of an issuer's ESG practices can change over time.

Portfolios that include investment holdings deemed ESG investments or that employ ESG screening criteria as part of an overall strategy may experience performance that is lower or higher than a portfolio not employing such practices. Portfolios with ESG restrictions and strategies as well as ESG investments

may not be able to take advantage of the same opportunities or market trends as portfolios where ESG criteria is not applied. There is no assurance that an ESG investing strategy or techniques employed will be successful. Past performance is not a guarantee or a dependable measure of future results. For risks related to a specific fund, please refer to the fund's prospectus or summary prospectus.

Investment managers can have different approaches to ESG and can offer strategies that differ from the strategies offered by other investment managers with respect to the same theme or topic. Additionally, when evaluating investments, an investment manager is dependent upon information and data that may be incomplete, inaccurate or unavailable, which could cause the manager to incorrectly assess an investment's ESG characteristics or performance. Such data or information may be obtained through voluntary or third-party reporting. Morgan Stanley does not verify that such information and data is accurate and makes no representation or warranty as to its accuracy, timeliness, or completeness when evaluating an issuer.

Morgan Stanley's assessment of an issuer's ESG practices or an ESG portfolio is as of the date of this material. No assurance is provided that the underlying assets have maintained or will maintain any applicable ESG designations or any stated ESG compliance, or that the underlying assets have been operated or will be operated in an ESG-compliant manner. The ESG impacts of the securities and any underlying assets may vary over time.

This can cause Morgan Stanley to incorrectly assess an issuer's business practices with respect to its ESG practices. As a result, it is difficult to compare ESG investment products.

Morgan Stanley makes no representation as to the compliance or otherwise of any fund or portfolio with any laws or regulatory guidelines, recommendations, requirements or similar relating to the ESG characterization of any fund or portfolio, or in connection with or to meet any of your investing ESG objectives, metrics or criteria.

The appropriateness of a particular ESG investment or strategy will depend on an investor's individual circumstances and objectives. Principal value and return of an investment will fluctuate with changes in market conditions.

**Private Funds** (which include hedge funds and private equity funds) often engage in speculative investment techniques and are only appropriate for long-term, qualified investors. Investors could lose all or a substantial amount of their investment. They are generally illiquid, not tax-efficient and have higher fees than many traditional investments.

Investing in the market entails the risk of market volatility. The value of all types of investments may increase or decrease over varying time periods. Fixed Income investing entails credit risks and interest rate risks. When interest rates rise, bond prices generally fall.

The returns on a portfolio consisting primarily of sustainable investments may be lower or higher than a portfolio that is more diversified or where decisions are based solely on investment considerations. Because sustainability 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.



For more information regarding Investing with Impact, please contact your Morgan Stanley Financial Advisor or visit [morganstanley.com/impactinvesting](https://morganstanley.com/impactinvesting)



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. Investing in an international ETF also involves certain risks and considerations not typically associated with investing in an ETF that invests in the securities of U.S. issues, such as political, currency, economic and market risks. These risks are magnified in countries with emerging markets, since these countries may have relatively unstable governments and less established markets and economics. ETFs investing in physical commodities and commodity or currency futures have special tax considerations. Physical commodities may be treated as collectibles subject to a maximum 28% long-term capital gains rates, while futures are marked-to-market and may be subject to a blended 60% long- and 40% short-term capital gains tax rate. Rolling futures positions may create taxable events. For specifics and a greater explanation of possible risks with ETFs, along with the ETF's investment objectives, charges and expenses, please consult a copy of the ETF's prospectus. Investing in sectors may be more volatile than diversifying across many industries. The investment return and principal value of ETF investments will fluctuate, so an investor's ETF shares (Creation Units), if or when sold, may be worth more or less than the original cost. ETFs are redeemable only in Creation Unit size through an Authorized Participant and are not individually redeemable from an ETF.

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 Morgan Stanley Global Impact Funding Trust, Inc. ("MS GIFT, Inc.") is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. MS Global Impact Funding Trust ("MS GIFT") is a donor-advised fund. Morgan Stanley Smith Barney LLC provides investment management and administrative services to MS GIFT.

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