

Dear Retirement Plan Sponsor,

As the Sponsor of your retirement plan, you hold the fiduciary responsibility to ensure the best interests of your employees are at the forefront of all decisions. Morgan Stanley is prepared to support this critical endeavor by providing fiduciary education, management tools, and ongoing investment performance monitoring as part of our suite of Plan Sponsor services.

Maintaining a clearly written Investment Policy Statement (IPS) is a best practice approach for establishing a prudent investment decision-making process for your company's retirement plan. Your organization may already have a detailed IPS, or for your convenience we are able to make available a template, which you can modify and update to represent your plan's specific goals. In either case, Morgan Stanley, as an Advisor to your plan, will be offering a supplemental investment monitoring service. When evaluating Retirement investment strategies, Morgan Stanley uses a two-pronged approach:

(1) Morgan Stanley's Global Investment Management Analysis (GIMA) Coverage:

Our Analysts are experienced at evaluating investment strategies and develop a deep understanding of the asset classes they cover. Our sophisticated analytical process entails a framework of analysis, and Morgan Stanley's reputation offers us extensive access directly to the investment management firms. As part of our evaluation process, GIMA analysts examine past investment performance, however the core of our analysis is based on a five-step due diligence process:

**Personnel:** The credentials and expertise of key investment professionals are any investment management firm's most important assets. Depth of experience and a history of success weigh heavily in our evaluation.

**Investment Process:** Investment managers should have a coherent system for generating ideas and constructing portfolios. The latter may include limits on sector or industry exposure, volatility guidelines or other constraints.

**Analysis Capabilities:** While we have no bias for or against any particular analytical approach, we expect investment management firms to possess adequate resources to effectively apply their process. For example, if the stated goal is to identify fundamental value, we may review the number of companies each analyst is expected to cover.

**Implementation:** Investment managers should deliver results to clients that are consistent with their stated investment processes.

**Business Operations:** Clients need a reasonable assurance of the firm's commercial viability. Relevant factors include the trend of assets under management, growth or stability of personnel, and legal or regulatory issues, among other business and management results.

Based on GIMA's review of the above factors, an investment may either be placed on its Focus List or Approved List.

- Focus List status indicates GIMA's high confidence level in the overall quality of an investment and its ability to outperform appropriate market benchmarks or a respective peer group over a longer-term period, typically defined as a full market cycle.
- Approved List status indicates that the investment option meets an acceptable due diligence standard based on GIMA's evaluation and is approved for use in advisory programs.

(2) Morgan Stanley's Proprietary Investment Screening Process:

Investments not on the GIMA Focus or Approved List but that are part of the universe of funds reviewed by Morgan Stanley are put through a proprietary algorithm based on investment criteria such as, but not limited to, performance, assets under management, expense ratio, and manager tenure.

Any review or recommendations do not extend to company stock or self-directed brokerage accounts.

The team at Morgan Stanley is committed to extending the highest level of service to Plan Sponsors and their employees. If you have any questions about the above investment monitoring methodology, please do not hesitate to contact your Financial Advisor or the Morgan Stanley at Work Retirement Solutions Service Team at 866-888-0249.

Sincerely,

Morgan Stanley at Work Retirement Solutions

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**Global Investment Manager Analysis (GIMA) Focus List, Approved List and Tactical Opportunities List; Watch Policy.** GIMA uses two methods to evaluate investment products in applicable advisory programs: **Focus** (and investment products meeting this standard are described as being on the Focus List) and **Approved** (and investment products meeting this standard are described as being on the Approved List). In general, Focus entails a more thorough evaluation of an investment product than Approved. Sometimes an investment product may be evaluated using the Focus List process but then placed on the Approved List instead of the Focus List. Investment products may move from the Focus List to the Approved List, or vice versa. GIMA may also determine that an investment product no longer meets the criteria under either process and will no longer be recommended in investment advisory programs (in which case the investment product is given a “Not Approved” status). GIMA has a “**Watch**” policy and may describe a Focus List or Approved List investment product as being on “Watch” if GIMA identifies specific areas that (a) merit further evaluation by GIMA and (b) may, but are not certain to, result in the investment product becoming “Not Approved.” The Watch period depends on the length of time needed for GIMA to conduct its evaluation and for the investment manager or fund to address any concerns. Certain investment products on either the Focus List or Approved List may also be recommended for the **Tactical Opportunities List** based in part on tactical opportunities existing at a given time. The investment products on the Tactical Opportunities List change over time. For more information on the Focus List, Approved List, Tactical Opportunities List and Watch processes, please see the applicable Form ADV Disclosure Document for Morgan Stanley Wealth Management. Your Financial Advisor or Private Wealth Advisor can also provide upon request a copy of a publication entitled “Manager Selection Process.”

When Morgan Stanley Smith Barney LLC, its affiliates and Morgan Stanley Financial Advisors and Private Wealth Advisors (collectively, “Morgan Stanley”) provide “investment advice” regarding a retirement or welfare benefit plan account, an individual retirement account or a Coverdell education savings account (“Retirement Account”), Morgan Stanley is a “fiduciary” as those terms are defined under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and/or the Internal Revenue Code of 1986 (the “Code”), as applicable. When Morgan Stanley provides investment education, takes orders on an unsolicited basis or otherwise does not provide “investment advice”, Morgan Stanley will not be considered a “fiduciary” under ERISA and/or the Code. For more information regarding Morgan Stanley’s role with respect to a Retirement Account, please visit [www.morganstanley.com/disclosures/dol](http://www.morganstanley.com/disclosures/dol). Tax laws are complex and subject to change. Morgan Stanley does not provide tax or legal advice. Individuals are encouraged to consult their tax and legal advisors (a) before establishing a Retirement Account, and (b) regarding any potential tax, ERISA and related consequences of any investments or other transactions made with respect to a Retirement Account.

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