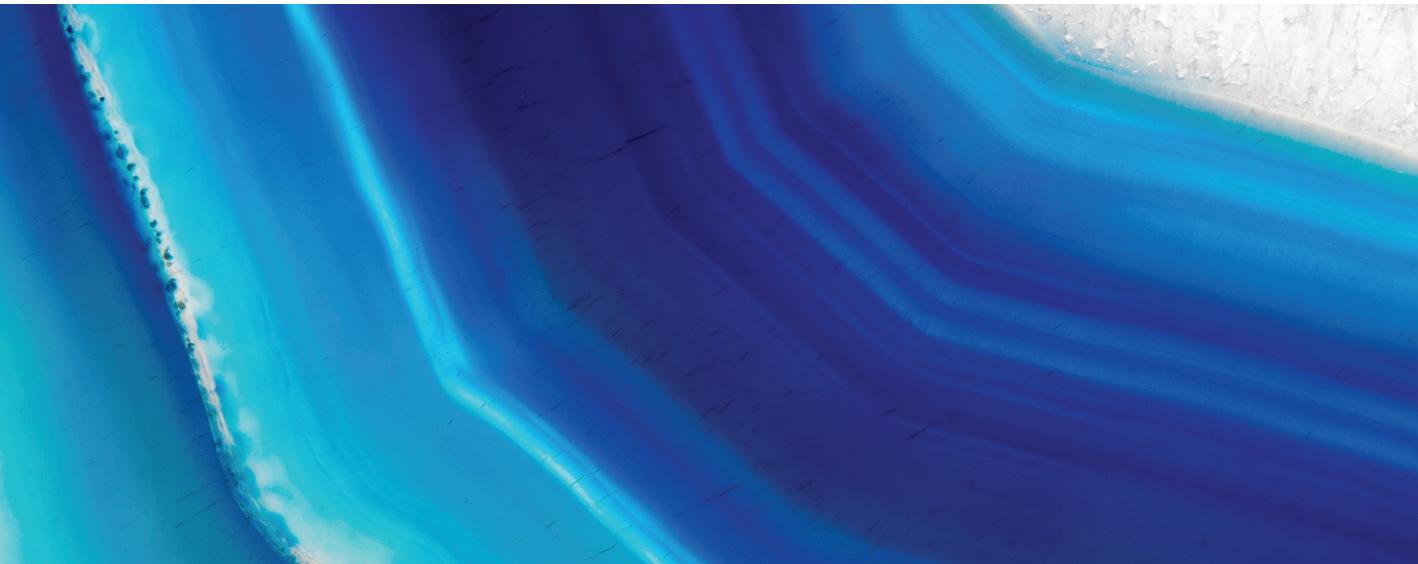


Morgan Stanley

# Investing with Impact

Creating Economic, Social and Environmental Value



## Delivering Value Across Multiple Dimensions

The Investing with Impact Platform focuses on flexibility and engagement, allowing both targeted allocation and full integration of impact objectives into an investment portfolio.

- **INVESTMENT STRATEGIES:** Choose from a selection of more than 130 products—including mutual funds, exchange-traded funds, separately managed accounts and alternative investment opportunities (for qualified investors).
- **PORTFOLIO SOLUTIONS:** Model and custom portfolios allow clients to integrate impact across fully diversified asset allocation models.
- **CAPITAL MARKETS:** Access capital markets offerings incorporating positive impact—including green bonds.
- **CUSTOM RESTRICTION SCREENING:** Advisory accounts can be screened for 29 different issue areas.
- **ANALYSIS AND THOUGHT LEADERSHIP:** Evaluation of impact-oriented strategies from the Global Investment Manager Analysis team plus ideas and insights from Morgan Stanley Sustainable + Responsible Research and the Morgan Stanley Institute for Sustainable Investing.
- **MORGAN STANLEY GLOBAL IMPACT FUNDING TRUST:** This vehicle multiplies the impact of charitable giving through impact opportunities available in Morgan Stanley's Donor Advised Fund.

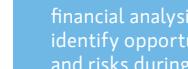
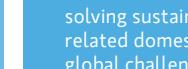
**“To galvanize the necessary capital to have real impact, sustainable investing can’t be limited to investors willing to accept unattractive returns in order to create social good. Getting to scale requires investment products that seek attractive returns while benefiting society. This is the philosophy behind our Investing with Impact Platform.”**

**JAMES P. GORMAN**

*Chairman and Chief Executive Officer  
Morgan Stanley*

Morgan Stanley has the resources and expertise to deliver value for our four million-plus individual and institutional clients. Working with our diverse clients and helping manage their financial goals in a complex and changing market increasingly depends on a deeper relationship that extends beyond market fluctuations. This is why Morgan Stanley launched an approach to investing in 2012 that we call Investing with Impact. Our client-centered approach helps the families, individuals and organizations we serve to invest in a way that aligns their personal or organizational values with their investments.

Investing with Impact aims to generate market-rate returns while demonstrating positive environmental and/or social impact. By drawing from the firm’s wide array of capabilities, Morgan Stanley has been able to leverage its market position as a leading Wealth Management firm to empower our clients to Invest with Impact.

 <b>MINIMIZE NEGATIVE IMPACT</b>						
<b>IMPACT PRIORITIES</b>	 <b>VALUES ALIGNMENT</b>	 <b>ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) INTEGRATION</b>	 <b>THEMATIC EXPOSURE</b>			
	 <b>CHARACTERISTICS</b>					
	 <b>INVESTMENT EXAMPLES</b>					
 <b>PUBLIC AND PRIVATE MARKETS</b>			 <b>PRIVATE MARKETS</b>			
<b>TARGET IMPACT</b>						
 <b>IMPACT INVESTING</b>						
<ul style="list-style-type: none"> <li>• Managing exposures by intentionally avoiding investments based on specific criteria</li> </ul>				<ul style="list-style-type: none"> <li>• Proactively considering ESG criteria alongside financial analysis to identify opportunities and risks during investment process</li> </ul>		
<ul style="list-style-type: none"> <li>• Differentiated by restriction criteria and degree of shareholder advocacy</li> <li>• Not proactively seeking environmental and social impact</li> </ul>				<ul style="list-style-type: none"> <li>• Differentiated by ESG integration process and degree of shareholder advocacy</li> <li>• May also include screens</li> </ul>		
<ul style="list-style-type: none"> <li>• Mutual fund that excludes companies from buy universe (e.g., tobacco, firearms, coal mining companies)</li> </ul>				<ul style="list-style-type: none"> <li>• Separately Managed Account (SMA) incorporating analysis of ESG performance into stock selection process</li> </ul>		
<ul style="list-style-type: none"> <li>• Focusing on themes and sectors dedicated to solving sustainability-related domestic and global challenges</li> </ul>				<ul style="list-style-type: none"> <li>• Exchange-traded fund (ETF) tracking index of renewable energy companies</li> </ul>		
<ul style="list-style-type: none"> <li>• Allocating to investment funds focused on private enterprises structured to deliver specific positive social and/or environmental impacts</li> </ul>				<ul style="list-style-type: none"> <li>• Differentiated by impact approach, regional focus, liquidity and impact reporting</li> <li>• May have investor restrictions</li> </ul>		
<ul style="list-style-type: none"> <li>• A private equity fund focused on emerging consumers or project-level renewable energy investment</li> </ul>						

## **A Framework for Investing with Impact**

Every client has a unique set of priorities to consider when making investment decisions so that their choices align with a larger social or environmental context. Building on Morgan Stanley's proven investment expertise, we have designed the Investing with Impact framework to clarify the spectrum of approaches to generating positive environmental and social impact. This framework should be considered alongside Morgan Stanley's traditional asset allocation, analysis and investment selection process, which is the basis for constructing our client's risk-aware investment portfolios. 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.

## **Impact Objectives Are Unique**

Through thoughtful dialogue and collaboration with Morgan Stanley Financial Advisors, clients clarify and reveal their distinct motivations that ultimately will drive their Investing with Impact strategy. These drivers incorporate institutional mission, personal values, worldview and more. Some examples include, among many others, integrating environmental awareness, promoting diversity and supporting local communities. Morgan Stanley's Investing with Impact Platform offers a spectrum of approaches designed to deliver customized solutions based on our clients distinct financial and impact objectives.

## **The Evolution of Investing with Impact**

As of 2014, more than one out of every six dollars under professional management in the U.S. is devoted to sustainable, responsible or impact investing strategies. The total amount committed in this manner is \$6.57 trillion, which represents a two-year growth rate of 76%.<sup>1</sup>

The pace of the marketplace evolution has been swift, but Morgan Stanley Financial Advisors are committed and are well positioned to help clients navigate strategies that can connect their unique financial and impact objectives. Every investment on the Investing with Impact Platform is carefully evaluated during the due diligence process to ensure its risk/return profile is aligned with its impact strategy. The goal is to identify opportunities that deliver positive impact as well as competitive financial performance.

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

<sup>1</sup> US SIF: The Forum for Sustainable and Responsible Investment, *Report on US Sustainable and Responsible Investing Trends*, 2014.

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 suitable 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 suitable 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 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.

**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.**