

Investor Pulse Poll

HNW Investor Women of Color



SUMMER 2022

Morgan Stanley releases findings from the “Morgan Stanley Investor Pulse Poll” of 1,010 US high net worth (HNW) investors ages 25 to 75 years with \$100,000 or more in investable household financial assets. Approximately 27% of all US households fall into this group, representing approximately 35 million households (defined to exclude assets held in real estate and employer retirement plans).¹ The poll was conducted from June 3-26, 2022 and includes interviews with hundreds of households that report investable household financial assets of \$1 million or more (approximately 33% of those interviewed), yielding a robust look at a group that makes up only 5.9% of total US households.² All told, households with \$100,000 or more in investable assets account for 96% of total investable assets by value.³ All results reported are from the Morgan Stanley Investor Pulse Poll, specifically 312 interviews among HNW investor women of color (i.e., those who do self-identify as something other than non-Hispanic white).

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¹ According to aggregated data using results of the Federal Reserve's 2019 Survey of Consumer Finances by CEB, 29% of all US households have non-retirement financial assets of \$100,000 or more and are of ages 25 to 75 years.

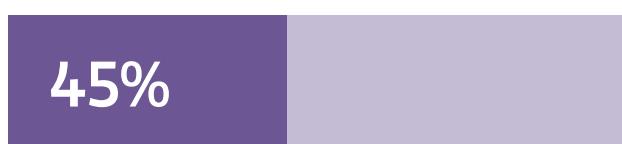
² According to aggregated data using results of the Federal Reserve's 2019 Survey of Consumer Finances by CEB.

³ According to aggregated data using results of the Federal Reserve's 2019 Survey of Consumer Finances by CEB.

More than two years into the COVID-19 pandemic, the issue of mental health remains front and center for HNW investor women of color. Nearly four in 10 (37%) say that their own mental health deteriorated during the pandemic, while even more (45%) believe that access to mental health care in our country suffered.



say that their own mental health deteriorated during the pandemic



believe that access to mental health care in our country suffered

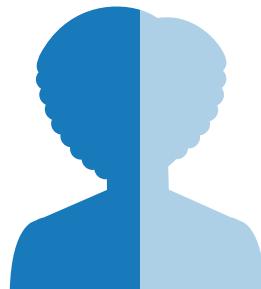
Nine in 10 want the companies they invest in to ensure employee access to quality mental health care (90%) and to take the issue of mental health seriously (89%)—both higher than HNW investors overall.



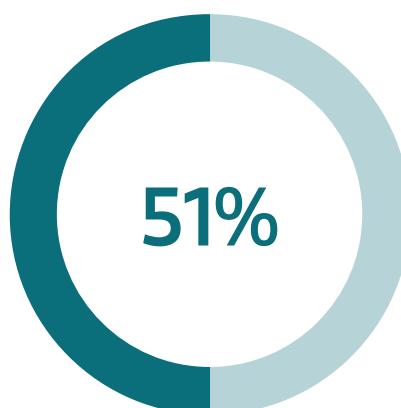
Almost half (46%) of HNW investor women of color believe that the pandemic has worsened racial disparities in the US. Likely a reflection of our nation's housing crisis, they are increasingly looking to the real estate sector to enact positive change in this area (29% say this, up 11 points vs. 2021). The finance industry takes the top spot (60% and higher than HNW investors overall).

46%

of HNW investor women of color believe that the pandemic has worsened racial disparities in the US.

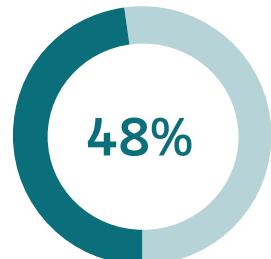


Around half of HNW investor women of color believe that business owners from all backgrounds currently lack equal (51%) and equitable (50%) access to outside funding—and see investment firms doing little to nothing (48%) to back businesses and start-ups owned by people of color.

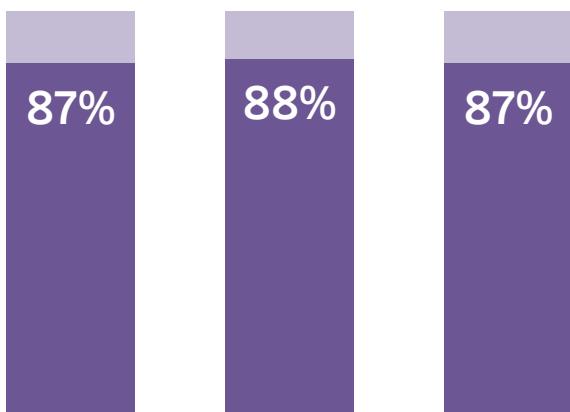


half of HNW investor women of color believe that business owners from all backgrounds currently lack equal (51%)

48% see investment firms doing little to nothing to back businesses and start-ups owned by people of color.



To a much greater extent than HNW investors overall, HNW investor women of color express a desire for the companies they invest in to have policies in place to promote DE&I (87%), to hire and promote employees from diverse backgrounds (88%), and to place people from diverse backgrounds in leadership positions (87%).

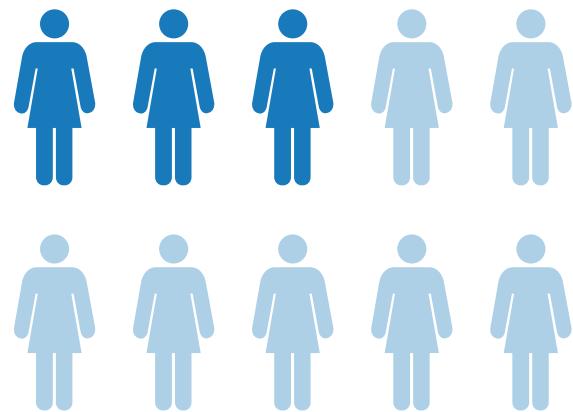


express a desire for the companies they invest in to have policies in place to promote DE&I

to hire and promote employees from diverse backgrounds

to place people from diverse backgrounds in leadership positions

While just over four in 10 (43%) HNW investor women of color currently leverage the insight of a financial professional, many more (66%) express interest in working with a professional who has special training in ESG, impact, and racial equity investing.



four in 10 HNW investor women of color currently leverage the insight of a financial professional,

More than two years into the COVID-19 pandemic, Hispanic/Latino HNW investors continue to demonstrate high satisfaction with their lives. Yet, they believe there is more to learn (80%) and do (76%) to make this goal a reality. Overwhelmingly, HNW investor women of color struggle with knowing whether to trust investment claims around issues like the environment, social change, or racial equity (90%). Each of these figures is higher than HNW investors overall.



85%
of HNW investor women of color say it's important that their portfolio aligns with their values, beliefs, and issues that matter.

Optimism that the investment climate will be the same or better over the next 12 months is down a staggering 41 points from a year ago (to 51%).



Economic Outlook and Impact of COVID-19

The Pandemic Has Placed The Greatest Strain On Mental Health, According To HNW Investor Women of Color

The COVID-19 pandemic has had the greatest negative impact on areas of life related to mental health and emotional well-being. More than one in three HNW investor women of color each say that their mental health (37%) and feeling of safety and security (35%) have “suffered” as a result of COVID-19. By contrast, there is greater stability in feeling that their lives have meaning (51% say this has been unaffected) and that their jobs are meaningful (53%, among those currently working).

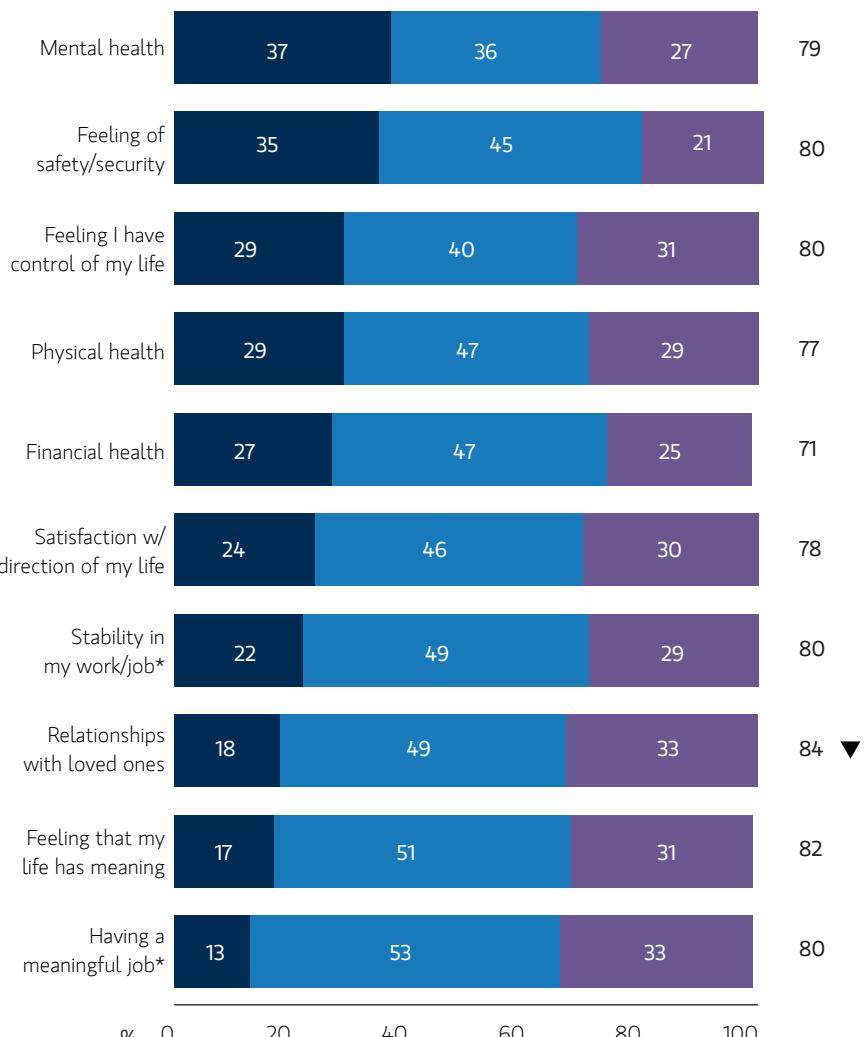
At the other end of the spectrum, anywhere from one in five to one in three HNW investor women of color cite improvement across areas of life due to the pandemic. These positive ratings are significantly higher than HNW investors overall. (HNW investors overall are generally more inclined to choose “no impact”—a pattern observed in 2021, as well.)

Seven in 10 or more HNW investor women of color report that each area of life surveyed is “good,” if not “excellent”—mostly stable versus 2021. The only exception is “relationships with loved ones.” Positive ratings are down from a year ago, yet at 84%, are still quite strong. As seen among HNW investors overall, the expectation that the investment climate will be at least the same, if not better, over the next 12 months is down sharply among HNW investors women of color. Just half (51%) now hold this view, diminishing by a staggering 41 percentage points from 2021. There is considerably more optimism when looking at outlook measures that are closer to home: seven in 10 or more HNW investor

Impact of COVID-19 pandemic

% “Suffered” YoY

% rating “Good” or “Excellent” in 2022



*Among those who are working

■ Suffered ■ No impact ■ Improved

Arrows (▲/▼) indicate a statistically significant change among HNW investor women of color vs. 2021

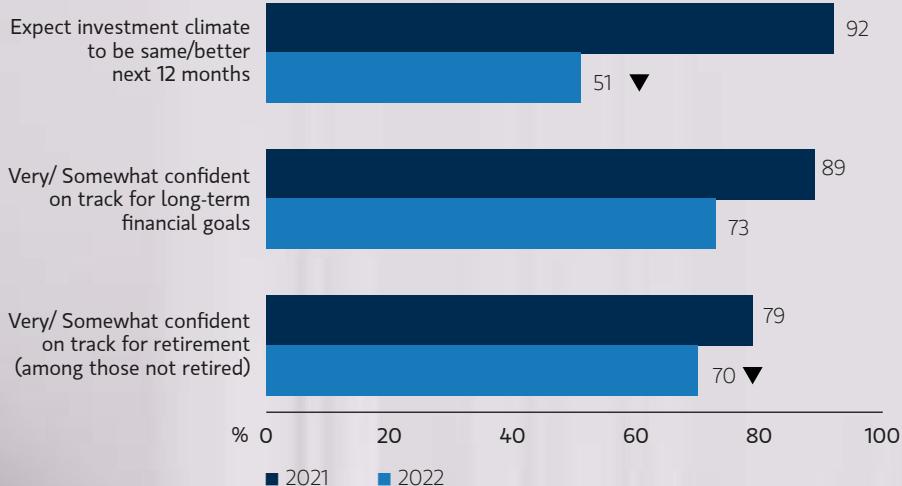


women of color believe they are on track to achieve their long-term financial goals (73%, though also down significantly vs. a year ago) and their desired retirement (70% among those not yet retired).

Notably, HNW investor women of color who are married are especially inclined to exude financial confidence on inward-focused measures. They are more likely to say they are “on track”—whether it be to achieve long-term financial goals (83% vs. 63% among those who are not married), or to have the type of retirement they want (81% vs. 58%, respectively, among those still working and married / not married). On predictions for the investment climate—more outward focused—there are no differences by marital status.

Economic outlook

% among HNW investor women of color



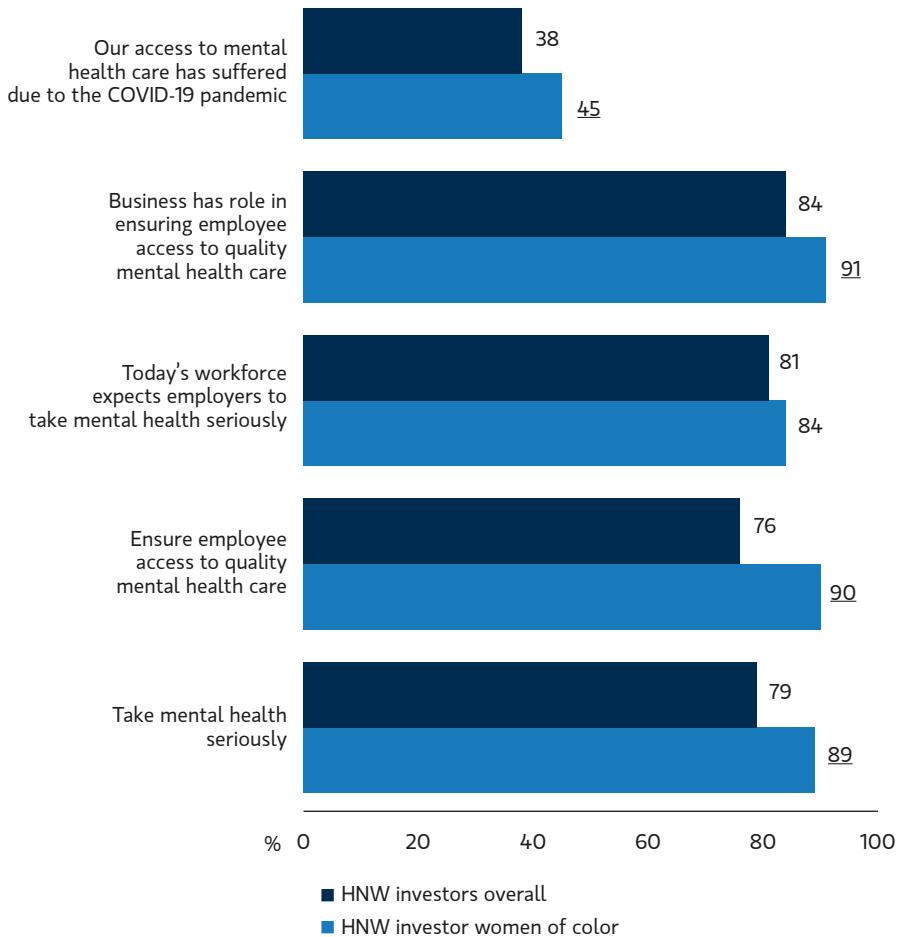
Focus On: Mental Health

Access To Mental Health Care Has Worsened; HNW Investor Women of Color Continue To See A Role For Corporate America In This Arena

When it comes to the impact of the COVID-19 pandemic on Americans' access to mental health care, HNW investor women of color are decidedly more negative than positive. Almost half (45%) believe that access to care has worsened during the pandemic. With this in mind, it comes as little surprise that HNW investor women of color are looking for solutions to improve access—and this includes a role for US businesses. Overwhelming majorities believe that companies have a responsibility to provide employees with access to quality mental health care (91%) and that today's workforce expects businesses to take this issue seriously (84%).

These views carry over to investment strategy, as well. Nine in 10 HNW investor women of color say it's at least somewhat important that the companies they invest in offer their employees good-quality mental health benefits and take the issue of mental health seriously (90% and 89%, respectively). Most of these figures are higher than among HNW investors overall.

Attitudes toward business and mental health



Underlining (X) indicates a statistically higher figure vs. HNW investors overall

NOTE: the following question about "Our access to mental health care" was rephrased slightly in 2022 vs. 2021:

2021: Next, **2020 was a year of** tremendous change, though not everyone experienced 2020 the same way. In your opinion, how have each of the following changed, if at all?

2022: Next, **the COVID-19 pandemic has brought about** tremendous change, though not everyone has experienced the pandemic in the same ways. In your opinion, how have each of the following changed, if at all?



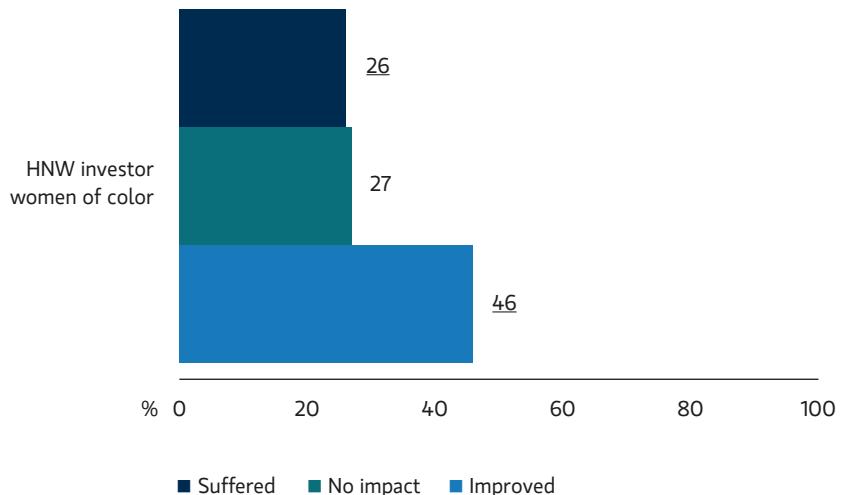
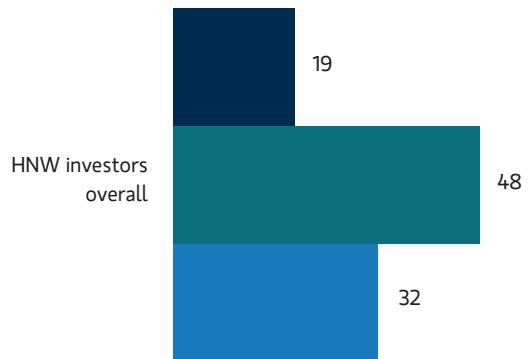
Focus On: Diversity, Equity & Inclusion

Many See The Pandemic As Worsening Racial Disparities In America

HNW investor women of color also hold a more pessimistic view of diversity, equity, and inclusion as they relate to the COVID-19 pandemic. Almost half believe that the pandemic has caused our nation's focus on racial inequity and inequality to suffer (46%, and significantly higher than HNW investors overall). Fewer HNW investor women of color see the pandemic as having no impact (27%) or making things better (26%).

Impact of COVID-19 pandemic

Our focus on racial inequity and inequality has... (%)



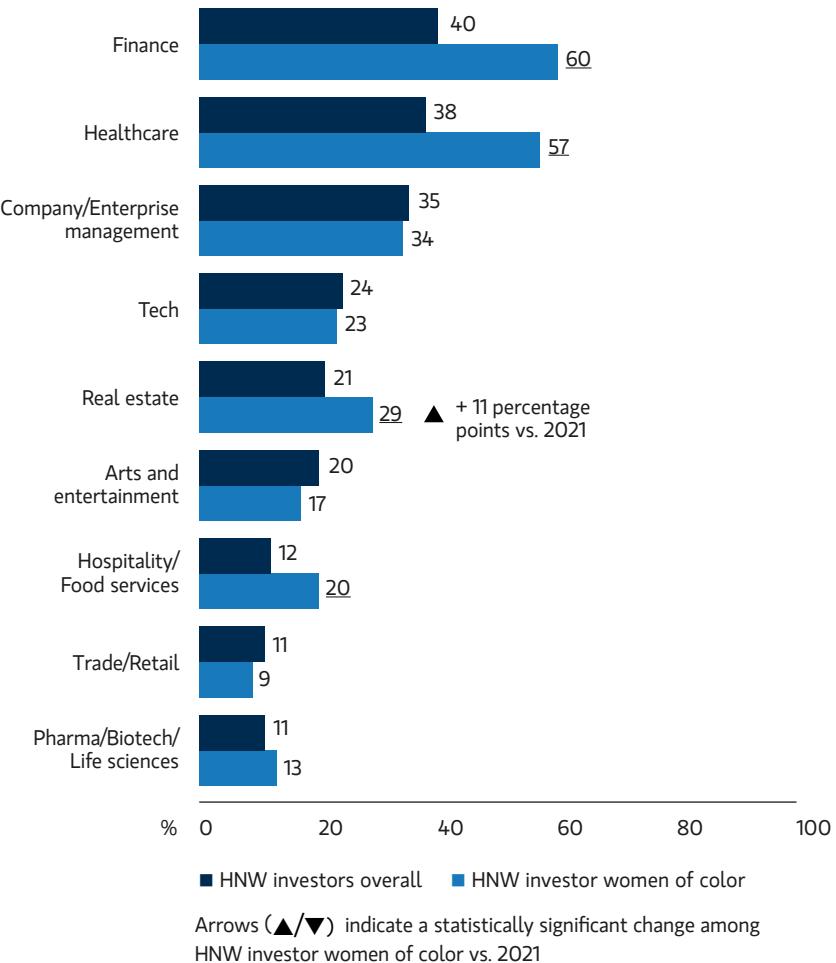
Underlining (X) indicates a statistically higher figure vs. HNW investors overall



Financial Services and Healthcare / Social Assistance Have The Greatest Potential To Move The Needle

Similarly to mental health, HNW investors of color see a role for business in helping to stem racial inequity and inequality. Eighty-nine percent believe that US businesses have the power to promote positive change in this area (higher than HNW investors overall at 79%). When asked for the specific sectors that could have the biggest impact on racial inequality, HNW investor women of color and HNW investors overall share the same industry leaders. However, by wide margins, HNW investor women of color are more likely to view a number of sectors as having potential to enact change. The largest gaps are found in the top-two sectors: financial services (60% vs. 40%) and healthcare / social assistance (57% vs. 38%). Another is real estate (29% vs. 21%, and up significantly this year).

Sectors with potential to make the biggest difference on racial inequality



More Work Is Needed To Level The Playing Field In Business

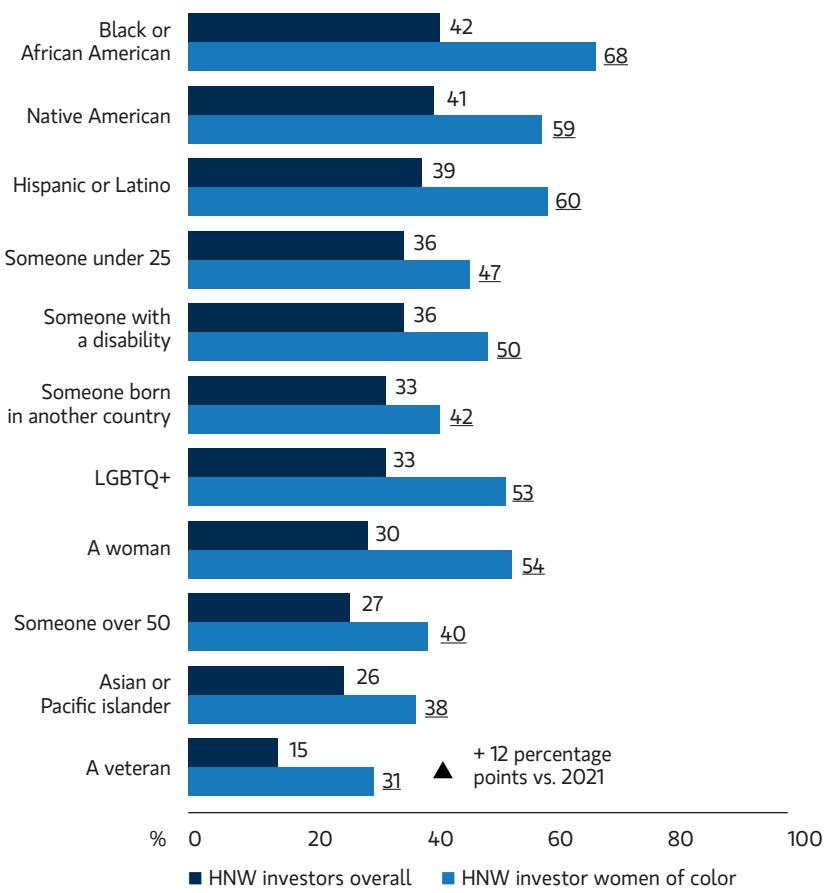
The disparities observed in our society, generally, also come up when drilling down to the business community and investment firms, more specifically. Virtually all (95%) HNW investor women of color say it's important that business owners from every background have access to outside funding. Two in three (66%) view this as "very" important—significantly higher than HNW investors overall (53%).

Yet, HNW investor women of color are questioning the existence of equity in funding. Half believe that business owners from all backgrounds currently lack equal (51%) and equitable (50%) access to outside funding. Nearly as many (48%) say that investment firms are doing little to nothing to back businesses and start-ups owned by people of color. (Far fewer HNW investors overall hold this grim view of investment firms, 29%).

Further driving home this point, HNW investor women of color are more inclined than those overall to believe that specific groups of business owners are at a disadvantage when it comes to funding (all 11 backgrounds surveyed). Six in 10 or more believe that African American/Black- (68%), Hispanic/Latino- (60%), and Native American- (59%) owned businesses currently lack equal and equitable opportunities to secure funding. More than half say the same of business owners who are women (54%) and members of the LGBTQ+ community (53%). Meanwhile, more this year believe that veterans lack equal and equitable opportunities for funding (now 31%).

Do business owners from all backgrounds have equal / equitable access to outside funding?

% Who say "No"



EQUAL—the exact same access to resources for all business owners

EQUITABLE—the exact same access to resources that takes into account other factors, including discrimination, biases, and harmful policies that negatively impact people from disadvantaged communities



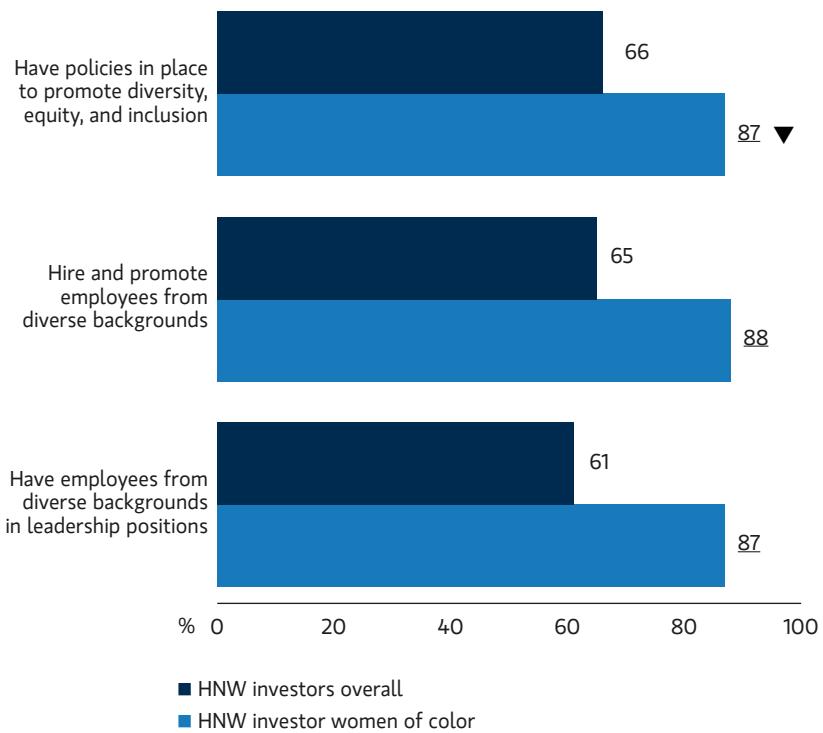
HNW Investor Women of Color Want Companies They Invest In To Prioritize DE&I; It's Just Good Business

Issues of diversity, equity, and inclusion are not merely abstract concepts to HNW investor women of color. In fact, these investors are especially likely to see importance in the companies they invest in having policies in place to promote DE&I, hiring and promoting employees from diverse backgrounds, and placing people from diverse backgrounds in leadership positions (all approach 90% and are significantly higher than HNW investors overall). The importance of implementing policies to foster DE&I sees a seven-point decline from 2021, though is still incredibly high at 87%.

Not only are HNW investor women of color drawn to this type of investment strategy, but they also believe that prioritizing DE&I is a wise business decision. Three in four (74%) "strongly" agree that it makes good business sense for companies to promote diversity, equity, and inclusion in the workplace (nearly 30 percentage points higher than HNW investors overall, 47%).

It's important that companies I invest in...

% "Very" or "Somewhat" important



Underlining (X) indicates a statistically higher figure vs. HNW investors overall



Wealth Management

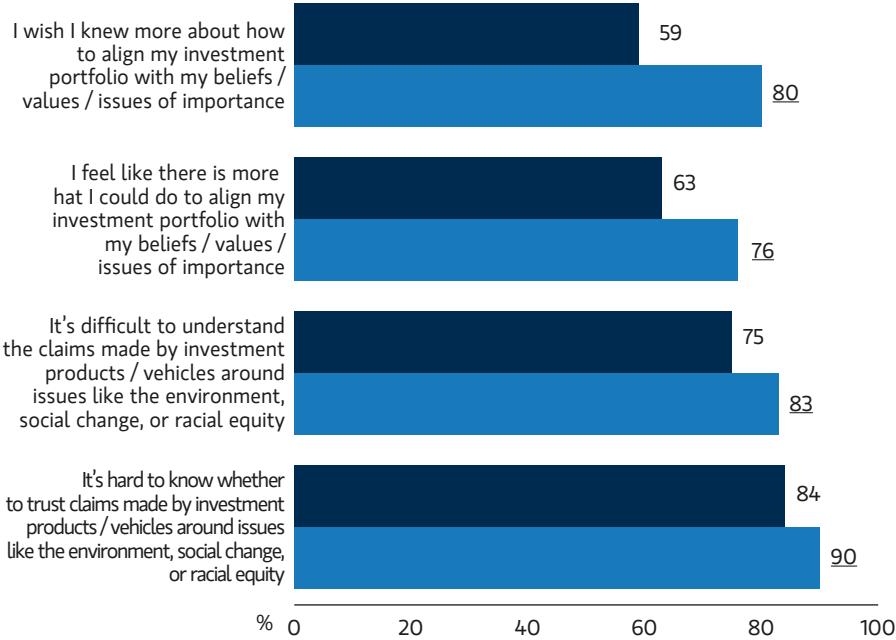
Significant Opportunities Exist To Help HNW Investor Women of Color Align Portfolios With Values, And Close Information Gaps

Questions around the concept of aligning investments with one's beliefs, values, and issues that matter uncover striking gaps between HNW investor women of color and those overall. Far more HNW investor women of color indicate that this is "somewhat," if not "very," important to them (85% vs. 71% overall). Yet, HNW investor women of color are more likely than those overall to sense there is more to learn (80% vs. 59%) and do (76% vs. 63%) to make this goal a reality. They are also more likely to struggle with knowing which investment claims to trust around issues like the environment, social change, or racial equity (90% vs. 84% overall)—and with deciphering claims (83% vs. 75%).

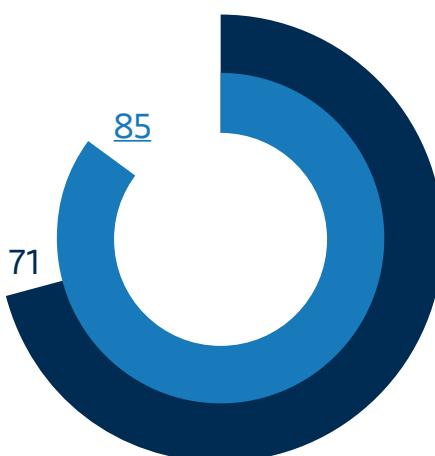
Notably, more than 4 in 10 (44%) HNW investor women of color believe their investment portfolios currently align "very" if not "somewhat" well with their beliefs, attitudes, and values. However, nearly as many (40%) are simply unsure, reinforcing a need for more education.

Along these lines, more outreach and support are needed on investment strategies like ESG, impact, and racial equity investing. In each case, majorities of HNW investor women of color are unfamiliar: 62% for ESG, 58% for impact, and 55% for racial equity investing. Moreover, this audience expresses greater enthusiasm for pursuing each of these strategies relative to HNW investors overall.

Investment portfolio aligns with beliefs, values, and issues that matter



This is important to me (%)



■ HNW investors overall ■ HNW investor women of color

Underlining (X) indicates a statistically higher figure vs. HNW investors overall



ESG

INTEGRATION—Proactively considering environmental, social and governance criteria alongside financial analysis.

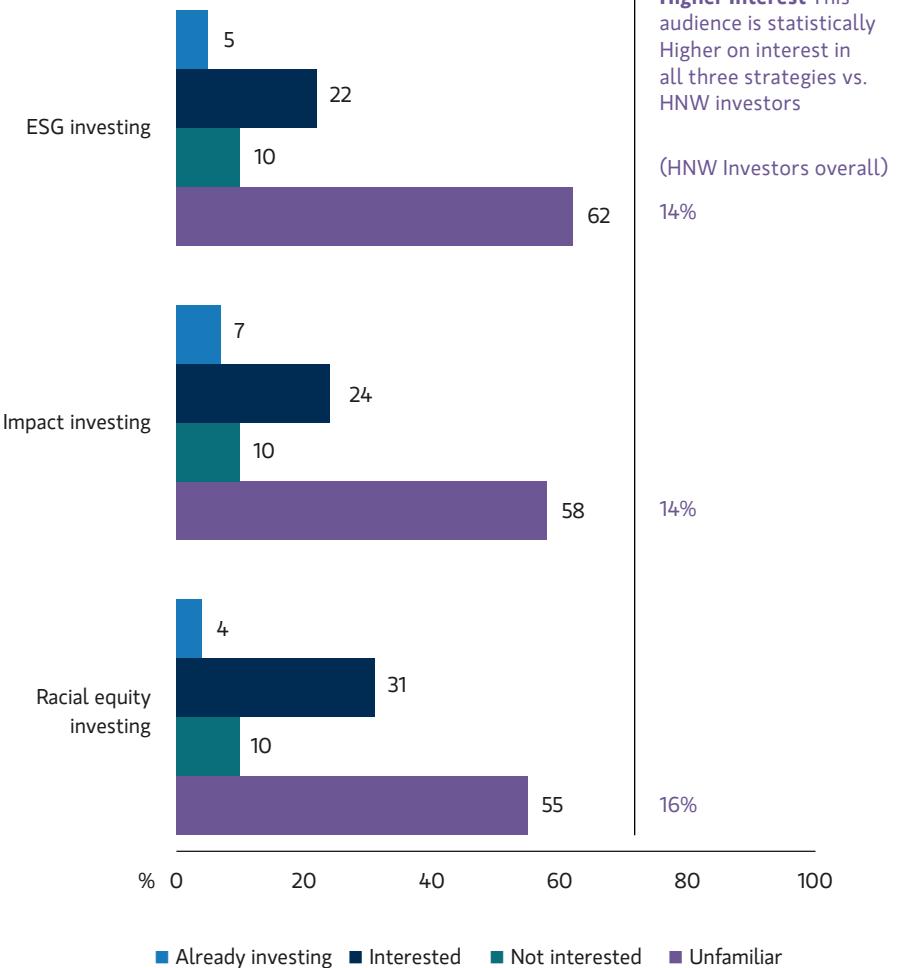
IMPACT INVESTING—Seeking to make investments that intentionally generate measurable positive social and/or environmental outcomes.

RACIAL EQUITY

INVESTING—Allocating investment funds or financing private enterprises that do things like help founded companies owned by people of color grow, stand against profits from incarceration, and bring food to underserved communities, etc., in addition to companies that are leading on diversity and inclusion efforts.

Experience / interest in investment strategies

% among HNW investor women of color



Use of Financial Professionals

Financial Professionals Can Bridge Knowledge Gaps Around ESG, Impact, And Racial Equity Investing—and Portfolio Alignment

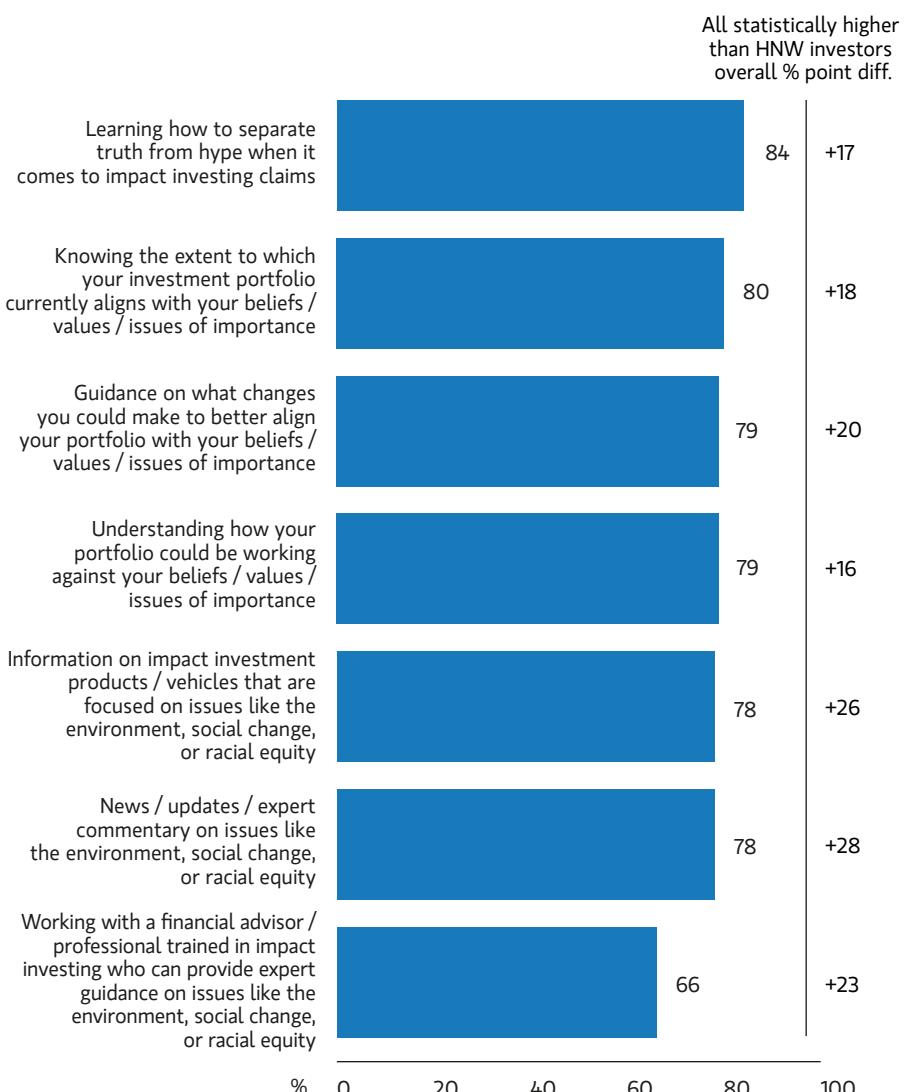
Even if not working with a financial professional today, large majorities of HNW investor women of color express interest in information that would boost their ESG, impact, and racial equity investing "IQ." First and foremost, they want to learn how to separate fact from fiction when it comes to investment claims (84%). Also important is understanding how well their portfolio currently aligns with values (80%), how investments could be working against their interests (79%), and suggestions to improve alignment (79%).

Next is information on specific investment products and issue areas (both 78%), followed by working with an advisor or other financial professional who has special training in this area (66%). Interest in each of these areas is significantly greater among HNW investor women of color than HNW investors overall, with wide, double-digit gaps separating the two groups.

If looking to develop an investment strategy around issues like the environment, social change, or racial equity, most HNW investor women of color would want to leverage the help of a financial professional either solely (15%) or in conjunction with their own research on the subject (53%). Currently, just over four in 10 (43%) leverage the insight of a financial professional (below HNW investors overall, 56%). This is typically a financial advisor or a CFP (60% and 39%, respectively, among those working with a financial professional).

Interest in ESG, impact, and racial equity investing support

% "Very" or "Somewhat" interested among HNW investor women of color



Methods

The Morgan Stanley Investor Pulse Poll was conducted by Ipsos Public Affairs using the KnowledgePanel, the only large-scale representative panel of the adult population in the US for which members are recruited using a probability-based address-based sampling methodology. In order to maintain full representation of all adults, households without Internet access are provided internet-enabled devices and ISP as well. From June 3-26, 2022, a random sample of 1,010 respondents across the US were interviewed. In order to qualify for this study, respondents were required to have \$100,000 or

more in household liquid investable assets, be between the ages of 25 and 75 years old, and to be one of the primary decision-makers in the household for financial decisions. Quotas were applied in order to obtain approximately one third in each of the following categories: \$100,000 to \$499,000; \$500,000 to \$999,000; and \$1 million or more in investable assets. Results were then weighted to age within each of these three asset classes using benchmarks from the Federal Reserve's 2019 Survey of Consumer Finances. A number of oversamples were conducted leveraging the KnowledgePanel:

- Women of Color (312 interviews), i.e., a group of women excluding those who identify as non-Hispanic white
- African American/Black HNW investors (224 interviews), i.e., a group of HNW investors who identify as non-Hispanic Hispanic/Latino.
- Hispanic HNW investors (210 interviews), i.e., a group of HNW investors who identify as Hispanic

Respondents from these oversamples were required to have \$50,000 or more in household liquid investable assets, and data were weighted using benchmarks from the Federal Reserve's 2019 Survey of Consumer Finances.

SAMPLE PROFILE	HNW INVESTORS OVERALL	WOMEN OF COLOR	AFRICAN AMERICAN/BLACK HNW INVESTORS	HISPANIC/LATINO HNW INVESTORS
Gender				
Male	61%	--	37%	61%
Female	39%	100%	63%	39%
Generations				
Millennials (26-39) / Gen X (40-57)	53%	55%	65%	74%
Boomers (58-75)	47%	45%	35%	26%
Investable assets				
\$50k to under \$100K	--	39%	37%	37%
\$100,000 to under \$500,000	61%	47%	51%	53%
\$500,000 to under \$1M	17%	11%	8%	7%
\$1M or more	22%	3%	4%	4%
Currently working with a financial professional	56%	43%	40%	37%
Currently employed / working	67%	65%	77%	77%

In addition to the samples described above, an independent sample of 215 Entrepreneurs was drawn from the KnowledgePanel, with oversamples to achieve 219 Female Entrepreneurs and 149

Entrepreneurs of Color. All Entrepreneurs had to be self-employed and/or own their own for-profit business were eligible to participate. Data among these audiences were weighted using a multi-step process

that leverages benchmarks from the 2021 March Supplement of the Current Population Survey (CPS) and eligibility requirements to (i.e., the study's screener data) to create the final weighting targets.



Contacts

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Private Wealth Advisors do not provide tax or legal advice.

Morgan Stanley engaged Ipsos, an independent third-party Firm to host a secure online survey. All responses were combined with those of other participants who complete this survey. Ipsos shared the aggregate responses with Morgan Stanley. This material has been prepared for informational purposes only. It does not provide individually tailored investment advice. It has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. Morgan Stanley Smith Barney LLC ("Morgan Stanley") recommends that investors independently evaluate particular investments and strategies, and encourages investors to seek the advice of a Morgan Stanley Financial Advisor. The appropriateness of a particular investment strategy will depend on an investor's individual circumstances and objectives. Morgan Stanley Smith Barney LLC is not implying an affiliation, sponsorship, endorsement with/of the third party or that any monitoring is being done by Morgan Stanley Smith Barney LLC ("Morgan Stanley") of any information contained within the website. Morgan Stanley is not responsible for the information contained on the third-party website or the use of or inability to use such site. Nor do we guarantee their accuracy or completeness.

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