

Form ADV Wrap Fee Program Brochure Morgan Stanley Smith Barney LLC

TRAK Fund Solution
TRAK Consulting Group Capital Markets Funds

July 6, 2018

2000 Westchester Avenue
Purchase, NY 10057
Tel: (914) 225-1000
www.morganstanley.com

This wrap fee program brochure provides information about the qualifications and business practices of Morgan Stanley Smith Barney LLC (“MSWM”). If you have any questions about the contents of this brochure, please contact us at (914) 225-1000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about MSWM also is available on the SEC’s website at www.adviserinfo.sec.gov. Registration with the SEC does not imply a certain level of skill or training.

Item 2: Material Changes

This section identifies and discusses material changes to the ADV brochure since the version of this brochure dated March 31, 2017. For more details on any particular matter, please see the item in this ADV Brochure referred to in the summary below.

Platform Fee. A Platform Fee (the “Platform Fee”) was implemented in TRAK Fund Solution programs. The Platform Fee for TRAK Fund Solution accounts is a 0.042% asset-based annual fee. This fee is in addition to program fees and is applicable to all accounts, except for Retirement Accounts (as defined in this ADV brochure) covered by Title I of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). Morgan Stanley Smith Barney LLC (“Morgan Stanley”) intends to collect revenue from mutual fund providers that compensate Morgan Stanley for administering the platform and apply the revenue attributable to accounts subject to the Platform Fee as an offset to the Platform Fee and/or to the applicable program fees. This revenue will be allocated proportionately among accounts subject to the Platform Fee based on the closing market value of all assets in an account on the last day of the billing quarter, regardless of the value of mutual fund investments held in that account. (Item 4A).

Disciplinary Information. On June 29, 2018, the SEC entered into a settlement with MSWM regarding an administrative action. In this matter, MSWM, without admitting or denying the findings, consented to the entry of the order that finds that MSWM willfully violated certain sections of the Investment Advisers Act of 1940, specifically Section 206(4) and Rule 206(4)-7 thereunder, as well as Section 203(e)(6). (Item 9)

Item 3: Table of Contents

Item 1: Cover Page.....	1
Item 2: Material Changes.....	2
Item 3: Table of Contents	3
Item 4: Services, Fees and Compensation.....	4
A. General Description of Programs and Services	4
TRAK Fund Solution	4
TRAK Consulting Group Capital Markets Funds	5
Common Features Relating to the Programs	5
Risks.....	7
Fees	7
B. Comparing Costs	9
C. Additional Fees	9
Funds in Advisory Programs.....	9
Cash Sweeps.....	11
D. Compensation to Financial Advisors.....	12
Item 5: Account Requirements and Types of Clients	12
Item 6: Portfolio Manager Selection and Evaluation	12
A. Selection and Review of Funds for the Programs.....	12
Calculating Performance	13
B. Conflicts of Interest.....	13
C. Financial Advisors Acting as Portfolio Managers	14
Item 7: Client Information Provided to Portfolio Managers	14
Item 8: Client Contact with Portfolio Managers	14
Item 9: Additional Information	14
Disciplinary Information	14
Other Financial Industry Activities and Affiliations	15
Code of Ethics	16
Reviewing Accounts.....	17
Client Referrals and Other Compensation.....	17
Financial Information	17
Exhibit: Affiliated Money Market Funds Fee Disclosure Statement and Float Disclosure Statement	18

Item 4: Services, Fees and Compensation

Morgan Stanley Smith Barney LLC (“Morgan Stanley Wealth Management”, “MSWM”, “we” or “us”) is, among other things, a registered investment adviser and a registered broker-dealer. MSWM is one of the largest financial services firms in the U.S. with branch offices in all 50 states and the District of Columbia.

MSWM offers clients (“client”, “you” and “your”) many different advisory programs. Many of MSWM’s advisory services are provided by its Consulting Group (“CG”) business unit. You may obtain brochures for other MSWM investment advisory programs at www.morganstanley.com/ADV or by asking your Financial Advisor.

All clients’ assets are custodied at MSWM (except for “sweep” assets custodied at the Sweep Banks pursuant to the Bank Deposit Program). *Please see Item 4.C (Services, Fees and Compensation -- Additional Fees – Cash Sweeps -- Bank Deposit Program) below, for more information.* Brown Brothers Harriman serves as the custodian of the CGCM Funds.

A. General Description of Programs and Services

TRAK Fund Solution

TRAK Fund Solution is a mutual fund asset allocation program that offers clients a wide selection of asset allocations and mutual fund investment options, as well as optional features such as systematic rebalancing of accounts. TRAK Fund Solution clients retain investment discretion over their accounts. ***TRAK Fund Solution is closed to new investors. Existing investors may continue to participate in the program.***

TRAK Fund Solution accounts consist of two components: an investment advisory component and a brokerage component. The asset allocation, mutual fund evaluation, and systematic rebalancing services apply only to the investment advisory component of the account. MSWM acts as an investment advisor and fiduciary with respect to the investment advisory component of your account, but not with respect to the brokerage component.

For the investment advisory component of your TRAK Fund Solution account, you can choose from among affiliated mutual funds, money market funds and unaffiliated mutual funds. Mutual fund shares purchased or sold through the Program in the investment advisory component of your account are not subject to any sales charges (or “loads”).

As part of the account opening process, you complete an investor questionnaire that identifies your investment objectives, risk tolerance, and investment time horizon. Based on your responses to the questionnaire, we determine your investment profile, and recommend an asset allocation for the investment advisory component of your account based on the TRAK Fund Solution program’s asset categories. TRAK Fund Solution offers recommended allocations for various investor profiles. The recommended allocations are reviewed and updated

periodically, in response to changes in the capital markets. You may accept the recommended allocation, or create an asset allocation based on your preferences. If you accept the recommended allocation, any subsequent updates to the recommended allocation corresponding to your investor profile will automatically become the then-current target allocation for the investment advisory component of your account.

After you select your asset allocation, we will help you identify appropriate mutual funds for each category in the allocation. You must select at least one mutual fund for each asset category in the asset allocation. In the investment advisory component of your account, you can only hold mutual funds offered through the TRAK Fund Solution program. Availability of mutual funds through the TRAK Fund Solution program is subject to change.

You are responsible for your decision to participate in TRAK Fund Solution and your selection of mutual funds. TRAK Fund Solution is not necessarily suitable for all clients seeking to build and invest in a portfolio of mutual funds. Before enrolling in TRAK Fund Solution, you should discuss with your Financial Advisor whether other programs and investments may be more appropriate given your individual goals and objectives.

MSWM may impose minimum and maximum requirements for the number of funds in each asset category and the account as a whole.

There is no assurance that the mutual funds will perform in any particular manner. Past performance of any mutual fund or asset class is no guarantee of future performance. Carefully read the prospectus of each mutual fund before you invest.

Tactical Rebalancing. If you accepted the recommended allocation and elected tactical rebalancing, we will review the investment advisory component of your account for rebalancing and, if necessary, rebalance it to the then-current recommended allocation promptly after we change the recommended allocation for your investor profile. This may include adding asset classes to at any time Morgan Stanley determines it is appropriate to do so with an appropriate investment product. If you have selected a custom allocation, any rebalancing will be confirmed with you prior to making a change.

Quarterly Rebalancing. You may choose to have the investment advisory component of your account automatically reviewed for rebalancing quarterly and, if needed, rebalanced. If you select quarterly rebalancing, and you accepted the recommended allocation, your account will be rebalanced to the then-current recommended allocation for your investor profile. Rebalancing to the updated recommended allocation may involve adding or removing asset categories, which may require selling a mutual fund and/or selecting one or more new mutual funds for the account. If you select quarterly rebalancing, and you created an asset allocation based on your preferences, your account will be rebalanced to your selected asset allocation.

After reviewing your account for quarterly rebalancing, we will only perform the rebalancing when any asset category (as reflected in the values of mutual fund holdings in that category on the day the account is reviewed) deviates from the target allocation by more than 5% of the value of assets in the investment advisory

component of your account. However, if a particular asset class that has been recommended for your account diminishes in value to the extent that such asset class is no longer represented in your account, we will rebalance your account for the purpose of reestablishing the recommended allocation for that asset class, regardless of whether the 5% threshold described above has been exceeded. Rebalancing will be accomplished by buying and selling shares of mutual funds. In taxable accounts rebalancing may cause a taxable event, and you should consult your tax advisor.

If you wish to add or drop quarterly rebalancing, please talk to your Financial Advisor. If you do not elect automatic rebalancing, you should consider whether an alternative such as a commission-based account might be more cost-effective than TRAK Fund Solution.

Other Rebalancing. Regardless of whether or not you select quarterly rebalancing, you may direct MSWM to rebalance the account at any time.

Fund Replacement. At times, including as a result of a rebalancing to the current recommended allocation, an investment discipline reclassification, or the termination from TRAK Fund Solution of a mutual fund held in the investment advisory component of your account, you may be required to select a new or a replacement mutual fund for each affected asset category in the asset allocation. MSWM will notify you and ask you to select a new mutual fund. MSWM's notice will identify a mutual fund selected by MSWM as being an appropriate replacement mutual fund from those available in TRAK Fund Solution (which may include both affiliated and unaffiliated mutual funds as potential default investments). If you do not select a new mutual fund within the time frame prescribed in the notice, we will buy the replacement mutual fund we identified in our notice and liquidate any existing terminated mutual fund. Liquidation may cause a taxable event and you should consult your tax advisors. Liquidation may also result in additional costs and charges. You may not purchase or hold mutual funds in the investment advisory component of your account except those offered through TRAK Fund Solution. In the event of a fund merger, MSWM reserves the right to invest assets from the merged fund into the acquiring fund.

Fees From Mutual Fund Companies. As a result of MSWM's receipt of certain fees received by MSWM from mutual fund companies (as described in greater detail in Item 4.C), MSWM's compensation may vary depending on the Funds in which the client invests, unless the client is a Retirement Account (as defined below in this section). Consequently, MSWM may have a conflict of interest when recommending mutual funds to you (unless the client is a Retirement Account). We address this conflict by not sharing the mutual fund fees with your Financial Advisor. To obtain the annual rates of such fees, contact your Financial Advisor and they will direct you to the appropriate source.

TRAK Consulting Group Capital Markets Funds

TRAK Consulting Group Capital Markets Funds (the "CGCM Funds" or "TRAK CGCM") are used in a mutual fund asset allocation program that offers clients a selection of strategic asset allocations and a selection of multi-managed sub-advised mutual funds. The manager to the TRAK CGCM funds is

affiliated with MSWM.

TRAK CGCM consists of two components: an investment advisory component and a brokerage component. The asset allocation and systematic rebalancing services apply only to the investment advisory component of the account. MSWM acts as an investment advisor and fiduciary with respect to the advisory component of your account, but not with respect to the brokerage component. In TRAK CGCM, the rebalancing protocol will be the same as described above for TRAK Fund Solution except that rebalancing will be effected using shares of the TRAK CGCM Funds instead of shares of other mutual funds.

The TRAK CGCM Funds are sub-advised by recognized institutional investment management firms. The sub-advisers must be on the MSWM Global Investment Manager Analysis group's Focus List or Approved List, as described in Item 6.A. Consulting Group Advisory Services LLC ("CGAS"), the investment manager to the TRAK CGCM Funds, selects each sub-advisor, subject to the approval of the Board of Trustees of the CGCM Funds. CGAS is responsible for periodically reviewing each sub-advisor and also reviews the CGCM Funds to ensure a minimal overlap of investments among Funds and that the Funds do not stray from their stated investment mandate.

Common Features Relating to the Programs

Account Opening. To enroll in the TRAK Fund Solution or TRAK CGCM programs, you may complete an investment questionnaire or receive a proposal. To enroll in any of these programs, you must enter into the MSWM Single Advisory Contract. MSWM has discontinued the use of the TRAK client agreements to open new accounts (but some existing accounts may have been opened using the client agreement). The client agreement and the Single Advisory Contract shall be collectively referred to as the "Account Agreement."

Fund Prospectuses and Profiles. To assist clients in selecting funds, MSWM can provide profiles for each mutual fund identified to a client. MSWM does not guarantee the accuracy of historical performance information and other information in these profiles.

The prospectuses of the mutual funds participating in the programs are available from Financial Advisors. You should carefully review and evaluate each selected mutual fund's profile and prospectus, including the fees and expenses associated with investments in these funds.

Investment Discretion. In the programs listed in this brochure, neither MSWM nor any affiliated entity has any investment discretion over the client's account. The client makes all investment decisions, except as described above with regard to tactical rebalancing, quarterly rebalancing, certain liquidations relating to terminated funds or accounts, fund replacements (TRAK Fund Solution), automatic liquidation of shares to pay investment advisory fees, systematic investments or withdrawals and trades relating to share class conversions.

Mutual Fund Managers. The managers of the mutual funds that MSWM selects to participate in the TRAK Fund Solution program may employ the same or substantially similar investment

strategies, and may hold similar portfolios of investments in other investment products or programs that they manage, such as managed account programs. These other products or programs may be available through MSWM or elsewhere. The costs and the services relating to the other products or programs in which these strategies are offered will differ.

Changes to Mutual Funds in the Programs. MSWM may add or remove mutual funds from the programs in its discretion. MSWM reviews mutual funds, fund managers, and fund companies on an ongoing basis to determine whether funds should remain in the TRAK Fund Solution program. MSWM may decide to terminate a fund from the program if in MSWM's judgment a change in the fund company's organization (such as personnel turnover) or a change in investment strategy or process is so material that it is likely to affect the fund's performance or its ability to provide the investment style for which it was originally selected. See "Selection and Review of Funds for the Programs" below. Mutual funds may also determine to discontinue offering their shares through the programs or elect to change the share class offered in the programs.

Limitations on Number of Funds, Cash Allocations and Trading. The TRAK Fund Solution program imposes limitations with respect to the minimum and maximum number of investment disciplines, and fund positions in each discipline allowed in the investment advisory component of program accounts, to optimize the services that clients receive in relation to the aggregate fees paid. To fully realize the benefits of the Program services, including due diligence and monitoring of participating funds, asset allocation, and reporting, accounts should generally allocate assets to at least three investment disciplines (in addition to cash) and hold not more than three funds in each discipline. Clients should take into account that, if they qualify for discounts or a waiver of sales charges outside the program, and do not use the rebalancing or reallocation features offered in the program, purchasing funds in a commission-based account may be a more cost-effective way of investing. The programs in this brochure are not intended for clients who wish to maintain high levels of cash or cash equivalents in the account.

Clients generally may invest in and sell mutual funds available in the Program. A client may be prevented from buying and/or selling shares of a mutual fund if the client has engaged in, or is deemed to have engaged in, short-term trading or excessive trading. Additionally, clients who engage in short-term trading outside of systematic rebalancing may be subject to short-term redemption fees as set forth in the selected mutual fund's prospectus.

Asset Class Changes. From time to time, MSWM may re-categorize a mutual fund into a different asset class. For clients who have selected custom allocations, a notice will be sent following such an asset class change and no change in Mutual Funds will be made to their account. For clients who follow the recommended allocations, prior notice of such a change will be sent describing the Mutual Funds that may be terminated or added to their account as part of the change.

If you contribute assets to the TRAK Fund Solution program, (or you direct us to transfer other outside assets into the TRAK Fund

Solution program) and these assets are shares of a mutual fund that you already hold as part of your account allocation, we will add those shares to the shares of that mutual fund that you already hold in that asset category. These shares will then be part of your account and subject to the advisory fee that you pay to us. If necessary, we will convert the shares to the appropriate share class for the program. If you contribute mutual fund shares on which you originally paid a load or other front-end fee, you may not recover that fee upon contribution of such shares to your advisory account. However, we will not convert any mutual fund shares on which you may have paid a Contingent Deferred Sales Charge ("CDSC") until the CDSC expires and, until these shares convert, they will be held in the brokerage portion of the account and we will not render any advice on them. If a Mutual Fund makes only one class of shares available and that share class carries a 12b-1 fee, this share class may be included in your Account. In such a case, MSWM will decline to accept the 12b-1 fee, but it will not be rebated to you.

If you contribute other types of assets to the program, these assets will be held in the brokerage portion of your account and will not be subject to the advisory fee unless you instruct us to liquidate these and invest the proceeds in your advisory account. We will invest assets in your account so as to minimize variances from your recommended account allocation. Alternatively, you may instruct us to invest your contributions pro rata based on a relative percentage holdings of mutual fund shares constituting the assets in your advisory account, which may differ from your recommended account allocation.

Investment Restrictions. You will select the individual mutual funds. You cannot impose restrictions on the securities held by a mutual fund.

Trade Confirmations, Account Statements and Performance Reviews. MSWM is the custodian and provides you with written confirmation of securities transactions, and account statements at least quarterly. You will receive confirmations after the completion of each trade. You will also receive mutual fund prospectuses.

We make written Investment Monitors available to you every quarter. These reviews have tabular reports and graphical displays showing how your account investments have performed, both on an absolute basis and on a relative basis compared to recognized indexes. You may view these reports through MSWM's online account services site. To access these reports in the online service site please go to <https://www.morganstanleyclientserv.com> log on and select "Account Documents." account opening.

The Investment Monitor covers only the assets in the investment advisory component of your account.

MSWM may obtain and share information concerning your accounts with any of our affiliates or with any nonaffiliated parties to the extent necessary to effect, enforce, administer or complete transactions or to service providers in accordance with applicable federal and state regulations.

Termination of Account Agreement. Either MSWM or the client may terminate the client agreement. Upon termination, MSWM may convert your shares to a non-advisory share class. In the TRAK CGCM program, if you terminate your Account

Agreement, we reserve the right to liquidate all your TRAK CGCM mutual fund shares.

Please consider the investment objectives, risks and charges and expenses of each mutual fund carefully before investing. A mutual fund's prospectus contains this and other information about the fund and may be obtained from your Financial Advisor. Please read it carefully before investing in a mutual fund.

Risks

All trading in an account is at your risk. The value of the assets held in an account is subject to a variety of factors, such as the liquidity and volatility of the securities markets. Investment performance of any kind is not guaranteed and does not predict future performance with respect to any particular account. Neither MSWM nor its affiliates will not have any responsibility for any of your assets not held in the account, nor for any act done or omitted on the part of any third party.

Risks Relating to Mutual Funds that Pursue Complex or Alternative Strategies.

These funds may employ various investment strategies and techniques for both hedging and more speculative purposes such as short selling, leverage, derivatives and options, which can increase volatility and the risk of investment loss. Alternative investment strategies are not suitable for all investors. While mutual funds may use non-traditional options and strategies, they differ from unregistered privately offered alternative investments. Because of regulatory limitations, mutual funds that seek alternative-like investment exposure must utilize a more limited spectrum of investments. As a result, investment returns and portfolio characteristics of mutual funds may vary from traditional hedge funds pursuing similar investment objectives. They are also more likely to have relatively higher correlation with traditional market returns than privately offered alternative investments. Moreover, traditional hedge funds have limited liquidity with long "lock-up" periods allowing them to pursue investment strategies without having to factor in the need to meet client redemptions. On the other hand, mutual funds typically must meet daily client redemptions. The differing liquidity profile can have a material impact on the investment returns generated by a mutual fund pursuing the alternative strategy compared with traditional hedge funds pursuing the same strategy.

Non-traditional investment strategies are often employed by a fund's portfolio manager to further a fund's investment objectives and to help offset market risk. However, these features may be complex, making it more difficult to understand the fund's essential characteristics and risks, and how it will perform in different market environments and over various periods of time. They may also expose the fund to increased volatility and unanticipated risks, particularly when used in complex combinations and/or accompanied by the use of borrowing or "leverage."

Risks Relating to Mutual Funds that Invest Primarily in Master Limited Partnerships ("MLPs"). Investment in MLPs entails different tax risks than is the case for other types of investments and mutual funds that invest primarily in MLPs, and will generally accrue deferred tax liability. The fund's deferred tax

liability (if any) is reflected each day in its net asset value. As a result, the fund's total annual operating expenses may be significantly higher than those of funds that do not invest primarily in MLPs. Please see the fund prospectus for additional information.

Risks Relating to Money Market Funds. You could lose money in money market funds. Although money market funds classified as government funds (i.e., money market funds that invest 99.5% of total assets in cash and/or securities backed by the U.S. government) and retail funds (i.e., money market funds open to natural person investors only) seek to preserve value at \$1.00 per share, they cannot guarantee they will do so. The price of other money market funds will fluctuate and when you sell shares they may be worth more or less than originally paid. Money market funds may impose a fee upon sale or temporarily suspend sales if liquidity falls below required minimums. During suspensions, shares would not be available for purchases, withdrawals, check writing or ATM debits.

Fees

In the TRAK Fund Solution and TRAK CGCM programs, the client pays an asset-based fee to MSWM calculated on the investment advisory assets in the account ("MSWM Fee"), which covers MSWM investment advisory services, custody of securities, trade execution with or through MSWM, as well as compensation to any Financial Advisor. The maximum MSWM Fee is 2.50% of the market value of the investment advisory assets in a client's account. The fee is subject to negotiation and may differ based on factors such as the amount of assets, and the number and range of supplemental and client-related services provided. In the TRAK Fund Solution program, there is a Platform Fee that is separate from the MSWM Fee. The Platform Fee is a 0.042% asset-based annual fee.

To pay your fees we will liquidate shares of any money market funds included in your account. To the extent that fees are not covered by money market fund or sweep vehicles, we reserve the right to liquidate a portion of any mutual fund, in your account to satisfy the remaining fee balance.

The initial fee will be paid on or shortly after the date that funds are purchased for your account, will be prorated to cover the period from that date to the end of the current quarter or next full billing quarter, and will be based on the value of the assets in the advisory portion of your account on that date. Billing quarters may differ from calendar quarters. Thereafter, each quarterly fee payment will be payable in advance, computed based on the last business day of the previous billing quarter and payable on the tenth business day of the current billing quarter.

If you direct us to do so in writing, we will debit another Morgan Stanley account to pay any fee due hereunder.

A portion of the fees charged to your account are paid to Financial Advisors and other employees of Morgan Stanley and its affiliates in connection with the provision of supplemental and client-related services. Such payments may be made for the duration of this agreement.

We retain the right to terminate this agreement and liquidate all assets in your account if your account balance falls below \$5,000.

There is a minimum average annual MSWM Fee (calculated quarterly) for each MSWM Consulting Group account that is related for billing purposes and was opened after June 30, 2009. The minimum is the lesser of 2% of the market value of the assets in your account or \$250 per year.

Your fee will be agreed upon with your Financial Advisor and we will confirm the agreed upon fee to you in writing. Your fee will not include or take into account the underlying fees and expenses of mutual funds or other fees relating to your brokerage account. Unless you agree with your Financial Advisor, your fee will not be aggregated with any other assets in any other existing or future MSWM investment advisory program account for the purposes of calculating whether the assets in your account reach any thresholds in any fee schedule that you may agree upon with your Financial Advisor.

For any affiliated mutual funds offered in TRAK Fund Solution, the affiliated fund's investment advisor will receive investment management fees. Retirement Accounts will receive a credit for this fee.

The fee agreed to between you and your Financial Advisor may be changed by Morgan Stanley upon notice to you at any time.

Fees for the programs described in this brochure are negotiable based on factors including the type and size of the account and the range of services provided by the Financial Advisor, the fee charged to a client may be more than the maximum annual fee stated in this section as described below.

The fee is payable as described in the Client Agreement. Generally, the initial fee is due in full on the date you open your account at MSWM and is based on the market value of the investment advisory assets in the account on that date. The initial fee payment covers the period from the opening date through the last business day of the current quarter or the next full billing quarter and is prorated accordingly. Thereafter, the fee is paid quarterly in advance based on the market value of the advisory assets on the last business day of the previous billing quarter. Please note that a billing quarter may or may not be the same as a calendar quarter. The Client Agreement authorizes MSWM to deduct fees when due from the assets contained in the account. TRAK accounts have a brokerage component. The asset-based fee specified in your Client Agreement does not apply to the brokerage component. Instead, you pay brokerage commissions and expenses in accordance with your brokerage documentation (except that we may waive the annual fee). Provisions and conditions of the fee as described in this section apply to the Platform Fee with one exception; the Platform Fee is paid quarterly in arrears based solely on the closing market value of the assets in the account on the last business day of the billing quarter and will become due within fifteen (15) business days after the end of the billing quarter.

Offset to the Platform Fee. We intend to collect revenue from mutual fund providers that compensate Morgan Stanley for administering the platform and apply the revenue attributable to accounts subject to the Platform Fee as an offset to the Platform Fee and/or to the MSWM Fee. This revenue will be allocated proportionately among accounts subject to the Platform Fee based

on the closing market value of all assets in an account on the last day of the billing quarter, regardless of the value of mutual fund investments held in that account. The amount of the offset will be applied against the Platform Fee and/or the MSWM Fee generally within fifteen (15) business days after the end of the billing quarter. The amount of the offset will vary each billing quarter and while we generally expect the offset to equal or exceed the Platform Fee on an annual basis, changing circumstances, such as a shift in investments away from mutual funds or significant reallocation of mutual fund investments to funds that pay a lower amount of revenue, could reduce the offset to an amount less than the amount of the Platform Fee. An account that is not subject to a Platform Fee during a billing quarter will not be entitled to the offset, as described herein. In the event we receive revenue with respect to a money market mutual fund, such revenue will be rebated directly to the client holding the money market fund position and will not be included in the above described offset.

Termination; Additions and Withdrawals; Refund on Account Termination. You may make additions into the account at any time, subject to our right to terminate the account. If you withdraw or deposit assets into the account (or assets are otherwise removed from or added to the billable assets in the account) with a value equal to or greater than \$5,000, the Fee for the remainder of the applicable billing period will be adjusted on a pro-rata basis to reflect the withdrawal or deposit. No fee adjustment will be made during any billing period for withdrawals or deposits of less than \$5,000 during a billing period. No Fee adjustment will be made during any billing period for appreciation or depreciation in the value of account assets.

If the account is terminated by either party, you will be entitled to a prorated refund of any pre-paid MSWM Fee based on the number of days remaining in the billing quarter after the date upon which notice of termination is effective.

Breakpoints. Fee rates in the TRAK Fund Solution and TRAK CGCM programs may be expressed as a fixed rate applying to all investment advisory assets in the account, or as a schedule of rates applying to different asset levels, or "breakpoints." When the fee is expressed as a schedule of rates corresponding to different breakpoints, discounts, if any, are negotiated separately for each breakpoint. As the value of account assets reaches the various breakpoints, the incremental assets above each threshold are charged the applicable rates. The effective fee rate for the investment advisory component of an account as a whole is then a weighted average of the scheduled rates, and may change with the account asset level.

Accounts Related for Billing Purposes. When two or more investment advisory accounts are related together for billing purposes, you can benefit even more from existing breakpoints. If you have two accounts, the "related" fees on Account #1 are calculated by applying your total assets (i.e. assets in Account #1 + assets in Account #2) to the Account #1 breakpoints. Because this amount is greater than the amount of assets solely in Account #1, you may have a greater portion of assets subject to lower fee rates, which in turn lowers the average fee rate for Account #1. This average fee rate is then multiplied by the actual amount of assets in Account #1 to determine the dollar fee for Account #1. Likewise, the total assets are applied to the Account #2 breakpoints to determine the average fee rate for Account #2, which is then multiplied by the actual amount of assets in Account

#2 to determine the dollar fee for Account #2.

Only certain accounts may be related for billing purposes, based on the law and MSWM's policies and procedures. Even where accounts are eligible to be related under these policies and procedures, they will only be related if this is specifically agreed between you and the Financial Advisor. If any account related for billing purposes has both an investment advisory and a brokerage component, the related billing applies only to the investment advisory component.

Fee Levelling (Retirement Accounts Only). In the TRAK CGCM program, MSWM will retain an investment management fee of 0.20% for CGAS' provision of investment advisory and other services to the TRAK CGCM Funds. To the extent you invest in any funds that pay CGAS a fee greater than 0.20%, you will receive a credit to your investment advisory fee of the amount greater than 0.20%. A "Retirement Account" is an Individual Retirement Account ("IRA"), a plan for self-employed individuals ("Keogh Plan"), or an employee benefit plan subject to the Employee Retirement Security Act of 1974 ("ERISA").

ERISA Fee Disclosure for Qualified Retirement Plans. In accordance with Department of Labor regulations under Section 408(b)(2) of ERISA, 2012, MSWM is required to provide certain information regarding our services and compensation to assist fiduciaries and plan sponsors of those retirement plans that are subject to the requirements of ERISA in assessing the reasonableness of their plan's contracts or arrangements with us, including the reasonableness of our compensation. This information (the services we provide as well as the fees) is provided to you at the outset of your relationship with us and then at least annually to the extent that there are changes to any investment-related disclosures for services provided as a fiduciary under ERISA.

Other. A portion of the MSWM Fee will be paid to your Financial Advisor. See *Item 4.D below (Compensation to Financial Advisors)* for more information.

B. Comparing Costs

The primary service that you are purchasing in the programs described in this brochure is a mutual funds wrap program. You may purchase the individual mutual funds separately, although you may pay a load (transaction fee) on the purchase of the mutual fund. You should consider these and other differences when deciding whether to invest in an investment advisory or a brokerage account and, if applicable, which advisory programs best suit your individual needs.

C. Additional Fees

If you open an account in one of the programs described in this brochure, you will pay us an asset-based MSWM Fee. This "wrap fee" covers MSWM investment advisory services, custody of securities, trade execution with or through MSWM, as well as compensation to any Financial Advisor. The MSWM Fee does not cover:

- the costs of investment management fees and other expenses charged by mutual funds (see below for more details)

- MSWM account establishment or maintenance fees for its Individual Retirement Accounts ("IRA") and Versatile Investment Plans ("VIP"), which are described in the respective IRA and VIP account and fee documentation (which may change from time to time)
- account closing/transfer costs
- processing fees
- the Platform Fee applicable to the TRAK Fund Solution program or
- certain other costs or charges that may be imposed by third parties (including, among other things, odd-lot differentials, transfer taxes, foreign custody fees, exchange fees, supplemental transaction fees, regulatory fees and other fees or taxes that may be imposed pursuant to law).

Funds in Advisory Programs

Investing in mutual funds has additional expenses. In addition to the MSWM Fee, you pay the fees and expenses of the mutual funds in which your account is invested. Fund fees and expenses are charged directly to the pool of assets the Fund invests in and are reflected in each Fund's share price. These fees and expenses are an additional cost to you and are not included in the fee amount in your account statements. Each mutual fund expense ratio (the total amount of fees and expenses charged by the fund) is stated in its prospectus. The expense ratio generally reflects the costs incurred by shareholders during the mutual fund's most recent fiscal reporting period. Current and future expenses may differ from those stated in the prospectus.

You do not pay any sales charges for purchases of mutual funds in programs described in this brochure (unless you buy the funds in the brokerage component of a TRAK Fund Solution account). However, some mutual funds may charge, and not waive, a redemption fee on certain transaction activity in accordance with their prospectuses.

Expense Payments, Data Analytics and Administrative Services Fees

MSWM 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. Fund representatives may also work closely with our branch offices and Financial Advisors to develop business strategies and plan promotional events for clients and prospective clients and educational activities. Fund families or their affiliates make payments to MSWM in connection with these promotional efforts to reimburse MSWM for expenses incurred for sales events and training programs as well as client seminars, conferences and meetings. Although fund families independently decide if and what they will spend on these activities, some fund families agree to make annual dollar amount expense reimbursement commitments of up to \$550,000. 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.

MSWM also provides fund families with the opportunity to purchase supplemental sales data analytics. The amount of the fees depends on the level of data and the number of products

covered. The current range is \$100,000 per year for the most basic mutual fund data package up to \$500,000 per year for the most comprehensive mutual fund sales data package. For an additional fee, fund families that sponsor products in addition to mutual funds (e.g., ETFs, UITs and SMAs) may purchase data analytics on other financial product sales at Morgan Stanley.

These facts present a conflict of interest for MSWM and our Financial Advisors to the extent they lead us to focus on funds from those fund families that commit significant financial and staffing resources to promotional and educational activities instead of on funds from fund families that do not purchase sales data analytics or do not commit similar resources to these activities. In order to mitigate this conflict, Financial Advisors and their Branch Office Managers do not receive additional compensation for recommending funds sponsored by fund families that purchase data analytics and/or provide significant sales and training support.

Fund family representatives are allowed to occasionally give nominal gifts to Financial Advisors, and to occasionally entertain Financial Advisors (subject to an aggregate entertainment limit of \$1,000 per employee per fund family per year). MSWM'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 any sales target.

ETF Data Analytics Licensing Fees

MSWM offers sponsors of ETFs the opportunity to purchase data analytics for MSWM's transactional activity in the sponsor's ETFs on our platforms. ETF sponsors that purchase ETF data analytics pay a flat amount (the "ETF Analytics Fee") based on the number of the ETFs that the sponsor has available for sale at MSWM. The ETF Analytics Fee ranges from \$50,000 for sponsors with five or fewer ETFs to a maximum of \$550,000 for sponsors with more than one hundred ETFs.

The ETF Analytics Fee is generally paid by the ETF's investment adviser, distributor or other affiliate from its own revenues, profits or retained earnings and not directly from, or as a charge applied against the ETF's assets. However, these revenues, profits or retained earnings may be derived, in part, from fees earned for services provided to the ETF and paid from the ETF's assets. Because ETF Sponsors pay MSWM the ETF Analytics Fee for each of the Sponsor's ETFs offered on our platform, the aggregate ETF Analytics Fee is higher for ETF sponsors that have more ETFs approved for sale. These facts present a conflict of interest for MSWM and our Financial Advisors to the extent it leads us to focus on ETFs offered by sponsors who pay higher aggregate fees.

In order to mitigate these conflicts, Financial Advisors and their branch managers do not receive additional compensation as a result of the ETF Analytics Fee payable to MSWM.

Administrative Services Fees

In the TRAK Fund Solutions Program, MSWM and/or its affiliates receive compensation from funds or their affiliated service providers for providing certain recordkeeping and related services to funds. In addition, MSWM receives a mutual fund support fee, also called a revenue-sharing payment. All of the compensation as well as the mutual fund support fee we collect from funds or their

affiliated service providers with respect to investment advisory assets is returned to clients in the form of a fee offset. See the section above titled "Offset to the Platform Fee" for more information and eligibility to receive an offset. We process transactions with certain fund families on an omnibus basis, which means we consolidate our clients' trades into one daily trade with the fund, and therefore maintain all pertinent individual shareholder information to the fund. Trading in this manner requires that we maintain the transaction history necessary to track and process sales charges, annual service fees, and deferred sales charges for each position, as applicable, as well as other transaction details required for ongoing position maintenance.

In addition to the omnibus accounting services that we provide for the funds, we are also responsible for delivery of disclosure documents, processing of dividend distributions, and tax reporting functions on their behalf.

For these services, fund families make payments to MSWM of 0.06% per year (\$6 per \$10,000) for assets held in the TRAK Fund Solution advisory program. Funds pay a mutual fund support fee of up to 0.10% per year (\$10 per \$10,000) on those same fund assets.

Notwithstanding the foregoing, MSWM does not receive such payments in relation to those clients that are covered by Title I of ERISA, including, for example, certain SEPs and SIMPLE IRAs.

In TRAK CGCM fund investment management fees paid as part of the CGCM Fund's expense ratio are up to 0.20%.

As a general matter for TRAK Fund Solution, MSWM requires the mutual fund companies to pay the fees in the amounts described above in order for their funds to be made available through the program. There are limited exceptions in which fund companies pay us less than the fees described above. These exceptions create a conflict of interest in that MSWM could have an incentive to recommend a mutual fund from a family that pays the full fee.

These arrangements are described on our website at:

http://www.morganstanley.com/wealth/disclosures/pdfs/revenue_sharing.pdf.

Certain Funds are sponsored or managed by affiliates of MSWM. Since the affiliated sponsor or manager receives additional investment management fees and other fees, MSWM has a conflict to recommend MSWM-affiliated Funds.

Mutual fund companies typically offer different ways to buy mutual fund shares. Some mutual funds only offer one share class for a particular fund while some funds offer many types of shares classes. In addition to the more broadly known retail share classes (A, B and C shares), fund companies have developed additional types of specialized share classes designed for specific advisory programs. If available, clients' shares are converted into the share class required by the mutual fund for that type of account. Depending on the circumstances, clients' shares may be converted into a share class that has a lower or a higher expense ratio. Advisory share classes usually have a lower expense ratio than non-advisory share classes. Currently, the TRAK Fund Solution program uses both non-advisory and advisory share classes. Other MSWM advisory programs use advisory share classes exclusively. Please contact your Financial

Advisor if you would like to learn more about those programs. Please note that those other programs do not offer all of the features that are offered in TRAK Fund Solution. Once we make an advisory share class available for a particular mutual fund, clients can only buy the advisory class shares (not the non-advisory class shares) of that mutual fund in the program.

With regard to the TRAK Fund Solution program, if available, we (without notice to you) may convert any mutual fund in your account to a share class of the same mutual fund which is a load-waived or no-load share class such as an Institutional ("I") share, Financial Intermediary ("FI") share, or advisory program share. On termination of your account, or the transfer of mutual fund shares out of your advisory account into a MSWM brokerage account, we will convert any I shares, FI shares and/or advisory shares to the corresponding non-advisory share class. The non-advisory mutual fund share class generally has higher operating expenses than the corresponding FI, I and advisory share classes, which may negatively impact investment performance.

Cash Sweeps

Generally, some portion of your account will be held in cash. MSWM, as your custodian, will effect "sweep" transactions of free credit balances in your account interest-bearing deposit accounts ("Deposit Accounts") established under the Bank Deposit Program ("BDP"). For most clients BDP will be the only available sweep investment. Generally, the rate on BDP will be lower than the rate on other cash alternatives. In limited circumstances, such as clients ineligible for BDP or where MSWM otherwise elects, MSWM may sweep some or all of your cash into money market mutual funds (each, a Money Market Fund). These Money Market Funds are managed by Morgan Stanley Investment Management Inc. or another MSWM affiliate.

It is important to note that free credit balances and allocations to cash including assets invested in sweep investments are included in your account's fee calculation hereunder.

You acknowledge that MSWM may with 30 days written notice (i) make changes to these sweep terms; (ii) make changes to the terms and conditions of any available sweep investment; (iii) change, add, or delete products available as sweep options; (iv) transfer your sweep investment from one sweep product to another.

Clients that are considered Retirement Accounts or are Coverdell Education Savings Accounts should read the Exhibit to this Brochure ("Affiliated Money Market Funds Fee Disclosure Statement and Float Disclosure Statement").

MSWM will effect sweep transactions only to the extent permitted by law and if you meet the sweep investment's eligibility criteria.

In the TRAK Fund Solution and TRAK CGCM programs, the sweep investment is held in the brokerage component of your account.

For eligibility criteria and more information on Cash Sweeps in general, please refer to the Bank Deposit Program Disclosure Statement which is available at:

http://www.morganstanley.com/wealth-investmentstrategies/pdf/BDP_disclosure.pdf

Conflicts of Interest Regarding Sweep Investments. If BDP is your sweep investment, you should be aware that the Sweep Banks, which are affiliates of MSWM, will pay MSWM an annual account-based flat fee for the services performed by MSWM with respect to BDP. MSWM and the Sweep Banks will review such fee annually and, if applicable, mutually agree upon any changes to the fee to reflect any changes in costs incurred by MSWM. Your Financial Advisor will not receive a portion of these fees or credits. In addition, MSWM will not receive cash compensation or credits in connection with the BDP for assets in the Deposit Accounts for Retirement Accounts. Also, the affiliated Sweep Banks have the opportunity to earn income on the BDP assets through lending activity, and that income is usually significantly greater than the fees MSWM earns on affiliated Money Market Funds. Thus, MSWM has a conflict of interest in selecting or recommending BDP as the Sweep Investment, rather than an eligible Money Market Fund. Further, MSWM's affiliate, Morgan Stanley Investment Management, serves as the investment advisor to available Sweep Money Market Funds.

In addition, the Sweep Banks and their affiliates receive other financial benefits in connection with the Bank Deposit Program. Through the Bank Deposit Program, each Sweep Bank will receive a stable, cost-effective source of funding. Each Sweep Bank intends to use deposits in the Deposit accounts at the Sweep Bank to fund current and new businesses, including lending activities and investments. The profitability on such loans and investments is generally measured by the difference, or "spread" between the interest rate paid on the Deposit Accounts at the Sweep Banks and other costs of maintaining the Deposit Accounts, and the interest rate and other income earned by the Sweep Banks on those loans and investments made with the funds in the Deposit accounts. The income that a Sweep Bank will have the opportunity to earn through its lending and investing activities is expected to be greater than the fees earned by us and our affiliates from managing and distributing the Money Market Funds which may be available to you as a sweep investment.

If your sweep investment is a Money Market Fund, as available, then the account, as well as other shareholders of the Money Market Fund, will bear a proportionate share of the other expenses of the Money Market Fund in which the account's assets are invested.

If your sweep investment is a Money Market Fund, you understand that Morgan Stanley Investment Management Inc. (or another MSWM affiliate) will receive an investment management fee for managing the Money Market Fund and that Morgan Stanley Distributors Inc., or another one of our affiliates, may receive compensation in connection with the operation and/or sale of shares of the Money Market Fund, which may include a distribution fee pursuant to Rule 12b-1 under the Investment Company Act of 1940, to the extent permitted by applicable law.

You understand that unless you are a Retirement Account, the fee will not be reduced by the amount of the Money Market Fund

management fee or any shareholder servicing and/or distribution or other fees we or our affiliates may receive in connection with the assets invested in the Money Market Fund. For additional information about the Money Market Fund and applicable fees, you should refer to each Money Market Fund's prospectus.

D. Compensation to Financial Advisors

If you invest in one of the programs described in this brochure, a portion of the fees payable to us in connection with your account is allocated on an ongoing basis to your Financial Advisor. The amount allocated to your Financial Advisor in connection with accounts opened in programs described in this brochure may be more than if you participated in other MSWM investment advisory programs, or if you paid separately for investment advice, brokerage and other services. The compensation we pay Financial Advisors with respect to program accounts may be higher than the compensation we pay Financial Advisors with respect to transaction-based brokerage accounts. Your Financial Advisor may therefore have a financial incentive to recommend one of the programs in this brochure instead of other MSWM programs or services.

If you invest in one of the programs described in this Brochure, your Financial Advisor may charge a fee less than the maximum fee stated above. The amount of the fee you pay is a factor we use in calculating the compensation we pay your Financial Advisor. Therefore, Financial Advisors have a financial incentive not to reduce fees. If your fee rate is below a certain threshold in the programs listed in this brochure and other advisory programs, we give your Financial Advisor credit for less than the total amount of your fee in calculating his or her compensation. Therefore, Financial Advisors also have a financial incentive not to reduce fees below that threshold.

Item 5: Account Requirements and Types of Clients

The TRAK Fund Solution program generally has a minimum account size of \$10,000. The TRAK CGCM program generally has a minimum account size of \$5,000.

MSWM's clients include individuals, trusts, banking or thrift institutions, pension and profit sharing plans, plan participants, other pooled investment vehicles (e.g., hedge funds), charitable organizations, corporations, other businesses, state or municipal government entities, investment clubs and other entities.

Item 6: Portfolio Manager Selection and Evaluation

A. Selection and Review of Funds for the Programs

In the TRAK Fund Solution program, we offer a wide range of mutual funds that we have selected and approved. Item 4.A above describes the basis on which we recommend particular funds to particular clients. This Item 6.A describes more generally how we select and terminate funds from the TRAK Fund Solution

program, and certain requirements for sub-advisors in TRAK CGCM.

GIMA evaluates mutual funds. Funds may only participate in the TRAK Fund Solution program if they are on GIMA's Focus List or Approved List discussed below. You may obtain these lists from your Financial Advisor. In each program, only some of the mutual funds on the Focus List and Approved List may be available. The separately managed account managers and ETFs on the Focus List and Approved List are not offered in the programs described in this brochure.

As well as requiring mutual funds to be on the Focus List or Approved List, we look at other factors in determining which mutual funds we offer in these programs, including:

- program needs (such as whether we have a sufficient number of mutual funds available in an asset class) and
- client demand.

We automatically terminate mutual funds in the TRAK Fund Solution program if GIMA downgrades them to "Not Approved." We may terminate mutual funds from these programs for other reasons (i.e. - the mutual fund has a low level of assets under management in the program, the mutual fund has limited capacity for further investment, or the mutual fund is not complying with our policies and procedures).

Focus List. To be considered for the Focus List, a mutual fund provides GIMA with relevant documentation about its strategy, which may include a Request For Information (RFI), holdings, past performance information and marketing literature. GIMA personnel may also interview the fund's manager and its key personnel, and examine its operations. Following this review process, mutual funds are placed on the Focus List if they meet the required standards for Focus List status. Additional factors for consideration may include personnel depth; turnover and experience; investment process; business and organizational characteristics; and investment performance.

GIMA periodically reviews mutual funds on the Focus List. GIMA considers a broad range of factors (including investment performance, staffing, operational issues and assets under management). Among other things, GIMA personnel interview fund personnel periodically to discuss these matters. If GIMA is familiar with a mutual fund following repeated reviews, GIMA is likely to focus on quantitative analysis and interviews and not require in-person meetings.

Approved List. The process for including mutual funds on the Approved List is less comprehensive. Mutual Fund firms provide GIMA with relevant documentation on the strategy being evaluated, which may include an RFI, sample portfolios, asset allocation histories, the Form ADV of the fund's investment advisor, past performance information and marketing literature. Additional factors for consideration may include personnel depth, turnover and experience; investment process; business and organizational characteristics; and investment performance. GIMA personnel may also interview fund personnel, typically via conference call.

GIMA periodically evaluates mutual funds on the Approved List and Focus List to determine whether they continue to meet the appropriate standards.

Changes in Status from Focus List to Approved List. GIMA may determine that a mutual fund no longer meets the criteria for the Focus List, but meets the criteria for the Approved List. If so, MSWM generally notifies program clients regarding such status changes on a quarterly basis.

Changes in Status to Not Approved. GIMA may determine that a mutual fund no longer meets the criteria for either the Focus List or the Approved List and therefore the mutual fund will no longer be recommended in MSWM investment advisory programs. We notify affected TRAK Fund Solution clients of these downgrades. You cannot retain downgraded mutual funds in your TRAK Fund Solution accounts and must select a replacement from the Approved List or Focus List, that is available in the program, if you wish to retain the program's benefits with respect to the affected assets.

In some circumstances, you may be able to retain terminated mutual funds in another advisory program or in a brokerage account subject to the regular terms and conditions applying to that program or account. Ask your Financial Advisor about these options.

In the TRAK Fund Solution program, MSWM generally specifies a replacement mutual fund (as discussed in Item 4.A above). In selecting the replacement mutual fund, GIMA generally looks for a mutual fund in the same asset class, and with similar attributes to the terminated mutual fund.

Watch Policy. GIMA has a "Watch" policy for mutual funds on the Focus List and Approved List. Watch status indicates that, in reviewing a mutual fund, GIMA has identified specific areas that (a) merit further evaluation by GIMA and (b) may, but are not certain to, result in the mutual fund becoming "Not Approved." Putting a mutual fund on Watch does not signify an actual change in GIMA's opinion nor is it a guarantee that GIMA will downgrade the mutual fund. The duration of a Watch status depends on how long GIMA needs to evaluate the mutual fund and for the fund to address any areas of concern. For additional information, ask your Financial Advisor for a copy of GIMA's Watch Policy.

Tactical Opportunities List. GIMA also has a Tactical Opportunities List. This consists of certain mutual funds on the Focus List or Approved List recommended for investment at a given time based in part on then-existing tactical opportunities in the market.

Evaluation of Material Changes to Funds. If MSWM learns of a material change to a fund (e.g. the departure of a Portfolio Manager or Portfolio Management team), MSWM will evaluate the fund in light of this change. This evaluation may take some time to complete. While this evaluation is being performed, the Fund will remain eligible for the TRAK Fund Solution program. The GIMA designation (Focus List or Approved List) for the Fund will not be altered solely because this evaluation is in progress. MSWM will not necessarily notify Clients of any such evaluation.

TRAK CGCM Sub-advisers. Sub-advisers in the TRAK CGCM program must be on GIMA's Focus List or Approved List. GIMA follows similar – but not identical – procedures for evaluating investment managers as the procedures it uses to evaluate mutual funds. If a sub-adviser's status is changed to Not Approved, a

replacement sub-adviser is appointed.

Termination of Mutual Funds for reasons other than a GIMA downgrade to "Not Approved." As indicated above, we may terminate mutual funds from the TRAK Fund Solution program due to a GIMA downgrade to "Not Approved" or for various other reasons. A termination for reasons other than a GIMA downgrade to "Not Approved" will be referred to in this ADV Brochure as a "Drop in Coverage."

Once we have decided to institute a Drop in Coverage for an Investment Product, we will generally not permit clients who are not using that mutual fund to select that mutual fund for their TRAK Fund Solution Account. However, for a period of time (generally, about two years), we will permit clients who are using that mutual fund to continue to do so, and to add assets to that mutual fund. This is to allow impacted clients time and flexibility to work with their Financial Advisors to select a replacement mutual fund.

During the period, GIMA will continue to evaluate the impacted mutual fund. If GIMA downgrades the mutual fund to "Not Approved" we will terminate the mutual fund at that time (rather than allowing clients to utilize it for the remainder of the two-year period). During this period after which we have decided to implement a Drop in Coverage, GIMA may rely more heavily on an algorithm or other quantitative factors in its evaluation, and may discontinue preparation of periodic reports or other written materials.

Other Relationships with Funds. Some mutual funds on the Approved List or Focus List (or the funds' managers) may have business relationships with us or our affiliates. For example, a mutual fund or its manager may use Morgan Stanley & Co LLC ("MS&Co.") or its affiliates as its broker or may be an investment banking client of MS&Co. or its affiliates. GIMA does not consider the existence or lack of a business relationship in determining whether to include or maintain a mutual fund on the Approved List or Focus List.

Calculating Performance

We calculate performance and provide our clients with statements showing performance. We do not charge performance based advisory fees in the TRAK programs.

B. Conflicts of Interest

In the programs described in this brochure, no affiliates, related persons or supervised persons of MSWM act as a portfolio manager. Rather, with respect to TRAK CGCM, an affiliate of MSWM acts as a "manager-of-managers" in selecting third-party firms to provide portfolio management services to the CGCM Funds. Also, an affiliate of MSWM may act as investment advisor and distributor to certain funds available in TRAK Fund Solution. MSWM has various conflicts of interest, described below.

Advisory vs. Brokerage Accounts. MSWM and your Financial Advisor are likely to earn more compensation if you invest in a program described in this brochure than if you open a brokerage account to buy individual mutual funds (although, in a brokerage account, you would not receive all the benefits of the programs

described in the brochure). Financial Advisors and MSWM therefore have a financial incentive to recommend one of these programs described in this brochure. We address this conflict of interest by disclosing it to you and by requiring Financial Advisors' supervisors to review your account at account-opening to ensure that it is suitable for you in light of matters such as your investment objectives and financial circumstances.

TRAK CGCM vs. Advisory Program Offering Non-Affiliated Funds. MSWM offers other advisory programs through which you can buy individual mutual funds that do not have an affiliate of MSWM acting as a "manager-of-managers". Because MSWM's affiliate acts as the "manager-of-managers" and receives a fee for providing services to the CGCM Funds, MSWM has a conflict in offering the TRAK CGCM program instead of another advisory program that offers unaffiliated mutual funds. We address this conflict of interest by disclosing it to you and by requiring your Financial Advisor to ensure that, he or she and the Financial Advisor's Branch Manager confirm that, the account and the investment style are suitable investments for you.

Payments From Mutual Fund Companies. Please see the discussion in Item 4.C.

Payments from Managers. Please see the discussion in Item 4.C.

Managers may also sponsor their own educational conferences and pay expenses of Financial Advisors attending these events. MSWM's policies require that the training or educational portion of these conferences comprises substantially the entire event. Managers may sponsor educational meetings or seminars in which clients as well as Financial Advisors are invited to participate.

Managers are allowed to occasionally give nominal gifts to Financial Advisors, and to occasionally entertain Financial Advisors, subject to a limit of \$1,000 per employee per year. MSWM'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.

We address conflicts of interest by ensuring that any payments described in this "Payments from Managers" section do not relate to any particular transactions or investment made by MSWM clients with managers. Fund Managers or sub-advisors participating in programs described in this brochure are not required to make any of these types of payments. The payments described in this section comply with FINRA rules relating to such activities.

MSWM Affiliates in an Underwriting Syndicate. If an affiliate of MSWM is a member of an underwriting syndicate from which a security is purchased, we or our affiliates may directly or indirectly benefit from such purchase.

Affiliated Investments. MSWM has a conflict of interest in selecting or recommending the Bank Deposit Program or Money Market Funds as the Sweep Investment. The manager of the CGCM Funds is affiliated with MSWM and affiliated mutual funds may be offered in the TRAK Fund Solution

program. We and our Financial Advisors have a conflict of interest when recommending affiliated funds. See Item 4.C above for more information.

C. Financial Advisors Acting as Portfolio Managers

This section is not applicable to the programs described in this brochure.

Item 7: Client Information Provided to Portfolio Managers

This section is not applicable to the programs described in this brochure.

Item 8: Client Contact with Portfolio Managers

In the programs described in this brochure, you may contact your Financial Advisor at any time during normal business hours. Clients will not be able to contact the mutual fund portfolio manager.

Item 9: Additional Information Disciplinary Information

This section contains information on certain legal and disciplinary events.

In this section, "MSDW" means Morgan Stanley DW Inc., a predecessor broker-dealer of MS&Co. and registered investment adviser that was merged into MS&Co. in April 2007. MS&Co. and CGM are predecessor investment adviser and broker-dealer firms of MSWM. "Citi" means Citigroup, Inc., a former, indirect partial owner of MSWM.

- On August 13, 2008, MS&Co. agreed on the general terms of a settlement with the NYAG and the Office of the Illinois Secretary of State, Securities Department ("Illinois") (on behalf of a task force of the North American Securities Administrators Association ("NASAA")) with respect to the sale of auction rate securities ("ARS"). MS&Co. agreed, among other things, to repurchase at par approximately \$4.5 billion of illiquid ARS held by certain clients of MS&Co. which were purchased prior to February 13, 2008. Additionally, MS&Co. agreed to pay a total fine of \$35 million. Final agreements were entered into with the NYAG on June 2, 2009 and with Illinois on September 17, 2009. The Illinois agreement serves as the template for agreements with other NASAA jurisdictions.
- On March 25, 2009, MS&Co. entered into a LAWG with FINRA. FINRA found that, from 1998 through 2003, MSDW failed to reasonably supervise the activities of two Financial Advisors in one of its branches. FINRA found that these Financial Advisors solicited brokerage and investment advisory business from retirees and potential retirees of certain large companies by promoting unrealistic investment returns and failing to disclose material information. FINRA also held that MS&Co. failed to ensure that the securities and

accounts recommended for the retirees were properly reviewed for appropriate risk disclosure, suitability and other concerns. MS&Co. consented, without admitting or denying the findings, to a censure, a fine of \$3 million, and restitution of approximately \$2.4 million plus interest to 90 former clients of the Financial Advisors.

- On June 8, 2016, the SEC entered into a settlement order with MSWM (“June 2016 Order”) settling an administrative action. In this matter, the SEC found that MSWM willfully violated Rule 30(a) of Regulation S-P (17 C. F. R. § 248.30(a)) (the “Safeguards Rule”). In particular, the SEC found that, prior to December 2014, although MSWM had adopted written policies and procedures relating to the protection of customer records and information, those policies and procedures were not reasonably designed to safeguard its customers’ personally identifiable information as required by the Safeguards Rule and therefore failed to prevent a MSWM employee, who was subsequently terminated, from misappropriating customer account information. In determining to accept the offer resulting in the June 2016 Order, the SEC considered the remedial efforts promptly undertaken by MSWM and MSWM’s cooperation afforded to the SEC Staff. MSWM consented, without admitting or denying the findings, to a censure, to cease and desist from committing or causing future violations, and to pay a civil penalty of \$1,000,000.
- On January 13, 2017, the SEC entered into a settlement order with MSWM (“January 2017 Order”) settling an administrative action. The SEC found that from 2009 through 2015, MSWM inadvertently charged advisory fees in excess of what had been disclosed to, and agreed to by, its legacy CGM clients, and, from 2002 to 2009 and from 2009 to 2016, MS&Co. and MSWM, respectively, inadvertently charged fees in excess of what was disclosed to and agreed to by their clients. The SEC also found that MSWM failed to comply with requirements regarding annual surprise custody examinations for the years 2011 and 2012, did not maintain certain client contracts, and failed to adopt and implement written compliance policies and procedures reasonably designed to prevent violations of the Investment Advisers Act of 1940 (the “Advisers Act”). The SEC found that, in relation to the foregoing, MSWM willfully violated certain sections of the Advisers Act. In determining to accept the offer resulting in the January 2017 Order, the SEC considered the remedial efforts promptly undertaken by MSWM. MSWM consented, without admitting or denying the findings, to a censure, to cease and desist from committing or causing future violations, to certain undertakings related to fee billing, books and records and client notices and to pay a civil penalty of \$13,000,000.
- On February 14, 2017, the SEC entered into a settlement order with MSWM settling an administrative action. The SEC found that from March 2010 through July 2015, MSWM solicited approximately 600 non-discretionary advisory accounts to purchase one or more of eight single inverse exchange traded funds (“SIETFs”), without fully complying with its internal written compliance policies and procedures related to these SIETFs, which among other things required that clients execute a disclosure notice, describing the SIETF’s features and risks, prior to purchasing them, for MSWM to maintain the notice, and for subsequent related reviews to be

performed. The SEC found that, despite being aware of deficiencies with its compliance and documentation of the policy requirements, MSWM did not conduct a comprehensive analysis to identify and correct past failures where the disclosure notices may not have been obtained and to prevent future violations from occurring. The SEC found that, in relation to the foregoing, MSWM willfully violated section 206(4) of the Investment Advisers Act of 1940 and Rule 206(4)-7 thereunder. MSWM admitted to certain facts and consented to a censure, to cease and desist from committing or causing future violations, and to pay a civil penalty of \$8,000,000.

- On June 29, 2018, the SEC entered into a settlement order with MSWM settling an administrative action which relates to misappropriation of client funds in four related accounts by a single former MSWM financial advisor (“FA”). The SEC found that MSWM failed to adopt and implement policies and procedures or systems reasonably designed to prevent personnel from misappropriating assets in client accounts. The SEC specifically found that, over the course of eleven months, the FA initiated unauthorized transactions in the four related client accounts in order to misappropriate client funds. The SEC found that while MSWM policies provided for certain reviews prior to issuing disbursements, such reviews were not reasonably designed to prevent FAs from misappropriating client funds. Upon being informed of the issue by representatives of the FA’s affected clients, MSWM promptly conducted an internal investigation, terminated the FA, and reported the fraud to law enforcement agencies. MSWM also fully repaid the affected clients, made significant enhancements to its policies, procedures and systems (“Enhanced MSWM Policies”) and hired additional fraud operations personnel. The SEC found that MSWM willfully violated section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder. The SEC also found that MSWM failed to supervise the FA pursuant to its obligations under Section 203(e)(6) of the Advisers Act. MSWM consented, without admitting or denying the findings, to a censure; to cease and desist from committing or causing future violations; to certain undertakings, including certifications related to the implementation and adequacy of the Enhanced MSWM Policies and to pay a civil penalty of \$3,600,000.

MSWM’s Form ADV Part 1 contains further information about its disciplinary history, and is available on request from your Financial Advisor.

Other Financial Industry Activities and Affiliations

Morgan Stanley (“Morgan Stanley Parent”) is a financial holding company under the Bank Holding Company Act of 1956. Morgan Stanley Parent is a corporation whose shares are publicly held and traded on the New York Stock Exchange. Prior to June 28, 2013 MSWM was owned by a joint venture company which was indirectly owned 65% by Morgan Stanley Parent and 35% by Citigroup, Inc. (“Citi”). On June 28, 2013, Morgan Stanley Parent purchased Citi’s interest in MSWM. Accordingly, MSWM is now a wholly-owned subsidiary of Morgan Stanley Parent.

Activities of Morgan Stanley Parent. Morgan Stanley Parent is a global firm engaging, through its various subsidiaries, in a wide range of financial services including:

- securities underwriting, distribution, trading, merger, acquisition, restructuring, real estate, project finance and

other corporate finance advisory activities

- merchant banking and other principal investment activities
- brokerage and research services
- asset management
- trading of foreign exchange, commodities and structured financial products and
- global custody, securities clearance services, and securities lending.

Restrictions on Executing Trades. As MSWM is affiliated with MS&Co., and its affiliates, the following restrictions apply when executing client trades:

- MSWM, MS&Co. and their affiliates generally do not act as principal in executing trades for MSWM investment advisory clients (except to the extent permitted by a program and the law).
- Regulatory restrictions may limit your ability to purchase, hold or sell equity and debt issued by Morgan Stanley Parent, and its affiliates in some investment advisory programs.
- Certain regulatory requirements may limit MSWM's ability to execute transactions through alternative execution services (e.g., electronic communication networks and crossing networks) owned by MSWM, MS&Co., or their affiliates.

These restrictions may adversely impact client account performance.

Related Investment Advisors and Other Service Providers.

MSWM has related persons that are the investment advisers to mutual funds in various investment advisory programs (including Morgan Stanley Investment Management Inc., Morgan Stanley Investment Management Limited and Consulting Group Advisory Services LLC). If you invest your assets in an affiliated mutual fund, MSWM and its affiliates earn more money than if you invest in an unaffiliated mutual fund. Generally, for Retirement Accounts, MSWM rebates or offsets fees so that MSWM complies with IRS and Department of Labor rules and regulations.

Morgan Stanley Investment Management Inc., serves in various advisory, management, and administrative capacities to open-end and other portfolios (some of which are listed on the NYSE). Morgan Stanley Services Company Inc., its wholly owned subsidiary, provides limited transfer agency services to certain open-end investment companies.

Morgan Stanley Distribution Inc. serves as distributor for these open-end investment companies, and has entered into selected dealer agreements with MSWM and affiliates. Morgan Stanley Distribution Inc. also may enter into selected dealer agreements with other dealers. Under these agreements, MSWM and affiliates, and other selected dealers, are compensated for sale of fund shares to clients on a brokerage basis, and for shareholder servicing (including pursuant to plans of distribution adopted by the investment companies pursuant to Rule 12b-1 under the Investment Company Act of 1940).

Related persons of MSWM act as a general partner, administrative agent or special limited partner of a limited partnership or managing member or special member of a limited liability company to which such related persons serve as adviser or sub-adviser and in which clients have been solicited in a brokerage or advisory capacity to invest. In some cases, the general partner of a limited partnership is entitled to receive an incentive allocation from a partnership.

See Item 4.C above for a description of cash sweep investments managed or held by related persons of MSWM.

See Item 6.B above for a description of various conflicts of interest.

Code of Ethics

MSWM's U.S. Investment Advisory Code of Ethics ("Code") applies to MSWM's employees, supervisors, officers and directors engaged in offering or providing investment advisory products and/or services (collectively, the "Employees"). In essence, the Code prohibits Employees from engaging in securities transactions or activities that involve a material conflict of interest, possible diversion of a corporate opportunity, or the appearance of impropriety. Employees must always place the interests of MSWM's clients above their own and must never use knowledge of client transactions acquired in the course of their work to their own advantage. Supervisors are required to use reasonable supervision to detect and prevent any violations of the Code by the individuals, branches and departments that they supervise.

The Code generally operates to protect against conflicts of interest either by subjecting Employee activities to specified limitations (including pre-approval requirements) or by prohibiting certain activities. Key provisions of the Code include:

- The requirement for certain Employees, because of their potential access to non-public information, to obtain their supervisors' prior written approval or provide pre-trade notification before executing certain securities transactions for their personal securities accounts;
- Additional restrictions on personal securities transaction activities applicable to certain Employees (including Financial Advisors and other MSWM employees who act as portfolio managers in MSWM investment advisory programs);
- Requirements for certain Employees to provide initial and annual reports of holdings in their Employee securities accounts, along with quarterly transaction information in those accounts; and
- Additional requirements for pre-clearance of other activities including, but not limited to, Outside Business Activities, Gifts and Entertainment, and Marketing and Promotional Activities.

You may obtain a copy of the Code of Ethics from your Financial Advisor.

Reviewing Accounts

At account opening, your Financial Advisor must ensure that, he or she and the Financial Advisor's Branch Manager confirms that, the account and the investment style are suitable investments for you.

Your Financial Advisor is then responsible for reviewing your account on an ongoing basis.

See Item 4.A above for a discussion of account statements, and Investment Monitors.

Client Referrals and Other Compensation

See "Funds in Advisory Programs" in Item 4.C above and Item 6. MSWM may compensate affiliated and unrelated third parties for client referrals in accordance with Rule 206(4)-3 of the Advisers Act. If the client invests in an investment advisory program, the compensation paid to any such entity will typically consist of an ongoing cash payment stated as a percentage of MSWM's advisory fee or a one-time flat fee, but may include cash payments determined in other ways.

Financial Information

MSWM is not required to include a balance sheet in this brochure because MSWM does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

MSWM does not have any financial conditions that are reasonably likely to impair its ability to meet its contractual commitments to clients.

MSWM and its predecessors have not been the subject of a bankruptcy petition during the past 10 years.

Exhibit: Affiliated Money Market Funds Fee Disclosure Statement and Float Disclosure Statement

Sweep Vehicles in Retirement Accounts

Retirement Accounts generally effect temporary sweep transactions of new free credit balances into Deposit Accounts established under the Bank Deposit Program.

The table below describes the fees and expenses charged to assets invested in shares of the Money Market Funds in which the account invests (expressed as a percentage of each fund's average daily net assets for the stated fiscal year). Note that:

- The rate of Advisory Fee and Distribution and Service Fees (including 12b-1 fees) (whether in basis points or dollars) may not be increased without first obtaining shareholder approval
- Expenses designated as "Other Expenses" include all expenses not otherwise disclosed in the table that were deducted from each fund's assets or charged to all shareholder accounts in the stated fiscal year (and may change from year to year).

These fees and expenses may be paid to MSWM and its affiliates for services performed. The aggregate amount of these fees is stated in the tables below. The amounts of expenses deducted from a fund's assets are shown in each fund's statement of operations in its annual report.

Morgan Stanley Investment Management (and/or its affiliates) may, from time to time, waive part or all of its advisory fee or assume or reimburse some of a fund's operating expenses. (This may be for a limited duration.) Such actions are noted in the fund's prospectus and/or statement of additional information. The table below shows the Total Annual Fund Operating Expenses (before management fee waivers and/or expense reimbursements) and the Total Annual Fund Operating Expenses After Fee Waivers and/or Expense Reimbursements.

MSWM expects to provide services as a fiduciary (as that term is defined under ERISA or the Code) with respect to Retirement Accounts. MSWM believes that investing in shares of the funds for sweep purposes may be appropriate for Retirement Plans because using professionally managed money market funds allows you to access cash on an immediate basis, while providing a rate of return on your cash positions pending investment. As is typical of such arrangements, we use only affiliated money funds for this purpose.

MSWM also believes that investing a Retirement Account's assets in the Deposit Accounts may also be appropriate. Terms of the Bank Deposit Program are further described in the Bank Deposit Program Disclosure Statement, which has been provided to you with your account opening materials.

The fund expense information below reflects the most recent information available to us as of January 31, 2018, and is subject to change. Please refer to the funds' current prospectuses, statements of additional information and annual reports for more information.

Fund	Advisory Fee	Distribution and Service Fees	Other Expenses	Total Annual Fund Operating Expenses	Total Annual Fund Operating Expenses After Fee Waivers and/or Expense Reimbursements
Government Securities-Participant Share Class	0.15%	0.50%	0.06%	0.71%	0.45%
Active Assets Government Trust	0.10%	None	0.06%	0.17%	0.16%
U.S. Government Money Market Trust	0.38%	0.10%	0.11%	0.59%	0.36%

Interest Earned on Float

If MSWM is the custodian of your account, MSWM may retain as compensation, for providing services, the account's proportionate share of any interest earned on cash balances held by MSWM (or an affiliate) with respect to assets awaiting investment including:

- new deposits to the account (including interest and dividends) and
- uninvested assets held by the account caused by an instruction to the custodian to buy and sell securities (which may, after the period described below, be automatically swept into a sweep vehicle).

This interest is generally at the prevailing Federal Funds interest rate.

Generally, with respect to such assets awaiting investment:

- when the custodian receives the assets on a day on which the NYSE is open ("Business Day") and before the NYSE closes, the custodian earns interest through the end of the following Business Day and
- when the custodian receives the assets on a Business Day but after the NYSE closes, or on a day which is not a Business Day, the custodian earns interest through the end of the second following Business Day.