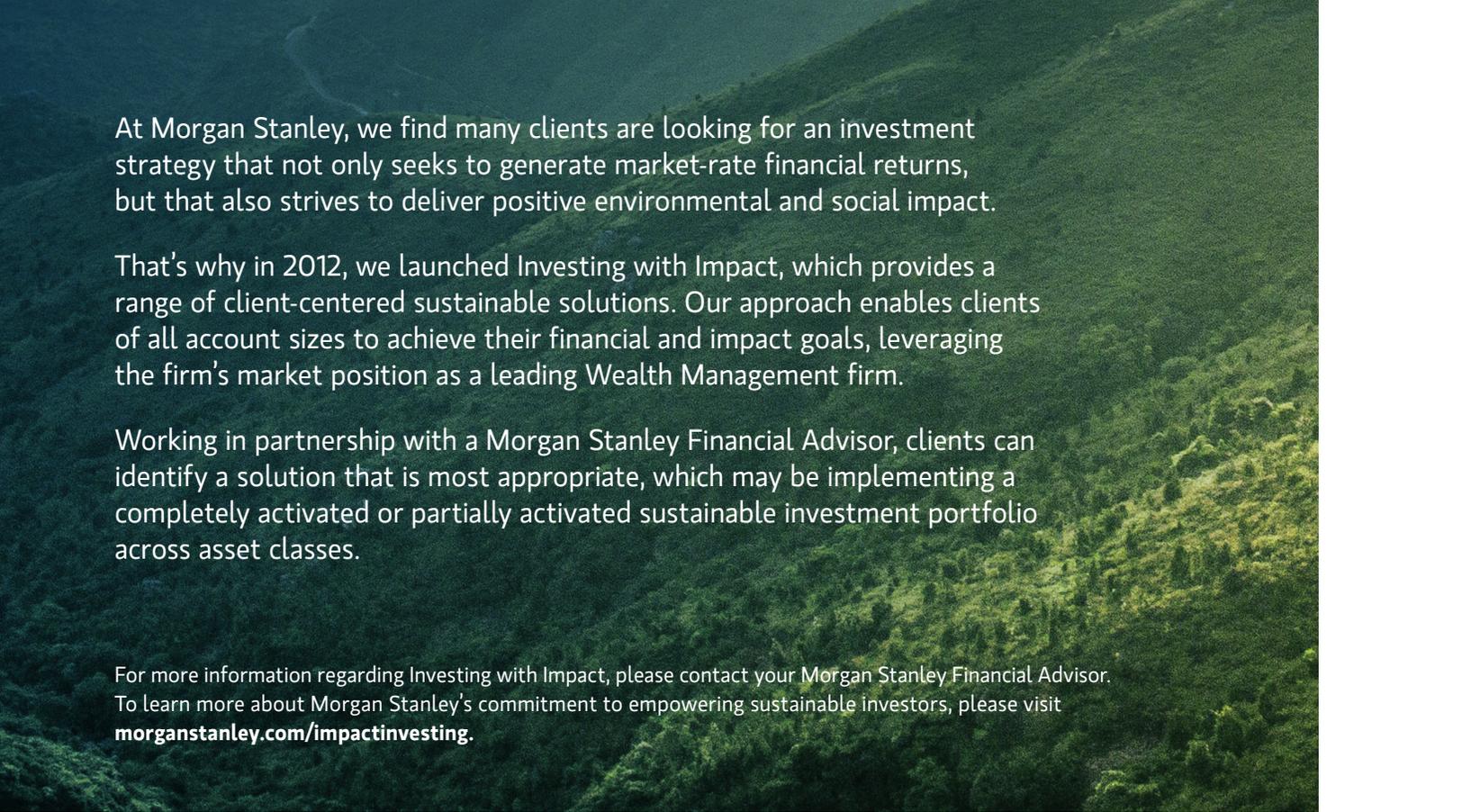


Morgan Stanley

# Investing with Impact

Creating Economic, Social and Environmental Value





At Morgan Stanley, we find many clients are looking for an investment strategy that not only seeks to generate market-rate financial returns, but that also strives to deliver positive environmental and social impact.

That's why in 2012, we launched Investing with Impact, which provides a range of client-centered sustainable solutions. Our approach enables clients of all account sizes to achieve their financial and impact goals, leveraging the firm's market position as a leading Wealth Management firm.

Working in partnership with a Morgan Stanley Financial Advisor, clients can identify a solution that is most appropriate, which may be implementing a completely activated or partially activated sustainable investment portfolio across asset classes.

For more information regarding Investing with Impact, please contact your Morgan Stanley Financial Advisor. To learn more about Morgan Stanley's commitment to empowering sustainable investors, please visit [morganstanley.com/impactinvesting](https://morganstanley.com/impactinvesting).

# There is no “one size fits all” approach to Investing with Impact

Morgan Stanley has designed a proprietary process to identify a client’s specific impact priorities and match them with an appropriate Investing with Impact solution. With more than 120 investment strategies and additional customizable portfolio solutions across asset classes, we can tailor our clients’ portfolios to match their preferences and monitor both financial and impact results overtime. Investors of all sizes can seek to advance broad sustainability solutions as well as mitigate climate change, support diversity and inclusion, promote community economic development and more.

**Opportunities to Advance Sustainability Solutions Across:**

 <b>BROAD-BASED SUSTAINABILITY</b>	 <b>FOSSIL FUEL AWARENESS</b>	 <b>INCLUSIVE WORKSPACE</b>
 <b>IMPROVING LIVES</b>	 <b>GENDER LENS</b>	 <b>CLIMATE ACTION</b>

# A Framework for Investing with Impact

Every client has a unique set of priorities to consider when making investment decisions that seek to align with personal values.

Risk management, return potential and mission and values alignment are among the top motivations for investors, leading to a holistic integration of Investing with Impact approaches across asset classes. Morgan Stanley has developed a proprietary framework to define each of these investable approaches to clarify implementation options. This framework should be considered alongside traditional asset allocation, analysis and investment selection process, which is the basis for constructing a complete portfolio or choosing specific allocations of your holdings. As you move across the chart illustrating the framework from left to right, the impact of each approach becomes increasingly targeted and integrated into the investment process.

## MINIMIZE OBJECTIONABLE IMPACT



### RESTRICTION SCREENING

**DEFINITION**

Investments that seek to minimize or avoid certain companies, sectors, geographies or themes

**INVESTMENT EXAMPLES**

Strategy (mutual fund, exchange-traded fund, separately managed account or private fund) that does not own certain companies, industries or countries due to values misalignment or risk



### ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) INTEGRATION

Invest in companies with sustainable corporate practices, including efficient natural resource use, efforts to reduce greenhouse gas emissions, employee and customer treatment and governance



### THEMATIC EXPOSURE

Investments in companies with products and services targeting solutions to key sustainability goals such as alleviating poverty, community development, climate solutions and more



### IMPACT INVESTING

Private market investments focused on enterprises that deliver positive impact

*Shareholder or company engagement and impact reporting play a critical role in differentiating managers across approaches*

Strategy (mutual fund, exchange-traded fund, separately managed account or private fund) incorporating analysis of ESG performance into equity and fixed income valuation process or using ESG data as a factor to filter investable universe

Strategy (mutual fund, exchange-traded fund, separately managed account or private fund) investing in companies with significant exposure to sustainability themes such as renewable energy, affordable housing, faith-based values, etc., across equity and fixed income

A private market strategy (e.g., venture capital, private equity, multi-asset fund, hedge fund, etc.) focused on affordable housing in low-income communities, emerging consumers, workforce training, etc.

#### PUBLIC AND PRIVATE MARKETS

#### PRIVATE MARKETS

Past performance is no guarantee of future results. Estimates of future performance are based on assumptions that may not be realized. This material is not a solicitation of any offer to buy or sell any security or other financial instrument or to participate in any trading strategy. Please refer to important information, disclosures and qualifications at the end of this material.

# Offerings

**Delivering Personalized Value** Investing with Impact focuses on flexibility and engagement, allowing both targeted allocation and full integration of impact objectives into an account of any size.

**INVESTMENT STRATEGIES:** Over 120 approved Investing with Impact products—including exchange-traded funds, mutual funds, separately managed accounts and alternative investment opportunities (for qualified investors).

**PORTFOLIO SOLUTIONS:** Portfolios tailored to your unique financial and impact goals. Custom and model portfolios provide diversified asset allocation, manager selection and seek to generate positive environmental and social impact in addition to equity-only baskets addressing Morgan Stanley & Co. Global Sustainability Themes.

**MORGAN STANLEY ACCESS INVESTING:** Digital investment portfolios that leverage expertise from the Morgan Stanley Global Investment Committee and Investing with Impact.

**MORGAN STANLEY GLOBAL IMPACT FUNDING TRUST:** The easy-to-use Morgan Stanley Donor Advised Fund multiplies the impact of a client's charitable giving.

**CAPITAL MARKETS:** Access offerings incorporating positive impact—including green bonds.

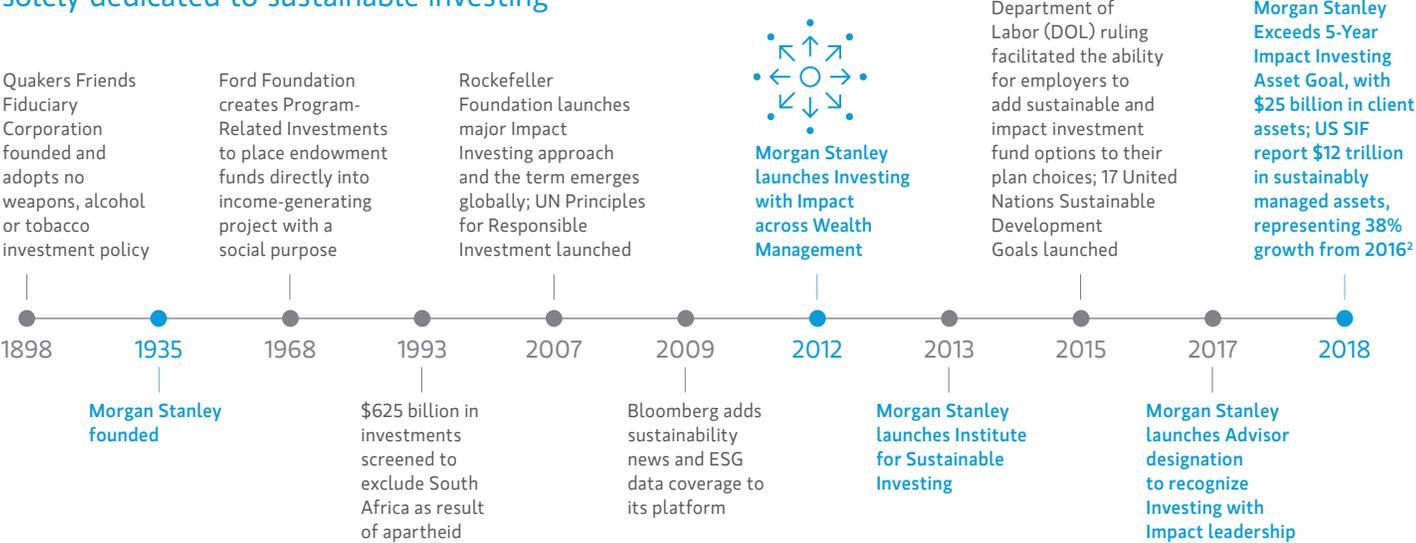
**CUSTOM RESTRICTION SCREENING:** Advisory accounts can be screened for 31 different issue areas.

**ANALYSIS AND THOUGHT LEADERSHIP:** Evaluation of sustainable investment strategies from the Global Investment Manager Analysis team plus ideas and insights from Morgan Stanley & Co.

**INSTITUTE FOR SUSTAINABLE INVESTING:** Focuses on accelerating the adoption of sustainable investing, producing informative insights and developing the next generation of sustainable finance leaders.

# Legacy of Investing with Impact

We are the first platform led by a major financial institution solely dedicated to sustainable investing<sup>1</sup>



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<sup>1</sup>Morgan Stanley press release, *Morgan Stanley Exceeds 5-Year Impact Investing Asset Goal*. September 2018

<sup>2</sup>U.S. SIF: The Forum for Sustainable and Responsible Investment, *Report on US Sustainable and Responsible Investing Trends, 2018*.

This material 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. The strategies and/or investments discussed in this material may not be appropriate for all investors. Morgan Stanley Smith Barney LLC recommends that investors independently evaluate particular investments and strategies, and encourages investors to seek the advice of a Financial Advisor. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. This material is not an offer to buy or sell any security or to participate in any trading strategy. Asset allocation and diversification do not guarantee a profit or protect against a loss. Past performance is no guarantee of future results.

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. 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 prices. The investment return and principal value of ETF investments will fluctuate so that an investor's ETF shares, if or when sold, may be worth more or less than the original cost.

A Morgan Stanley Access Investing ("Morgan Stanley ACCESS INVESTING") account is a discretionary investment advisory account. Morgan Stanley is responsible for implementing the model portfolio asset allocations in your Morgan Stanley ACCESS INVESTING account, as well as any reasonable restrictions you may impose. Please refer to the Morgan Stanley ACCESS INVESTING Program ADV Brochure for further information.

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. The Donor Circular & Disclosure Statement describes the risks, fees and expenses associated with establishing and maintaining an MS GIFT account. Read it carefully before contributing.

**Investors should carefully consider the investment objectives and risks as well as charges and expenses of a mutual fund/exchange-traded fund before investing. To obtain a prospectus, contact your Financial Advisor or visit the fund company's website. The prospectus contains this and other information about the mutual fund/exchange-traded fund. Read the prospectus carefully before investing.**

