

## Supplement to the Qualified Retirement Plan Disclosure Document

As of November 2021

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### Important Information Concerning your Morgan Stanley Qualified Retirement Plan Account(s)

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***Pursuant to the U.S. Department of Labor's regulations under Section 408(b)(2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), Morgan Stanley Smith Barney LLC ("Morgan Stanley"), as a service provider to your ERISA-covered retirement plan, is required to provide certain information regarding our services and compensation to assist you – as a plan fiduciary/sponsor - in assessing the reasonableness of your plan's contracts or arrangements with us, including the reasonableness of our compensation. These disclosure requirements are commonly referred to as "408(b)(2)."***

This "supplemental" disclosure document is being provided to you, as the plan fiduciary/sponsor, to meet the requirements of 408(b)(2) and to help you understand the services offered to you and the compensation Morgan Stanley may receive in connection with your qualified retirement plan.

This document is meant to provide you with additional information about services Morgan Stanley offers and compensation earned by the firm for certain investments and/or account types under its qualified retirement plan offerings. This document is one of the "referenced disclosure documents" highlighted in the Qualified Retirement Plan Disclosure Document that has been provided to you.

*Tax laws are complex and subject to change. Morgan Stanley Smith Barney LLC ("Morgan Stanley"), its affiliates and Morgan Stanley Financial Advisors and Private Wealth Advisors do not provide tax and legal advice and are not "fiduciaries" (under the Investment Advisers Act of 1940, ERISA, the Internal Revenue Code or otherwise) with respect to the services or activities described herein except as otherwise provided in writing by Morgan Stanley and/or as described at [www.morganstanley.com/disclosures/dol](http://www.morganstanley.com/disclosures/dol). Individuals are encouraged to consult their tax and legal advisors (a) before establishing a retirement plan or account, and (b) regarding any potential tax, ERISA and related consequences of any investments made under such plan or account.*

*Morgan Stanley Smith Barney LLC. Member SIPC.*

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## A. Annuities

Providers pay commissions and trail commissions/service fees to either Morgan Stanley Insurance Services, Inc. (“MSIS”) or SBHU Life Agency, Inc. (“SBHU”), depending on the agency for which the selling Financial Advisor or Private Wealth Advisor is an appointed agent. MSIS and SBHU are licensed, insurance agency affiliates of Morgan Stanley Smith Barney LLC (“Morgan Stanley”). Compensation paid by the insurance carrier (Providers) to MSIS or SBHU is transferred intercompany to Morgan Stanley, and thus the entities are collectively referred to herein as “Morgan Stanley.”

Each Provider may utilize one or more insurance company entities that serve as the issuer of the product depending on the state where the contract is issued. The payer of the compensation to Morgan Stanley depends on the state in which the product is issued.

### 1) Variable Annuities

#### a) Providers

The following Providers pay commissions and trail commissions/service fees to Morgan Stanley in relation to variable annuity products:

- AIG
- Equitable / AXA
- Brighthouse / MetLife
- Global Atlantic / Forethought
- Jackson National
- Lincoln
- Nationwide
- New York Life
- Pacific Life
- Prudential
- Transamerica

#### b) Upfront & Trail Commissions/Service Fees

The table below provides information about compensation payable to Morgan Stanley on variable annuity products purchased on or after April 3<sup>rd</sup>, 2017 pursuant to a distribution/selling agreement between each Provider and Morgan Stanley. The Provider pays a commission to Morgan Stanley based upon the product and share class selected and the covered individual’s age. Upfront commissions are calculated as a percentage of the purchase payment and provide compensation to Morgan Stanley for our sales-related activities in relation to each variable annuity we sell. Trail commissions/service fees are determined based on the asset value of the variable annuity. Trail commissions/service fees are payable after a specified time period from the purchase date and provide recurring compensation to Morgan Stanley for providing ongoing customer support and services for in-force variable annuity contracts. The upfront commissions and trail commissions/service fees payable to Morgan Stanley are consistent for all variable annuity products purchased on or after April 3<sup>rd</sup>, 2017. Please contact Morgan Stanley for information on compensation payable to Morgan Stanley on variable annuity products purchased before April 3<sup>rd</sup>, 2017.

In limited circumstances, Morgan Stanley may enter into a single-case agreement or amendment to an agreement with a Provider that provides for lower compensation than described below in relation to a specific sale where the purchase payment exceeds the product maximum and requires underwriting by the Provider (typically starting at \$1 million). Morgan Stanley may also offer, on an exception basis, variable annuity share classes that provide for different compensation than described below subject to a separate or amended agreement with the Provider. When applicable, Morgan Stanley will provide separate disclosures.

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## Variable Annuity Commissions

Variable Annuities Share Classes	Purchase Age*	Upfront Commissions Gross	Annual Trails** Beginning Immediately (Months 1+)	
			Beginning (Months 1-15)	Beginning on 16th month
B Share - Commission Option 1	0-80 years	5.80%	0.25%	
	81-85 years	3.30%	0.25%	
	86-90 years [additions only]	1.80%	0.25%	
B Share - Commission Option 2	0-80 years	2.50%	n/a	1.00%
	81-85 years	1.25%	n/a	1.00%
	86-90 years [additions only]	0.5	n/a	1.00%
			Beginning Immediately (Months 1+)	
B Share - Commission Option 3	0-80 years	4.50%	0.50%	
	81-85 years	2.50%	0.50%	
	86-90 years [additions only]	1.50%	0.50%	
4 Year Liquidity - Commission Option 1	0-80 years	5.80%	0.25%	
	81-85 years	3.30%	0.25%	
	86-90 years [additions only]	1.80%	0.25%	
			Beginning (Months 1-15)	Beginning on 16th month
4 Year Liquidity - Commission Option 2	0-80 years	2.50%	n/a	1.00%
	81-85 years	1.25%	n/a	1.00%
	86-90 years [additions only]	0.50%	n/a	1.00%
			Beginning Immediately (Months 1+)	
4 Year Liquidity - Commission Option 3	0-80 years	4.50%	0.50%	
	81-85 years	2.50%	0.50%	
	86-90 years [additions only]	1.50%	0.50%	

Variable Annuities Share Classes	Purchase Age*	Upfront Commissions Gross	Annual Trails** Beginning (Months 13-60)	Annual Trails** Beginning on 61st month
Investment Only VA Commission Option 1	0-75 years	4.80%	0.25%	0.50%
Investment Only VA Commission Option 2	0-75 years	4.05%	0.25%	1.00%
			Beginning (Months 1-15)	Beginning on 16th month
Investment Only VA Commission Option 3	0-75 years	1.70%	n/a	1.00%
			Beginning (Months 1-12)	Beginning on 12th month
Investment Only VA Liquidity Option	0-75 years	1.50%	n/a	1.00%
			Beginning Immediately (Months 1+)	
Defined Income VA Commission Option 1	0-80 years	3.70%	0.25%	
	81-85 years	1.85%	0.25%	
			Beginning (Months 13+)	
Defined Income VA Commission Option 2	0-80 years	1.50%	1.00%	
	81-85 years	0.75%	1.00%	

**Note (\*):** Morgan Stanley generally does not offer variable annuities to individuals older than 85.

**Note (\*\*):** Trail commissions/service fees are generally paid on a monthly basis, calculated as one-twelfth of the annual rate shown above multiplied by the annuity value.

**Note:** Providers may not offer each share class or commission option.

If you initially purchased a variable annuity through a broker-dealer other than Morgan Stanley and subsequently transferred it to an account at Morgan Stanley, the commission paid on the initial purchase and trail commissions/service fees may be different than described above. Furthermore, if you purchase a new variable annuity through an internal exchange from an existing variable annuity, the commission payable on the new purchase may be reduced or eliminated. If applicable, please contact Morgan Stanley for information on the actual compensation received by Morgan Stanley.

## c) Providers No Longer Offered

Morgan Stanley no longer offers new products from the following Providers but continues to receive trail commissions/service fees for providing on-going customer support and services in relation to previously purchased variable annuities. The trail commissions/service fees may be different than the amounts described above for Providers whose products we currently offer. Please contact Morgan Stanley for additional information.

- Allstate
- Commonwealth
- Genworth
- Guardian
- Talcott / Hartford Life
- IDS/Riversource
- John Hancock
- Ohio National
- Phoenix Life
- Delaware Life / Sunlife of Canada (U.S.)
- Security Benefit
- Voya /Venerable
- Zurich Kemper

Morgan Stanley may receive trail commissions/services fees on variable annuity products from Providers that were offered on a limited exception basis and are not listed above. When applicable, please contact Morgan Stanley for additional information on compensation we receive on these products.

## d) Variable Annuities in Investment Advisory / Wrap Fee Accounts

The Provider does not pay Morgan Stanley any commission when a variable annuity is purchased in an Investment Advisory/Wrap Fee account. When variable annuities are purchased in an investment advisory account, Morgan Stanley is compensated by the annual investment advisory account wrap fee that is charged to your advisory account. This annual wrap fee is established at the opening of your account and may be modified from time to time in accordance with the terms of your agreement with us. In addition, a platform fee equal to 0.042% per year applies to Morgan Stanley Consulting Group Advisor accounts. The platform fee will be offset by a credit reimbursed to the account from the revenue Morgan Stanley collects from the annuity providers whose advisory annuities the firm distributes.

## 2) Fixed Annuities

### a) Providers

The following Providers pay commissions and trail commissions/service fees to Morgan Stanley in relation to fixed annuity products:

- AIG
- Global Atlantic / Forethought
- Jackson National
- New York Life
- Pacific Life
- Symetra

## b) Upfront Commissions & Trail Commissions/Service Fees

The table below provides information about compensation payable to Morgan Stanley on fixed annuity products purchased on or after May 8<sup>th</sup>, 2017 pursuant to a distribution/selling agreement between each Provider and Morgan Stanley. The Provider pays a commission to Morgan Stanley based upon the product selected and covered individual's age. Upfront commissions are calculated as a percentage of the purchase payment and provide compensation for our sales-related activities in relation to each fixed annuity we sell. Trail commissions/service fees are payable after a specified time period from the purchase date and provide recurring compensation to Morgan Stanley for providing ongoing customer support and services for in-force fixed annuity contracts. Please contact Morgan Stanley for information on compensation payable to Morgan Stanley on fixed annuity products purchased before May 8<sup>th</sup>, 2017.

### Fixed Annuity Gross Commissions

Provider	Surrender Period	Age 0-30	Age 31-35	Age 36-50	Trail	Trail Start Date
All Providers/	3year	2.00%	1.000%	0.50%	0.25%	Month 37
All Products:	4year	2.25%	1.125%	0.57%	0.25%	Month 49
	5year	2.50%	1.250%	0.63%	0.25%	Month 61
	6year	2.75%	1.375%	0.69%	0.25%	Month 73
	7year	3.00%	1.500%	0.75%	0.25%	Month 85
	8year	3.25%	1.625%	0.81%	0.25%	Month 97
	9year	3.50%	1.750%	0.88%	0.25%	Month 109
	10year	3.75%	1.875%	0.95%	0.25%	Month 121

In limited circumstances, Morgan Stanley may enter into a single-case agreement or amendment to an agreement with a Provider that provides for lower compensation than described above in relation to a specific sale where the purchase payment exceeds the product maximum and requires underwriting by the Provider (typically starting at \$1 million). Morgan Stanley may also offer fixed annuities during Provider-sponsored special offerings which provide for reduced compensation to Morgan Stanley subject to a separate or amended agreement with the Provider. When applicable, Morgan Stanley will provide separate disclosures.

If you initially purchased a fixed annuity through a broker-dealer other than Morgan Stanley and subsequently transferred it to an account at Morgan Stanley, the commission and trails paid on the initial purchase may be different than described above. Furthermore, if you purchase a new fixed annuity through an internal exchange from an existing fixed annuity, the commission payable on the new purchase may be reduced or eliminated. Finally, the commission may be different on fixed annuities that are newly purchased versus renewal purchases. If applicable, please contact Morgan Stanley for information on the actual compensation received by Morgan Stanley.

## 3) Index Annuities/Fixed Annuities with GLWB\*/Registered Index Linked Annuities

### a) Providers

The following Providers pay commissions and trail commissions/service fees to Morgan Stanley in relation to index/fixed with GLWB/registered index linked annuity products:

- AIG
- Equitable / AXA
- Brighthouse / MetLife
- Global Atlantic / Forethought
- Jackson National
- Lincoln

- Nationwide
- Pacific Life
- Prudential
- Symetra
- Transamerica

**\*GLWB - Guaranteed Lifetime Withdrawal Benefit**

**b) Upfront Commissions & Trail Commissions/Service Fees**

The table below provides information about compensation payable to Morgan Stanley on index annuity/fixed annuity with GLWB/registered index linked annuity products purchased on or after March 1<sup>st</sup>,2021 pursuant to a distribution/selling agreement between each Provider and Morgan Stanley. The Provider pays a commission to Morgan Stanley based upon the product selected and the covered individual's age. Upfront commissions are calculated as a percentage of the purchase payment and provide compensation for our sales-related activities in relation to each index annuity/fixed annuity with GLWB/registered index linked annuity we sell. Trail commissions/service fees are payable after a specified time period from the purchase date and provide recurring compensation to Morgan Stanley for providing ongoing customer support and services for in-force index annuity/fixed annuity with GLWB/registered index linked annuity contracts. Please contact Morgan Stanley for information on compensation payable to Morgan Stanley on index annuity/fixed annuity with GLWB/registered index linked annuity products purchased before March 1<sup>st</sup>,2021

Index/Fixed with GLWB Gross Annuity Commissions

Provider	Product Duration	Upfront Commissions		Annuity Trail
		Age 0-80	Age 80-85	
				<b>Trail Beginning Month 13</b>
All Providers:	5-year	1.75%	1.15%	0.25%
<u>Option 1:</u>	6-year	2.00%	1.20%	0.25%
	7-year	2.50%	1.25%	0.25%
	8-year	3.00%	1.30%	0.25%
	9-year	3.10%	1.40%	0.25%
	10-year	3.25%	1.50%	0.25%
				<b>Trail Beginning Month 13</b>
All Providers:	7-year	1.20%	0.70%	1%
<u>Option 2:</u>	8-year	1.25%	0.75%	1%
	9-year	1.30%	0.80%	1%
	10-year	1.35%	0.85%	1%

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All Providers:	5-year	3.25%	1.75%	Trail Beginning Post CDSC 0.25%
Option 3:	6-year	3.75%	2.00%	0.25%
	7-year	4.25%	2.25%	0.25%
	8-year	4.75%	2.50%	0.25%
	9-year	5.25%	2.75%	0.25%
	10-year	5.75%	3.00%	0.25%

## Registered Index Linked Annuity Gross Commissions

All Providers	3 year CDSC Gross	5 year CDSC Gross	6 year CDSC Gross
Commission Option 1 0-75	Upfront 1.00% Trail Month 13+:1%	Upfront 1.00% Trail Month13+:1 %	Upfront 1.00% Trail Month 13+:1%
Commission Option 2 0-75	Upfront 2.50% Trail Month 13+: 0.50%	Upfront 3.00% Trail Month 13+: 0.50%	Upfront 3.50% Trail Month 13+: 0.50%
Commission Option 3 0-75	Upfront 4.00% Trail Month 37+: 1.00%	Upfront 5.00% Trail Month 61+: 1.00%	Upfront 6.00% Trail Month 73+: 1.00%

Note: Providers may not offer each product or commission option.

If you initially purchased an index annuity/ fixed annuity with GLWB/registered index linked annuity through a broker-dealer other than Morgan Stanley and subsequently transferred it to an account at Morgan Stanley, the commission and trails paid on the initial purchase may be different than described above. If applicable, please contact Morgan Stanley for information on the actual compensation received by Morgan Stanley. Furthermore, if you purchase a new index annuity/ fixed annuity with GLWB/registered index linked annuity through an internal exchange from an existing index annuity/ fixed annuity with GLWB/registered index linked annuity, the commission payable on the new purchase may be reduced or eliminated.

#### 4) Income Annuities

##### **Upfront Commissions**

The table below provides information about compensation payable to Morgan Stanley on income annuity products pursuant to a distribution/selling agreement between each Provider and Morgan Stanley. The Provider pays a commission to Morgan Stanley based upon the product selected. Upfront commissions are calculated as a percentage of the purchase payment and provide compensation for our sales-related activities in relation to each income annuity we sell. Morgan Stanley may also offer, on an exception basis, income



annuities that provide for different compensation than described below subject to a separate or amended agreement with the Provider. When applicable, Morgan Stanley will provide separate disclosures.

## Income Annuity Gross Commissions

Providers	Product	Commissions
American General	Single Premium Immediate Annuity (SPIA)	4.0%
BrightHouse / MetLife	SPIA	4.0%
Lincoln	SPIA	4.0%
Nationwide	SPIA	4.0%
New York Life	SPIA	4.0%
Pacific Life	SPIA	4.0%
Principal	SPIA	4.0%
Prudential	SPIA	4.0%
Symetra	SPIA	4.0%
Transamerica	SPIA	4.0%
American General	Deferred Income Annuity (DIA)	5.0%
BrightHouse / MetLife	DIA	5.0%
Lincoln	DIA	5.0%
New York Life	DIA	5.0%
Pacific Life	DIA	5.0%
Symetra	DIA	5.0%

## 5) Additional Compensation on Annuities

### Variable, Registered Index Linked, Index Annuity Revenue Sharing

Morgan Stanley collects a revenue sharing payment from each variable, registered index linked and index annuity products provider we offer pursuant to the distribution/selling agreement between Provider and Morgan Stanley. The Provider makes revenue sharing payments to Morgan Stanley to enhance the Provider's opportunity to expand sales of variable, registered index linked and index annuities through Morgan Stanley. Except where noted, Providers pay revenue sharing on variable, registered index linked and index annuity assets in accordance with the table below. Amount represents the annual fee that is paid quarterly to Morgan Stanley. Additionally, each Provider pays an annual support fee of \$500,000 to Morgan Stanley. Revenue sharing payments and product support fees are paid out of the Provider's revenues or profits and not from the contract value or the assets invested in the subaccounts.

<u>Variable / Index / Registered Index Linked Annuities</u> <u>Asset Value</u>	<u>Revenue Sharing</u>
All Asset Values	0.11%

The revenue sharing payments from Providers whose products we no longer offer may be different than the amounts described above. Please contact Morgan Stanley for additional information.

### Annuity Expense Payments & Data Analytics Fees

Morgan Stanley seeks prepayment from approved Providers of up to \$26,000 to help cover the costs associated with platform administration, regulatory compliance and other distribution responsibilities. In addition, Morgan Stanley seeks reimbursement from approved Providers, their parent or affiliated companies, or other service providers for the expenses incurred for various national, regional, and local training and

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education events and conferences held in the normal course of business. Approved Providers, their parent or affiliated companies, or other service providers independently decide if and what they will spend on these activities. Morgan Stanley also offers Providers the opportunity to purchase supplemental annuity sales data analytics. The amount of the fees depends on the level of data provided. The current fee is up to \$50,000 per annum. Should a Provider offer other financial products, Providers may purchase sales data analytics from Morgan Stanley on those products as well.

## **B. Whole Life Insurance**

Insurance carriers pay commissions to either Morgan Stanley Insurance Services, Inc. (“MSIS”) or SBHU Life Agency, Inc. (“SBHU”), depending on the agency for which the selling Financial Advisor or Private Wealth Advisor is an appointed agent. MSIS and SBHU are licensed, insurance agency affiliates of Morgan Stanley Smith Barney LLC (“Morgan Stanley”). Compensation paid by the insurance carriers (Providers) to MSIS or SBHU is transferred intercompany to Morgan Stanley, and thus the entities are collectively referred to herein as “Morgan Stanley.”

Each Provider may utilize one or more insurance company entities that serve as the issuer of the product depending on the state where the contract is issued. The payer of the compensation to Morgan Stanley depends on the state in which the product is issued.

Morgan Stanley will be paid a commission by the Provider on sales made to qualified retirement plans participating in transactions involving Split Funded Defined Benefit - Whole Life insurance products. The commission percentage depends on the carrier and type of insurance product purchased. Commissions are payable pursuant to a distribution/selling agreement between each insurance carrier and Morgan Stanley. Morgan Stanley is the agent of record on these insurance policies and receives the commission payment directly from the insurance carrier as compensation for our sales-related activities in relation to each Split Funded Defined Benefit - Whole Life insurance product we sell. The table below provides information about compensation payable to Morgan Stanley.

### **1) Product Chart**

<b>SPLIT FUNDED DEFINED BENEFIT PLANS</b>			
<b>Carrier Name</b>	<b>Product Name</b>	<b>Firm Gross on Target FY</b>	<b>Firm Gross on Above Target Yrs 2+</b>
PACIFIC LIFE	FLEX 16 WHOLE LIFE	64.08%	0.36%
PACIFIC LIFE	TRIDENT IUL	65.00%	0.65% YRS 2-10

Morgan Stanley no longer offers Split Funded Defined Benefit - Universal or Whole Life insurance products from the following Providers but continues to receive renewal commissions for providing on-going customer support and services in relation to previously purchased Split Funded Defined Benefit - Universal or Whole Life insurance products. Please contact Morgan Stanley for additional information.

- Equitable / AXA
- Hartford Life & Annuity
- MetLife Investors USA / Metropolitan Life Insurance Company
- Transamerica Life Insurance Company

Morgan Stanley may also offer, on an exception basis, Split Funded Defined Benefit Universal or Whole Life Insurance products that provide for different compensation than described above subject to a separate or amended agreement with the Carrier. When applicable, Morgan Stanley will provide separate disclosures.

## 2) Additional Compensation from Insurance Carriers

### **Expense Reimbursements and Data Analytics Fees**

Morgan Stanley seeks prepayment from approved insurance carriers of up to \$26,000 to help cover the costs associated with platform administration, regulatory compliance and other distribution responsibilities. In addition, Morgan Stanley seeks reimbursement from approved insurance carriers, their parent or affiliated companies, or other service providers for the expenses incurred for various national, regional, and local training and education events and conferences held in the normal course of business. Approved insurance carriers, their parent or affiliated companies, or other service providers independently decide if and what they will spend on these activities. Morgan Stanley will also provide insurance carriers and other service providers with the opportunity to purchase supplemental insurance sales data analytics. The amount of the fees depends on the level of data provided. The current range is \$25,000 per annum. Should an insurance carrier offer other financial products, insurance carriers may purchase sales data analytics from Morgan Stanley on those products as well.

## C. Unit Investment Trusts

Morgan Stanley Smith Barney LLC (“Morgan Stanley”) receives different forms of compensation from Unit Investment Trust (“UIT”) product sponsors when it sells their products, including Dealer Concessions and Volume Concessions. Morgan Stanley offers UITs from the following product sponsors: Advisors Asset Management (“AAM”), First Trust Advisors LLP, Guggenheim Partners, Hennion & Walsh and Invesco.

Morgan Stanley also acts as a sponsor of proprietary UITs. When Morgan Stanley sells its proprietary UITs, we receive the applicable sales charge which includes any initial sales charge and deferred sales charge. Morgan Stanley is also reimbursed for amounts expended to organize each UIT. Because Morgan Stanley receives the entire sales charge on proprietary UIT sales, the information below about Dealer Concession and Volume Concession is inapplicable to proprietary UIT sales.

### 1) Dealer Concession

Morgan Stanley receives a dealer concession for each Morgan Stanley UIT sale. The dealer concession is paid by the UIT sponsor to Morgan Stanley pursuant to a dealer agreement and the terms of the UIT prospectus. The dealer concession, similar to a sales commission, provides compensation to Morgan Stanley for activities that result in the sale of a UIT. The compensation earned will vary by product, the nature of trust (Equity or Fixed Income), and trust duration, as shown in the tables below:

<b>Equity UITs*</b>	<b>Dealer Concession</b>				
	<u>Invesco</u>	<u>First Trust</u>	<u>Guggenheim</u>	<u>AAM</u>	<u>Hennion &amp; Walsh</u>
Duration					
15 Month	1.25%	1.25%	1.25%	1.25%	1.25%
2 Year	2.00%	2.00%	2.00%	2.00%	2.00%
5 Year	3.00%	3.00%	3.00%	3.00%	--

<b>Fixed Income UITs*</b>	<b>Dealer Concession</b>			
	<u>Invesco</u>	<u>First Trust</u>	<u>Guggenheim</u>	<u>AAM</u>
Duration				
Short Term (less than 5 years maturity)	1.10%	1.10%	1.10%	1.10%
Intermediate (5 to 12 year maturity)	1.60%	1.60%	1.60%	1.60%
Long Term (12 + years maturity)	2.60%	2.60%	2.60%	2.60%

\*No Dealer Concession for fee based advisory accounts; however the advisory account’s fee will be applied to the UIT asset value

### 2) Volume Concession

Morgan Stanley receives additional compensation based on its aggregate sales during the initial offering period for each product sponsor’s products. The volume concession is paid by the UIT sponsor to Morgan Stanley pursuant to a dealer agreement and the terms of the UIT prospectus. The volume concession provides additional compensation to Morgan Stanley based on the aggregate volume of its sales activities with each sponsor. Morgan Stanley does not receive an additional volume-based concession on units purchased through fee-based investment advisory accounts. The table below provides volume concession rates for each sponsor:

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Sponsor	Payment Frequency	Transaction Level (in millions)	Volume Concession	
			Equity Trusts Units	Fixed Income Units
AAM	Monthly (based upon distributor's sales during the previous consecutive 12-month period)	Less than \$25	0.000%	0.000%
		\$25 but less than \$100	0.000%	0.000%
		\$100 but less than \$150	0.050%	0.050%
		\$150 but less than \$250	0.075%	0.050%
		\$250 but less than \$1,000	0.100%	0.100%
		\$1,000 but less than \$5,000	0.125%	0.100%
		\$5,000 but less than \$7,500	0.150%	0.100%
		\$7,500 or more	0.175%	0.100%
First Trust	Monthly (based upon distributor's sales during the previous consecutive 12-month period)	Less than \$25	0.000%	0.000%
		\$25 but less than \$100	0.035%	0.035%
		\$100 but less than \$150	0.050%	0.050%
		\$150 but less than \$250	0.075%	0.075%
		\$250 but less than \$1,000	0.100%	0.100%
		\$1,000 but less than \$5,000	0.125%	0.100%
		\$5,000 but less than \$7,500	0.150%	0.100%
		\$7,500 or more	0.175%	0.100%
Invesco	Monthly (based upon distributor's sales during the previous consecutive 12-month period)	Less than \$25	0.000%	0.000%
		\$25 but less than \$100	0.035%	0.035%
		\$100 but less than \$150	0.050%	0.050%
		\$150 but less than \$250	0.075%	0.075%
		\$250 but less than \$1,000	0.100%	0.100%
		\$1,000 but less than \$5,000	0.125%	0.100%
		\$5,000 but less than \$7,500	0.150%	0.100%
		\$7,500 or more	0.175%	0.100%
Guggenheim	Monthly (based upon distributor's sales during the previous consecutive 12-month period)	Less than \$25	0.000%	0.000%
		\$25 but less than \$100	0.035%	0.035%
		\$100 but less than \$150	0.050%	0.050%
		\$150 but less than \$250	0.075%	0.075%
		\$250 but less than \$1,000	0.100%	0.100%
		\$1,000 but less than \$5,000	0.125%	0.100%
		\$5,000 but less than \$7,500	0.150%	0.100%
		\$7,500 or more	0.175%	0.100%
Hennion & Walsh	Quarterly (based upon distributor's sales during the calendar quarter)	Less than \$10	0.000%	--
		\$10 but less than \$25	0.050%	--
		\$25 but less than \$50	0.075%	--
		\$50 but less than \$100	0.100%	--
		\$100 but less than \$250	0.110%	--
		\$250 or more	0.120%	--

### 3) Morgan Stanley Proprietary UIT Sales Charges

#### Equity UITs :

As sponsor of proprietary UITs, Morgan Stanley receives a gross underwriting commission equal to the maximum transactional sales charge per UIT unit. There is no initial sales charge if the unit price is \$10.00 per unit or less. If the unit price exceeds \$10.00 per unit an initial sales charge is paid at the time of purchase. Morgan Stanley receives a deferred sales charge of \$0.14 per UIT unit (for a 14 month trust), \$0.15 per UIT unit (for a 15 month trust) and \$0.24 per UIT unit (for a 2 year trust). Clients who purchase units of a proprietary UIT through a fee-based investment advisory account are not subject to a sales charge; however, the advisory account's fee will be applied to the UIT asset value.

Morgan Stanley is reimbursed for amounts expended to organize each UIT. Morgan Stanley receives any applicable gross underwriting commissions in addition to being reimbursed for amounts expended to organize each UIT.

## **D. Open-Ended Mutual Funds**

Morgan Stanley Smith Barney LLC (“Morgan Stanley”) receives different forms of compensation from mutual fund families when it sells their funds, including Mutual Fund Sales Charges, Shareholder Servicing Payments (also known as 12b-1 Fees), Mutual Fund Support Fees and Administrative Service Fees.

### **Mutual Fund Sales Charges**

Each time you purchase a mutual fund in a commission-based brokerage account, the fund family pays an amount to us as compensation based upon the amount of your investment and the share class you have selected. A portion of these payments is allocated to your Financial Advisor. A fund’s dealer compensation practices are described in its prospectus and Statement of Additional Information. Typically, for front-end sales charge share classes, the fund families pay Morgan Stanley all or most of the initial sales charge you pay. For back end sales charge share classes (and very large Class A share purchases that qualify for a complete waiver of their front-end sales charge), the fund’s distributor pays Morgan Stanley a selling fee at a rate set by the fund family.

### **Mutual Fund 12b-1 Fees**

Morgan Stanley also receives shareholder-servicing payments (sometimes called trails) as long as you continue to hold the shares in your Morgan Stanley account or directly at the fund if we act as your “broker of record.” These payments are generally made by the fund’s distributor from 12b-1 fee revenues charged against fund assets. Your Financial Advisor receives a portion of each of these payments. 12b-1 fees take their name from the Securities and Exchange Commission rule under which they were created. They are fees charged against your mutual fund assets on a continuing basis that cover marketing, distribution and/or shareholder services costs. 12b-1 fees may also be used, in part, to offset the amounts payable by the fund’s principal distributor, as compensation to selling firms where the fund share class does not have a front end sales charge. The portion of the 12b-1 fee that is used for distribution expenses is effectively an asset-based sales charge paid over time instead of charged as a front-end sales charge. 12b-1 fees are described in the mutual fund’s prospectus Fee Table. These fees will vary from fund to fund and for different share classes of the same fund. The amount of the 12b-1 fee is charged as a percentage of the fund’s total average net assets value attributable to the share class and typically range from 0.25% (Class A Shares) up to 1.0% (Class B and C Shares).

### **Mutual Fund Revenue Sharing**

Morgan Stanley charges each fund family we offer a mutual fund support fee, also called a revenue-sharing payment, on client account holdings in fund families according to a tiered rate that increases along with the management fee of the fund so that lower management fee funds pay lower rates than those with higher management fees. The rate ranges from 0.01% per year (\$1 per \$10,000 of assets) up to a maximum of 0.10% per year (\$10 per \$10,000 of assets). The tiered rates are the same for commissioned based brokerage and fee-based advisory client account holdings. However, for advisory accounts there are account type and program exceptions and the fees are rebated to clients. Please see the applicable Morgan Stanley ADV brochure for additional information on fees in advisory accounts. In addition, more information on mutual fund fees can be found at [www.morganstanley.com](http://www.morganstanley.com).

### **Mutual Fund Administrative Service Fees**

Morgan Stanley and/or its affiliates receive compensation from funds or their affiliated service providers for providing certain recordkeeping and related services to the funds. These charges typically are based upon the aggregate value of client positions. Morgan Stanley typically processes transactions with certain fund families on an omnibus basis, which means it consolidates clients’ trades into one daily trade with the fund, and therefore maintains all pertinent individual shareholder information for the fund. Trading in this



manner requires that Morgan Stanley maintain the transaction history necessary to track and process sales charges, annual service fees, and applicable redemption fees and deferred sales charges for each position, as well as other transaction details required for ongoing position maintenance purposes. For these services, funds pay 0.06% per year (\$6 per \$10,000) on fund assets held by clients in commission-based brokerage accounts and fee-based advisory account programs. However, for advisory accounts there are account type and program exceptions and the fees are rebated to clients. Please see the applicable Morgan Stanley ADV brochure for additional information on fees in advisory accounts. In addition, more information on mutual fund fees can be found at [www.morganstanley.com](http://www.morganstanley.com).

## **Expense Payments and Data Analytic Fees**

Morgan Stanley provides fund families with opportunities to sponsor meetings and conferences and grants them access to branch offices and Financial Advisors for educational, marketing and other promotional efforts. Some fund representatives also work closely with branch offices and Financial Advisors to develop business strategies and plan promotional events for clients, prospective clients and educational activities. Some fund families or their affiliates reimburse Morgan Stanley for certain expenses incurred in connection with these promotional efforts, as well as training programs. Fund families independently decide if and what they will spend on these activities, with some fund families agreeing to make annual dollar amount expense reimbursement commitments of up to \$600,000, although actual reimbursements may be higher. Some fund families also invite Financial Advisors to attend fund family-sponsored events. Expense payments may include meeting or conference facility rental fees and hotel, meal and travel charges.

Morgan Stanley also provides fund families with the opportunity to purchase sales data analytics. The amount of the fees depends on the level of data and ranges up to \$600,000 per year. For an additional fee, fund families may purchase supplemental data analytics on other financial product sales at Morgan Stanley.

## **Other Compensation Received From Funds**

Morgan Stanley's affiliate E\*TRADE Financial Corporation also receives revenue sharing and other payments from some of the same fund families on Morgan Stanley's platform.

## **Sweep Money Market Funds**

Our affiliate, Morgan Stanley Investment Management, serves and receives compensation as the investment adviser to the money market funds that are available as cash management sweep options for eligible client accounts. Morgan Stanley receives compensation from the funds based on the amount of money market sweep fund assets held by our clients in brokerage accounts of up to 0.25% per year (\$25 per \$10,000 of assets). Under certain circumstances, a portion of such compensation is paid to a Financial Advisor based upon Morgan Stanley's standard compensation formulas. Morgan Stanley either rebates to clients or does not receive compensation on sweep money market fund positions held by clients in our fee-based advisory account programs.

## **Non-Sweep Money Market Funds**

We receive revenue-sharing fees of up to 0.10% per year (\$10 per \$10,000 of assets) on money market funds available for direct purchase. However, unlike the compensation arrangements outlined above for non-money market mutual funds where Financial Advisors do not receive any portion of this compensation, under certain circumstances, all or a portion of these payments is allocated to your Morgan Stanley Financial Advisor based upon Morgan Stanley's standard compensation formulas. Note, for advisory accounts, the fees are rebated to clients. In addition, for those money market funds that are available for direct purchase we seek or may have

# Morgan Stanley

been reimbursed for the associated operational and/or technology costs of adding such funds to our platform. These one-time flat-fees are paid by fund sponsors or other affiliates (and not the funds) in connection with the onboarding process.

## **Affiliated Funds**

Certain funds are sponsored or managed by Morgan Stanley's affiliate, Morgan Stanley Investment Management, Inc. Morgan Stanley Investment Management, Inc. receives additional investment management fees and other fees from these funds.

## **E. Alternative Investments**

As further described below, Morgan Stanley Smith Barney LLC (“Morgan Stanley” or the “Distributor”) and certain of its affiliates receive various forms of compensation from alternative investment (“AI”) funds, fund managers, product sponsors, general partners and their affiliates (the “Fund Sponsors”) for selling their products and from investors in these products introduced and/or operated by Morgan Stanley.

### **For Brokerage Clients Only:**

#### **Upfront Placement Fee(s)**

*Fee paid by an investor or the Fund Sponsor to Morgan Stanley as the distributor for introducing an investor to the Fund*

These upfront placement fees apply to certain AI products depending on how the transaction is structured which may be specified in the offering documents of the specific product, and are paid by the investor or the Fund Sponsor. The amounts of these fees vary between products based on the terms negotiated between Morgan Stanley and the Fund Sponsor. These fees compensate Morgan Stanley for introducing the investor to the product and are not charged to investors that are advisory clients of Morgan Stanley. Upfront placement fees generally range from 0.0% to 3.0% of the committed or invested amount and may change based on the size of the commitment or investment. As noted above, the fee scale for each product, in most instances, is set forth in the offering documents and/or other disclosure document for such product. Please contact your Financial Advisor or Private Wealth Advisor to request a copy of the offering documents or other disclosure document.

#### **Deferred Distribution, Investor Servicing Fee(s) or Trailer Fee(s)**

*Fee paid to the Distributor for placement agent activities*

These deferred distribution/investor servicing/trailer fee(s) apply to virtually all AI products sold on a placement/brokerage basis or for which Morgan Stanley acts as the placement/servicing agent. Products that do not include these fees do so in accordance with the terms negotiated between Morgan Stanley and the Fund Sponsor prior to the product offering. These fees are paid by the Fund Sponsor or the investor to Morgan Stanley in connection with the sale, distribution, retention, and/or ongoing servicing of placement clients. The fee is typically based on the aggregate amount invested in or committed to the product by the investor or the net asset value of such position. These fees typically range from 0.25% to 1.00%. Certain AI products may fall above or below these ranges and are set forth in the offering documents or other disclosure document for each product, which are available from your Financial Advisor or Private Wealth Advisor.

#### **Fund Sponsor Revenue Sharing Fee(s)**

*Portion of Fund Sponsor Revenue shared with the Distributor*

This may be a one-time payment or payable in instalments over time and applies to certain AI products sold on a placement/brokerage basis or for which Morgan Stanley acts as the placement agent. Products include these fees in accordance with the terms negotiated between Morgan Stanley and the Fund Sponsor prior to the product offering. These fees are paid by the Fund Sponsor to Morgan Stanley to maintain and enhance the product platform including the ongoing support of the sales infrastructure for a time period agreed with the Fund Sponsor. The fee is typically based on the aggregate amount committed in the product by the investor or the net asset value of such position. These fees typically range from 0.50% to 2.0%. Certain AI products may fall above or below these ranges and are set forth in the offering documents or other disclosure document for each product, which are available from your Financial Advisor or Private Wealth Advisor.

## **Referral Fee(s)**

*Fee paid to Morgan Stanley for introductory services*

In limited instances, Morgan Stanley may be compensated by the Fund Sponsor for introducing an investor to an AI or the Fund Sponsor. These fees typically are either structured as a one-time payment from the Fund Sponsor to Morgan Stanley generally ranges from 0.50% to 1.00% or as an on-going periodic payment to Morgan Stanley that generally ranges from 0.10% to 0.50% of the aggregate amount of investments by investors who invest in the products or services of the Fund Sponsor. For AI, certain products or services may fall above and below these ranges. Please refer to the disclosure documents of each product or service, which are available from your Financial Advisor or Private Wealth Advisor for specific details related to such products or services. Referral fees are not charged to advisory clients.

## **Fund Management Fee(s)**

*Fee charged by Fund Manager/General Partner to manage assets*

These fund manager/general partner fees apply to any product where an affiliate of Morgan Stanley serves as fund manager/general partner for the product (or in a similar capacity) and compensate the fund manager/general partner for its services to the product. These fees typically range from 0.25% to 2.50% of the commitment amount or invested capital (sometimes inclusive of leverage) or net asset value of the investor's position depending on the terms of each product and may be paid by the investor or the Fund Sponsor. Certain products may fall above or below these ranges and are set forth in the offering documents of each product, which are available from your Financial Advisor or Private Wealth Advisor.

## **Performance Incentive Fee(s)**

*Fee charged by Investment Advisor for performance greater than specified benchmarks or highwater marks*

Morgan Stanley may receive performance fees in limited circumstances from investors in certain AI funds of funds products managed or advised by Morgan Stanley. These performance fees typically range from 5% to 30% after the return of capital and the preferred return set forth in the offering documents or other disclosure documents for each product, which are available from your Financial Advisor or Private Wealth Advisor.

## **Solicitation Fee(s)**

*Fee charged to cover certain placement agent services*

This fee is applicable solely to certain custom portfolios and custom funds. The fee is paid to Morgan Stanley by the fund sponsor or investment manager who may be an affiliate. Solicitation fees are not charged to advisory clients. This ongoing fee is generally 0.20%-0.65% based on committed capital, invested capital, or net asset value of the investment. Please refer to the offering materials for additional detail. Please refer to the offering documents of each product, which are available from your Financial Advisor or Private Wealth Advisor, for the specific fees related to such product.

## **Administrative Servicing Fee(s)**

*Fee charged to cover certain administrative and reporting services*

This fee is applicable to all Hedge Premier funds as well as certain PE/RE Premier funds organized to provide investment access to Morgan Stanley clients. The Administrative Servicing Fee is intended to compensate Morgan Stanley in connection with the provision of certain administrative and reporting services and the ongoing administration and operation of the funds. The Administrative Servicing Fee is charged on an ongoing basis and is generally up to 0.10% of committed capital, invested capital, or net asset value of the investment. Please refer to the offering materials for additional detail. Please refer to the offering documents of each product, which are available from your Financial Advisor or Private Wealth Advisor, for the specific fees related to such product.

## **For Advisory Clients:**

### **Advisory Fee(s)**

*Fee paid by an investor to Morgan Stanley for advisory services*

These ongoing annual advisory fees apply to all products sold on an advisory basis. The stated fee range is up to 2% of the amount invested by Morgan Stanley as investment advisor in exchange for ongoing advisory services. However, certain advisory programs could have lower fee ranges and all advisory fees are negotiated individually between each client and their Financial Advisor or Private Wealth Advisor and may vary above or below these ranges. Advisory fees are addressed separately in the Qualified Retirement Plan Disclosure Document and are set forth in the advisory or consulting agreement between the client and Financial Advisor or Private Wealth Advisor. Please ask your Financial Advisor or Private Wealth Advisor for a copy of any advisory or consulting agreement(s) that cover assets held in your plan.

## **For Reporting Only Positions:**

### **Performance Reporting**

*Fee charged by Morgan Stanley to the Fund Sponsor or the investor to provide performance reporting on the investor's account statement*

Morgan Stanley may be requested by the investor or the Fund Sponsor to provide a reporting service to investors for certain AI products, including AI products that the investor purchased away from Morgan Stanley or for which Morgan Stanley no longer provides typical brokerage or advisory services. Fees can generally be up to 0.25% of the net asset value of the investor's position.

## **For Brokerage & Advisory Clients:**

### **Payments from Other Service Providers**

Morgan Stanley may be reimbursed by Fund Sponsors, their affiliates or other service providers to offset expenses incurred by Morgan Stanley for internal sales events and training programs, as well as client seminars, conferences and meetings held in the normal course of business. Morgan Stanley may also receive a fee from the Fund Sponsors for the provision of supplemental sales data. Please refer to the sections of the Qualified Retirement Plan Disclosure Document and this Supplement to that document entitled "Payments from Other Service Providers" for additional information.

## F. Commissions

The following sets forth the maximum brokerage commission rates charged by Morgan Stanley Smith Barney LLC (“Morgan Stanley”) with respect to equity (e.g. stocks) and option transactions, when Morgan Stanley serves as a broker for its client accounts with respect to such transactions.

Please note, however, the following information:

- A buy/sell order of securities, for purposes of commissions, consists of all “same side” (all buy or all sell) executions of a given security for a given account for a single day
- The actual brokerage commissions that your plan’s account(s) may be charged may be less than the maximum commission rates provided below, and may be negotiated with the Financial Advisor or Private Wealth Advisor
- The actual brokerage commissions that your plan’s account(s) may be charged will be disclosed on the securities transactional confirm and as part of plan account statements
- Morgan Stanley does not currently charge a commission where the firm acts as an agent/broker in fixed income transactions (e.g. bond trading with other brokers). To the extent these transactions occur (generally in Morgan Stanley’s advisory programs), the advisory fee would cover the cost of such transactions
- To the extent that transactions are traded on a principal basis (e.g., from Morgan Stanley inventory) rather than with Morgan Stanley acting as agent, the information below does not include any amounts earned by Morgan Stanley or its affiliates as principal. Such earnings are not “fees” required to be disclosed as part of either the ERISA Section 408(b)(2) disclosure requirements or the DOL Form 5500 disclosure process
- If you have any questions about the specific brokerage rates/commissions charged to your plan’s account(s), please contact your Financial Advisor or Private Wealth Advisor

### 1) Maximum Equity Commission Rates

The maximum equity commission amount charged to clients for equity trades is a percentage of Principal Value<sup>1</sup> (PV) ranging from 0.50% to 2.50%, depending on the Principal Value of the trade. The commission for a given equity trade is determined on a marginal basis, meaning clients will be charged progressively lower percentage rates at higher Principal Value amounts. Therefore, the higher the Principal Value of the equity trade, the lower the effective percentage rate that will be applied.

#### Examples of Maximum Commission Calculations:

- Example 1 – PV of \$2,000
  - Maximum Commission = PV \* Rate  
= \$2,000 \* 2.50%  
= **\$50.00**
- Example 2 – PV of \$100,000
  - Maximum Commission = PV \* Rate  
= \$100,000 \* 2.36%  
= **\$2,360.00**

- iii. Example 3 – PV of \$400,000
- Maximum Commission = PV \* Rate  
= \$400,000 \* 1.75%  
= **\$7,000.00**

## Notes

<sup>1</sup> Principal Value or "PV" is the fair market value of the security being purchased, as reflected on the books and records of Morgan Stanley.

## 2) Maximum Option Commission Rates

The maximum options commission amount charged to clients for option trades is a percentage of Principal Value (PV) ranging from 3.50% to 5.00%, depending on the Principal Value of the trade. The maximum commission for a given option trade is determined on a Principal Value basis, with clients charged progressively lower maximum percentage rates at higher Principal Value amounts. Therefore, the higher the Principal Value of the option trade, the lower the maximum effective percentage rate that will be applied.

### **Examples of Maximum Commission Calculations:**

- i. Example 1 – PV of \$1,000
- Maximum Commission = PV \* Rate  
= \$1,000 \* 5.00%  
= **\$50.00**
- ii. Example 2 – PV of \$6,000
- Maximum Commission = PV \* Rate  
= \$6,000 \* 4.00%  
= **\$240.00**
- iii. Example 3 – PV of \$50,000
- Maximum Commission = PV \* Rate  
= \$50,000 \* 3.50%  
= **\$1,750.00**

## **G. Auction Rate Securities**

Auction Rate Securities ("ARS") are municipal bonds, corporate bonds, interests in trusts or other special purpose vehicles ("SPVs") or preferred stocks, in each case with interest rates or dividend yields that are periodically re-set through auctions, typically every 7, 14, 28, or 35 days.

### **Remarketing Fee**

In relation to an investment in ARS, pursuant to our agreements with ARS issuers, there is a remarketing fee paid by the issuer to Morgan Stanley & Co LLC and its affiliates ("Morgan Stanley") ranging from 0 basis points to 25 basis points. These amounts are paid to Morgan Stanley for its on-going role as a participating broker dealer in the relevant ARS program. More specifically, the fee is paid for our role in facilitating any customer auction orders (i.e., passing through the orders for inclusion in an auction) and implementing the results of the auction (e.g., a new re-set rate, failed auction rate, or transfer of the ARS). Prior to investment, please contact your Financial Advisor or Private Wealth Advisor for the information related to the specific ARS.



## H. Choice Select<sup>SM</sup> Program

Choice Select<sup>SM</sup> is a pricing solution for brokerage accounts with a sliding-scale commission schedule where program participants trade and invest following their own investment decisions while still benefiting from the knowledge and experience of a Morgan Stanley Financial Advisor or Private Wealth Advisor.

Choice Select<sup>SM</sup> commissions are based on the eligible equities and options<sup>1</sup> trading volume whereby the higher the volume, the lower the marginal commission rate.

The Choice Select<sup>SM</sup> program includes the following characteristics:

- Innovative pricing — a transparent, sliding-scale commissions schedule for eligible equity and option trades in a brokerage account<sup>2</sup>
- Complete investment access—enjoy a full array of brokerage investments, including our capital markets products such as structured investments and Model Portfolio Solutions (“MPSS”)<sup>3</sup>
- Flexibility —hold all investment products in one account. Group with other eligible accounts to lower trading costs<sup>4</sup>
- Monthly billing—pay commissions on Choice Select<sup>SM</sup> trades at the end of a month and gain greater control over cash flow
- Convenient tax reporting—monthly commissions are automatically applied to each eligible transaction for simplified gain/loss and year-end tax reporting<sup>5</sup>
- Online trading — place trades anytime with Morgan Stanley Online

1 - Options are not suitable for all investors.

2- Choice Select<sup>SM</sup> commissions are calculated and charged monthly in arrears based upon the Principal Volume (“PV”) of the eligible equity and option transactions executed in the brokerage account, according to the declining marginal commission schedule detailed below. “Principal Volume” means the total purchase or sale price of securities, net of any fees. It is the price of the security the program participant is buying, selling or shorting multiplied by the quantity. Monthly commissions replace the commissions that would otherwise be charged on a trade-by-trade basis in the brokerage account.

Equity & Options Principal Volume Tier	Marginal Rate
\$0 - \$249,999	2.50%
\$250,000 - \$499,999	2.00%
\$500,000 - \$999,999	1.50%
\$1,000,000 - 2,499,999	1.00%
\$2,500,000 - \$9,999,999	0.75%
\$10,000,000+	0.50%

3 - Investments in structured products involve risks, including but not limited to, price and yield fluctuations, loss of principal and limited liquidity. Model Portfolio Solutions are structured and monitored on an ongoing basis by members of the MPS Portfolio Strategy Team and may be purchased in a single transaction as individual stocks. The decision to follow the recommendations is always the investors to make, in accordance with their individual needs and goals. Please contact your Financial Advisor or Private Wealth Advisor to discuss MPSs including commissions and whether they are suitable.

4 - Certain brokerage accounts with Choice Select<sup>SM</sup> pricing in the same statement account link group are grouped together to aggregate PV and thereby lower the group's commission rates. Please ask your Financial Advisor or Private Wealth Advisor for details.

5 - Morgan Stanley and its Financial Advisors and Private Wealth Advisors do not provide tax or legal advice. Individuals should consult their personal tax and legal advisors before making any tax or legal-related decisions. Choice Select<sup>SM</sup> pricing is an alternative way to pay commissions on equity and option transactions in a brokerage account. Any investment advice is solely incidental to Morgan Stanley's business as a broker-dealer. Program participants do not pay for, nor do they receive, a level of advice different from that provided to other full-service brokerage clients who pay on a per-trade basis.

Note (\*): If no Choice Select<sup>SM</sup> eligible equity or option trades are placed during the month, then no Choice Select<sup>SM</sup> commissions are charged for the month. Choice Select<sup>SM</sup> pricing follows an annual schedule based on the program participant's Choice Select<sup>SM</sup> anniversary date. As the program participant trades throughout the year, their PV grows and their marginal commission rate declines. On the day after the program participant's Choice Select<sup>SM</sup> anniversary date, their PV resets to zero and the cycle begins again. Choice Select<sup>SM</sup> pricing applies only to eligible equity and option transactions. All other transactions (e.g., fixed income and mutual funds) are subject to loads, mark-ups/mark-downs and/or other applicable fees. Choice Select<sup>SM</sup> commissions are capped at 3% above standard trade-by-trade commissions (the "Cap Commission"). This means that program participants will be charged the lesser of the Choice Select commission or the Cap Commission for all Choice Select<sup>SM</sup> eligible trades each month. This policy applies on an individual account basis, even if the account is part of a Choice Select<sup>SM</sup> group (including qualified plan groups).

## I. Electronic Communication Networks

Morgan Stanley Smith Barney LLC (“Morgan Stanley”), in certain circumstances, can receive revenue regarding the use of various Electronic Communication Networks (“ECNs”). An ECN is an alternative trading system that facilitates trading of financial products outside of traditional stock exchanges. This allows Morgan Stanley to execute trades much faster and more precisely through direct access trading with market specialists. The following table reflects the various ECNs and circumstances in which Morgan Stanley can either receive a credit or incur an expense from interactions with a particular ECN. Please note that this table is updated on a regular basis (currently, on a monthly basis). The applicable brokerage agreement which governs your Morgan Stanley account(s) (the form of which has been provided to you) contains further information about ECNs and the potential revenue received by Morgan Stanley in connection therewith (in the section regarding “Payment for Order Flow and ECNs and ATSS”).

**Note:** The negative numbers refer to circumstances in which the firm would receive a credit. However, these rates cannot be applied to a specific plan.

		Electronic Trading Rate Matrix																
		ARCA <sup>1</sup>	BATS <sup>2</sup>	NYSE-DOT <sup>3</sup>	NASDAQ/Isld <sup>4</sup>	Direct Edge EDGX <sup>5</sup>	Direct Edge EDGA <sup>6</sup>	NYSE American <sup>7</sup>	Chicago/CHX <sup>8</sup>	BX/Bosx <sup>9</sup>	PSX/Nqpx <sup>10</sup>	BYX/Byxx <sup>11</sup>	NSX <sup>12</sup>	IEX <sup>13</sup>	LTSE <sup>14</sup>	MEMX <sup>15</sup>	MIAXPRLEQ <sup>15</sup>	OTCX <sup>17</sup>
Tape A (NYSE)	Taking	0.300	0.300	0.280	0.290	0.300	(0.220)	0.260	0.100	(0.150)	0.250	(0.150)	(0.230)	0.060	0.000	0.270	0.250	0.290
	Providing	(0.310)	(0.330)	(0.220)	(0.335)	(0.270)	0.300	(0.240)	0.100	0.200	(0.200)	0.200	0.280	0.000	0.000	(0.350)	(0.320)	(0.100)
Tape B (AMEX & Other)	Routing	0.300	0.300	0.300	0.300	0.300	0.300	0.300	0.300	0.300	0.300	0.300	0.300	0.310	0.000	0.300	0.300	0.400
	Taking	0.290	0.300	0.285	0.290	0.300	(0.220)	0.260	0.100	(0.150)	0.250	(0.150)	(0.230)	0.060	0.000	0.270	0.250	0.290
Tape C (NASDAQ)	Providing	(0.250)	(0.320)	(0.230)	(0.345)	(0.270)	0.300	(0.240)	0.100	0.200	(0.200)	0.200	0.280	0.000	0.000	(0.350)	(0.350)	(0.100)
	Routing	0.300	0.300	0.300	0.300	0.300	0.300	0.300	0.300	0.300	0.300	0.300	0.300	0.310	0.000	0.300	0.300	0.400
Hidden/Non Displayed/MPL	Taking	0.300	0.300	0.285	0.300	0.300	(0.220)	0.260	0.100	(0.140)	0.250	(0.150)	(0.230)	0.060	0.000	0.270	0.250	0.290
	Providing	(0.320)	(0.330)	(0.260)	(0.335)	(0.270)	0.300	(0.240)	0.100	0.200	(0.200)	0.200	0.280	0.000	0.000	(0.350)	(0.320)	(0.100)
Hidden/Non Displayed/MPL	Routing	0.300	0.300	0.300	0.300	0.300	0.300	0.300	0.300	0.300	0.300	0.300	0.300	0.310	0.000	0.300	0.300	0.400
	Taking	0.300	rates above	0.300	rates above	rates above	0.000	rates above	N/A	N/A	N/A	rates above	0.000	0.090	0.000	0.270	0.250	0.290
Hidden/Non Displayed/MPL	Providing	(0.260)	(0.100)	(0.250)	(0.250)	(0.100)	0.300	(0.200)	N/A	0.300	(0.230)	0.100	See footnotes	0.090	0.000	(0.250)	(0.250)	(0.100)
	Routing	rates above	rates above	N/A	rates above	rates above	rates above	rates above	N/A	N/A	N/A	rates above	rates above	0.310	0.000	0.300	0.300	0.400

Represents best rates

\* All rates quoted per 100 shares

## Footnote Rates in actual Dollars

### 1) Arca Footnotes

- Rates not guaranteed
- Opening Auction Rate: \$0.0015
- MOC/LOC \$0.0010
- Provide MPL Tape A -\$0.0026
- Provide MPL Tape B -\$0.0026
- Provide MPL Tape C -\$0.0026
- Provide Non-Displayed Limit: \$0.00
- Provide Retail Order -\$0.0032
- <\$1 Providing (all exchanges) \$0.00004
- <\$1 Taking (all exchanges) : 0.295% of Notional Amount
- <\$1 Routed (all exchanges) : 0.3% of Notional Amount

### 2) Bats Footnotes

- Rates not guaranteed
- Displayed Providing flow Includes incremental -\$0.0003 where MPID=MSCO
- <\$1 Providing: - Free
- <\$1 Taking: 0.3% of notional
- <\$1 Routing: 0.30% of notional
- Directed ISO's: \$0.0033 charge
- No rebate for non-displayed/displayed orders that receive price improvement
- Bats routed to Nasdaq \$0.0029
- Bats routed to Arca Tape A & C \$0.0029
- Bats routed to Arca Tape B \$0.0027
- Opening Auction \$0.0005
- Closing Auction \$0.001

### 3) NYSE/DOT Footnotes

- Rates not guaranteed
- Opening Auction Rate: \$0.0010 capped at \$35k per month
- MOC: \$0.0004
- LOC: \$0.0007
- Midpoint Remove: Tape A \$0.0030
- Midpoint Remove: Tape B and C \$0.0026
- Midpoint Provide -\$0.00275
- Provide Non-Displayed Limit Order \$0.00
- <\$1 Providing: No rebate
- <\$1 Taking: 0.30% of notional
- <\$1 Routing: 0.30% of notional
- NYSE RPI: Free

### 4) NASDAQ Footnotes

- Rates not guaranteed
- Includes incremental -0.0002 QMM rebate on Displayed Providing Flow
- Non-displayed Provide Tape A & B: -0.0010
- Non-displayed Provide Tape C: -0.0005
- Stocks <\$1 providing 0; Taking & Routing is 0.3% of notional
- Directed Orders: \$0.0035
- SCAR routing to BX: \$-0.0016
- MOPP/directed ISO: \$0.0035
- MOC \$0.0008
- LOC: \$0.00085
- Passthrough Fees (NYSE Re-Routes): \$0.0030
- Non-Displayed Midpoint provide: -0.0025
- Taking Midpoint Liquidity: 0.0030
- Supplemental liquidity -0.0015
- Midpoint Extended Life Orders (M-ELO): 0.0004
- Opening Auction: \$0.0015
- Designated Retail Liquidity: -0.00325 for Tape A&C; -0.0033 for Tape B

### 5) EDGX

- Rates not guaranteed
- Midpoint Match providing on EdgeX is -\$0.0015
- Re-routed by the NYSE: \$0.0030
- Tape A&C routed to Arca: \$0.0030
- Routed to EDGA: -\$0.0018
- Routed Directed ISOs: \$0.0032
- <\$1 Routing: Varies by strategy
- <\$1 Providing: -\$0.00009
- <\$1 Taking: 0.3% of notional

### 6) EDGA

- Rates not guaranteed
- <\$1 Add & Remove: Free
- <\$1 Routed Fee: 0.30% of trade value
- Non-displayed order, adds liquidity: 0.003
- Non-displayed order, removes liquidity: free
- Non-Displayed order, Mid-Point Peg Provide: 0.001

### 7) NYSE American

- Rates not guaranteed
- Non-displayed Provide: -\$0.0020
- Midpoint Provide: -\$0.002
- Add Limit Order Setting New BBO: -\$0.0026
- Opening/Closing Auction \$0.0005
- <\$1 Remove and non-displayed provide: 0.25%
- <\$1 Routed: 0.30%

### 8) Chicago

- Rates not guaranteed
- <\$1 Add & Remove: 0.10% notional
- <\$1 Routing: 0.30% of notional

### 9) BX

- Rates not guaranteed
- <\$1 No rebate to add; taking notional \*.10%
- Routing via BSTG, BSKN, BSCN, BSKP, BTFY, BCRT: 0.0030
- Routing via BMOP: 0.0035
- SCAR routing to BX: \$-0.0016
- Midpoint Remove: Free
- Midpoint Add: 0.0005
- Midpoint Add orders that received price improvement better than the midpoint of the NBBO: 0.0030
- RPI Provide: 0.0025

### 10) PSX

- Rates not guaranteed
- <\$1 No rebate to add; taking notional \*.20%
- Adding hidden midpoint Pegging: -\$0.0023
- Adding hidden midpoint Other: free
- Routing to Nasdaq via PSTG, PSCN, PTFY, PCRT: 0.0030
- Routing via PMOP All venues: \$0.0035
- Routing to BX via PSTG, PSCN, PTFY, PCRT: free
- Routing to NYSE via PSTG, PSCN, PTFY: 0.0030
- Routing to others via PSTG, PSCN: \$0.0030
- Routing to others via PTFY, XCST, XDRK: \$0.0007

### 11) BYX

- Rates not guaranteed
- <\$1 No rebate to add; taking notional \*.10%, routing 0.29%
- Directed ISO's: \$0.0033 charge
- Routing to Edga via TRIM: -\$0.0018
- Non-Display Provide: 0.0024
- Non-Display Midpoint Provide: 0.0010

### 12) NSX

- Rates not guaranteed
- Non-displayed Provide: \$0.0028
- Midpoint Provide: Free
- <\$1 Add & Remove: Free
- <\$1 Routed: 0.30%
- Remove when executing at prices better than the contraside NBBO: free

### 13) IEX

- Rates not guaranteed
- Displayed Add & Remove: \$0.0003
- Non-Displayed Add & Remove: \$0.0009
- Internalized: Free
- Opening Match: \$0.0009
- Auction, IEX-listed security: \$0.0003
- <\$1 Non-Displayed Add & Remove: 0.30% of trade value
- <\$1 Displayed Add & Remove: 0.30% of trade value
- Displayed DLIMIT orders: Free

### 15) MEMX

- rates not guaranteed
- <\$1 Add: -0.05% of Notional
- <\$1 Remove: 0.05% of Notional
- <\$1 Routed: 0.3% of Notional
- Retail Provide: -\$0.0037
- Non-Display Provide (excl. Midpoint Peg): -\$0.0020

### 16) MIAXPRLEQ

- rates not guaranteed
- <\$1 Add: -0.05% of Notional
- <\$1 Remove: 0.05% of Notional
- <\$1 Routed: 0.3% of Notional

### 17) JTCX

- rates not guaranteed
- Routed -OTC Link ATS: \$0.0035
- Share price between \$0.01-\$1
- Provide: Free
- Take: \$0.00003
- Route: \$0.00008
- Share price below \$0.01
- Provide: Free
- Take: 0.3% of notional
- Route: 0.8% of notional

		CANADIAN EXCHANGES								
		Chi-X <sup>1</sup>	CX2 <sup>9</sup>	TSX <sup>2</sup>	Alpha <sup>3</sup>	CSE <sup>4</sup>	Omega <sup>5</sup>	Lynx <sup>6</sup>	Aequitas Lit <sup>7</sup>	Aequitas Neo
TSX >\$1	Taking	0.140	(0.140)	0.270	(0.210)	(0.140)	(0.250)	0.020	0.250	(0.200)
	Providing	(0.100)	0.200	(0.230)	0.290	0.180	0.300	0.000	(0.210)	0.230
	Hidden	(0.050)	See footnotes	0.000	0.270	0.000	0.000	N/A	N/A	N/A
TSX ETF >\$1	Taking	0.170	(0.100)	0.170	0.000	(0.140)	(0.080)	0.020	0.140	(0.200)
	Providing	(0.130)	0.140	(0.130)	0.060	0.180	0.130	0.000	(0.100)	0.230
	Hidden	(0.050)	See footnotes	0.000	0.040	0.000	0.000	N/A	N/A	N/A
Venture Listed >\$1	Taking	0.260	(0.040)	0.150	(0.210)	(0.020)	(0.250)	0.020	0.120	(0.200)
	Providing	(0.220)	0.080	(0.110)	0.290	0.040	0.300	0.000	(0.080)	0.230
	Hidden	(0.150)	See footnotes	0.000	0.270	0.000	0.000	N/A	N/A	N/A
>\$0.10, <\$1	Taking	0.000	(0.020)	0.008	(0.010)	(0.020)	(0.060)	0.020	0.040	(0.030)
	Providing	0.000	0.080	0.008	0.070	0.040	0.100	0.000	(0.020)	0.050
	Hidden	0.030	See footnotes	0.000	0.050	0.000	0.000	N/A	N/A	N/A
<\$0.10	Taking	0.030	(0.020)	0.003	(0.010)	(0.020)	(0.060)	0.020	0.040	(0.030)
	Providing	0.000	0.080	0.003	0.070	0.040	0.100	0.000	(0.020)	0.050
	Hidden	0.030	See footnotes	0.000	0.050	0.000	0.000	N/A	N/A	N/A

\* All rates quoted per 100 shares

#### Footnote Rates in actual Dollars

##### 1) CHI-X Footnotes

- Rates not guaranteed
- Non-InterListed Taking: >\$1 0.0014
- Non-InterListed Add: >\$1 -0.0010
- Non-InterListed Hidden: >\$1 -0.0005
- ETF Hidden Add: >\$1 -0.0005
- M-ELO >\$1:0.0008
- M-ELO <\$1:0.0002

##### 2) TSX Footnotes

- Rates not guaranteed
- Non-InterListed Taking: >\$1 0.0015
- Non-InterListed Add: >\$1 -0.0011
- Open 0.0030; \$30 cap
- MOC 0.0025; \$25 cap
- Odd Lot >\$1 0.0005; <\$1 0.00025
- Taking Dark volume, IOC/FOK >\$1 0.0002
- Taking Dark volume, other >\$1 0.0010

##### 3) Alpha Footnotes

- Rates not guaranteed
- Odd Lot <\$1 0.00025
- Odd Lot >\$1 0.0005

##### 4) CSE

- Rates not guaranteed
- CSE Listed <\$0.1: \$0.00004
- CSE Listed \$0.1-1: \$0.00008
- CSE Listed \$1<: \$0.0002

##### 6) Lynx

- Rates not guaranteed

##### 7) Aequitas Lit

- Rates not guaranteed
- Non-InterListed Taking: >\$1 \$0.0012
- Non-InterListed Add: >\$1 -\$0.0008
- Aequitas NEO listed securities at the open: 0.0005 per side

##### 9) CX2 Footnotes

- Rates not guaranteed
- Retail Removing Liquidity: -\$0.0017
- Hidden >\$1 provide: 0.0004; taking: free
- Hidden <\$1 provide: 0.0004; taking: free
- Retail <\$1 taking: -\$0.0004

## J. Precious Metals Storage and Delivery Fee Schedule

After Morgan Stanley Smith Barney LLC (“Morgan Stanley”) executes a non - Futures transaction relating to precious metals, delivery and storage may be necessary for these commodities. Refer to the fee schedules below for the rates associated with the specific precious metals.

Furthermore, the delivery fee information below is for insured carrier delivery only. The fees for other methods of delivery will vary according to quantity, value, metal and destination. Please ask your Financial Advisor or Private Wealth Advisor for more information.

**Inspection Fee:** A \$25 inspection fee will be charged for any metal that is shipped to our storage facility.

### a) Bullion and Loco London

Precious Metal	Size(s)/Increments	Minimum Purchase	Delivery Charges
Gold, Silver, Platinum and Palladium	1 oz. Bullion or Loco London	\$5,000	Cannot be delivered

### b) Bars

Precious Metal	Size(s)/Increments	Minimum Purchase	Delivery Charges
Gold	1 and 10 oz.	\$5,000	\$100 per 20 oz., \$3.50 per oz. thereafter
	1 kilo (32.15 oz.)		\$100 per bar
	100/400 oz.		\$300 per bar
Silver	1 and 10 oz.	\$5,000	\$50 per 100 oz., \$0.25 per oz. thereafter
	100 oz.		\$75 for the first 2, \$15 each thereafter
	1,000 oz		\$150 per bar
Platinum	1 oz.	\$5,000	\$100 per 20 oz., \$3.50 per oz. thereafter
	10 oz.		
	50 oz. (plate)		
Palladium	1 and 10 oz.	\$5,000	\$100 per 20 oz., \$3.50 per oz. thereafter
	100 oz.		\$300 per bar

### c) Coins

Precious Metal	Size(s)/Increments	Minimum Purchase	Delivery Charges	Available Coins
Gold	1/10 oz.	\$5,000	First 20 oz* \$100 \$3.50 per oz. thereafter	American Gold Eagle; American Gold Buffalo Canadian Gold Maple Leaf South African Gold Krugerrand (1oz. only) Australian Gold Kangaroo; Australian Gold Nugget Austrian Philharmonic
	1/4 oz.			
	1/2 oz.			
	1 oz.			
Silver Coins	1 oz. only	\$5,000	\$125 for first 300 coins, \$0.25 per coin thereafter	American Silver Eagle Canadian Silver Maple Leaf
Silver Bags	295 oz.	\$5,000	\$125 per bag	90% Silver Coin bags (715oz.) 40% Silver Coin bags (295oz.)
	715 oz.			
Platinum	1/10 oz.	\$5,000	First 20 oz* \$100 \$3.50 per oz. thereafter	American Gold Eagle Canadian Gold Maple Leaf Australian Koala Isle of Man Noble
	1/4 oz.			
	1/2 oz.			
	1 oz.			
Palladium	1 oz.	\$5,000	First 20 oz* \$100 \$3.50 per oz. thereafter	Canadian Gold Maple Leaf

Note (\*): bps = Basis points.

Storage Charge Rates:

Client Holdings		Storage Charge Rate	
Minimum (MM)	Maximum (MM) (non-inclusive)	Allocated (bps) <i>(Bars &amp; Coins)</i>	Un-Allocated (bps) <i>(Bullion and Loco London)</i>
-	1	60	36
1	5	45	20
5	-	30	20

## K. Payments from Other Service Providers

**Training and Education** Morgan Stanley Smith Barney LLC (“Morgan Stanley”) provides fund families 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. Some fund representatives may work closely with our branch offices and Financial Advisors to develop business strategies and plan promotional events for clients, prospective clients and educational activities. Some fund families or their affiliates reimburse Morgan Stanley for certain expenses incurred in connection with these promotional efforts, as well as training programs. Fund families independently decide if and what they will spend on these activities, with some fund families agreeing to make annual dollar amount expense reimbursement commitments of up to \$600,000, although actual reimbursements may be higher. Some fund families may also invite our Financial Advisors to attend fund family-sponsored events. Expense payments may include meeting or conference facility rental fees and hotel, meal and travel charges.

**Data Analytics** Morgan Stanley also provides fund families with the opportunity to purchase sales data analytics which may include certain retirement plan assets custodied at Morgan Stanley. The amount of the fee depends on the level of data and ranges up to \$600,000 per year. For additional fees, fund families may purchase supplemental data analytics on other financial product sales at Morgan Stanley.

As of December 31, 2020, when viewed in relation to total Morgan Stanley client assets of in excess of \$2.7 trillion, the payment made by each such service provider equalled an amount of not more than 20/10,000 of one basis point (otherwise expressed, 20/1,000,000 of one percent). We do not believe that such payments were made in connection with retirement plan business specifically, and were certainly not made in connection with any particular retirement plan, but, for perspective, the amount of retirement plan assets included in the total Morgan Stanley client asset number set forth above is approximately \$214 billion. In 2020, such service providers purchasing Data Analytics included the following financial institutions:

Advisors Asset Management (AAM)	Ivy Investments
AIG	J.P. Morgan Asset Management
Alkeon	Jackson National
Alliance Bernstein	John Hancock Investments
Allianz Global Investors	Lazard Asset Management
American Century Investments	Legg Mason
American Funds	Lord Abbett
AMG	Man Investments Inc.
Amundi Pioneer Asset Management	MassMutual
BKA Financial	Morgan Stanley Investment Management
Black Creek Group	Nationwide
BlackRock	Natixis
Blackstone	New York Life Investments
Bluerock	Nuveen
BNY Mellon	Pacific Life
Brandes Investment Partners	PGIM Investments



# Morgan Stanley

Brighthouse Financial	PIMCO
Brookfield	Prudential Annuities
Calamos	Putnam Investments
Capitas	Sculptor
Central Park Group, LLC	Select Equity Group
Columbia Threadneedle	Skybridge Capital
Covr Technologies	Starwood
Eaton Vance	State Street Global Advisors
Federated Hermes	T. Rowe Price
Fidelity	Thornburg Investment Management
First Eagle	TIME
First Trust Portfolios L.P.	Tortoise
Franklin Templeton	Transamerica
Goldman Sachs Asset Management	Vanguard
Griffin Capital	Virtus Investment Partners
Hartford Funds	Voya Investment Management
Invesco	Wellington Management Company LLP
Investec Asset Management	Wells Fargo Asset Management
Wisdom Tree	

Other providers may have made similar payments. On request, your Financial Advisor or Private Wealth Advisor can provide you with additional detail on these payments and inform you if they have attended and/or plan to attend the Morgan Stanley-sponsored conferences/meetings. Furthermore, we believe that payments were made by a similar list of institutions during 2020 and thereafter. On request, your Financial Advisor or Private Wealth Advisor can provide you with additional detail on whether a provider makes such payments during a particular year, and the amount of such payments.

**Payments from Other Service Providers** Other service providers may also sponsor their own educational conferences and pay expenses of Financial Advisors or Private Wealth Advisors attending these events. Morgan Stanley's policies require that the training or educational portion of these conferences comprises substantially all of the event. Such service providers may sponsor educational meetings or seminars in which clients as well as Financial Advisors and Private Wealth Advisors are invited to participate. Other service providers are also allowed to occasionally give nominal gifts to Financial Advisors or Private Wealth Advisors, and to occasionally entertain Financial Advisors or Private Wealth Advisors. Morgan Stanley's non-cash compensation policies set conditions for each of these types of payments, and do not permit any gifts or entertainment conditioned on achieving a sales target. On request, your Financial Advisor or Private Wealth Advisor can provide you with an annual estimate of the aggregate value of gifts or entertainment that service providers pay or provide to Morgan Stanley or particular Financial Advisors or Private Wealth Advisors. You should, of course, also feel free to ask your Financial Advisor or Private Wealth Advisor if they have attended any events sponsored by other service providers and/or plan to do so in the future.

## **L. Short Interest Program Fee (or “Rebate”)**

Morgan Stanley Smith Barney LLC (“Morgan Stanley”) account holders with short stock positions are automatically enrolled in the Short Interest Program; no documentation is required. When the account holder sells a security short, Morgan Stanley must borrow the security to complete the transaction. Under the Short Interest Program, Morgan Stanley may receive compensation from the interest earned on the cash collateral for the service of facilitating the transaction/borrowing the security. More specifically, when Morgan Stanley borrows the security, pursuant to the Global Master Securities Lending Agreement (the “Agreement”) we have entered into with the lender, we generally provide 102% of the short market value in cash to the lender as collateral. Depending on the interest rate environment and the demand for the security (e.g., when the stock is hard to borrow), the lender may pay compensation under the Agreement to Morgan Stanley, known as a “rebate,” which Morgan Stanley will share with the short seller. Morgan Stanley takes a spread based on a curve as follows:

Rate	Spread
>.1% > 1%	.85 >1.35
1% - 2%	1.35 > 1.6
2% -10%	1.6 > 3.05
10% - 30%	3.05 > 4.55
30% - 50%	4.55 > 7.55
50% - 70%	7.55 > 10
70 - 90%	10

In certain low interest rate environments there will be no rebate and the short seller will bear the full cost to borrow the security. This will result in the short seller paying Morgan Stanley a rebate to carry the short sale transaction. The rebate will be directly charged or credited, as applicable, to the short seller’s account on a monthly basis. The rebate rate may fluctuate over the duration of the short transaction due to market conditions. Please contact your Financial Advisor or Private Wealth Advisor for more information with respect to any particular transaction and the amount that Morgan Stanley will receive or has received in the form of a rebate.

## **M. TRAK Fund Solution Program Servicing Fee(s)**

Morgan Stanley Smith Barney LLC (“Morgan Stanley”) may receive shareholder servicing, 12b-1 or other fees from all the fund companies in the TRAK Fund Solution Program (formerly known as the TRAK NAV Program) (or their affiliates) (“Servicing Fees”), which are offset against the program fees due from clients in the manner described in the TRAK Fund Solution Program agreement and descriptive brochure. The Servicing Fees that Morgan Stanley receives from the funds and/or their sponsors, investment advisers or other service providers are at an annual rate up to 0.25% of the average daily net asset value of account assets invested in the funds.

## **N. Trade Errors**

Morgan Stanley has policies and procedures aimed at ensuring prompt and proper detection, reporting and correction of errors involving client accounts. From time to time, Morgan Stanley will execute transaction orders on behalf of your plan's account(s), in both the brokerage and the advisory contexts. We seek to avoid transaction processing errors to the greatest extent possible, but inadvertent errors do occur. These errors may be made by Morgan Stanley, or by agents acting on our behalf or otherwise in connection with your account (including investment managers), and are referred to in this disclosure as "processing errors." Morgan Stanley will correct any identified processing error caused by us or our agents as soon as practicable in accordance with our internal error policies. Morgan Stanley maintains one or more error accounts to facilitate the handling of certain processing errors. In general, once a processing error has been identified, we promptly take corrective action to put the plan and its participants in at least as good a position as they would have been in had the processing error not occurred.

In general, all losses arising from these processing error corrections are closed out at no expense to the client. For processing errors involving Morgan Stanley stock, any gains resulting from the processing error correction are not retained by Morgan Stanley and are credited to the plan's retirement account at no expense to the plan. For a syndicate processing error, which is any adjustment or correction to a new issue (IPO or Secondary) purchase, any profits are donated to the Investor Protection Trust. For investment advisory accounts, if a processing error (other than a processing error involving Morgan Stanley stock or a syndicate processing error) is discovered before the settlement date, the transaction will be cancelled to an error account, regardless of whether or not it is a gain or a loss, and the gains (if any) will be retained by Morgan Stanley and credited against losses from other processing errors on a quarterly basis. If the processing error for an investment advisory account is made by a 3rd party manager or overlay manager and is discovered after the settlement date, any gains resulting from the processing error correction are not retained by Morgan Stanley and are credited to the plan's retirement account at no expense to the plan. However, if the plan is unable or refuses to accept the gains from the post-settlement processing error correction, the gain will be donated to charity. In all other instances, the processing error will be cancelled to an error account, regardless of whether or not it is a gain or loss, and the gains (if any) will be retained by Morgan Stanley and credited against losses from other processing errors on a quarterly basis. The retention of any gain pursuant to the foregoing policies in connection with your plan's account(s) may constitute compensation to us for services rendered in connection with your plan.