

# The Global Battery Economy

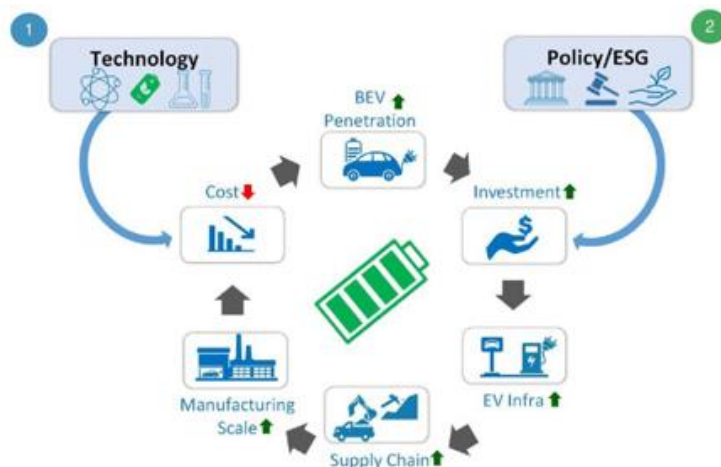
A NEW THEMATIC BASKET INSPIRED BY MS&CO. RESEARCH

## PRODUCT OVERVIEW

- This Thematic Basket will invest in companies that MS&Co. Research ("Research") believes may benefit from anticipated growth in the production and use of electric vehicle batteries.
- The Global Battery Economy Thematic Basket represents a subset of stocks listed in the recently published MS&Co. Research report titled "[The New Oil: Investment Implications of the Global Battery Economy](#)".
- In general, the subset includes each company that Research rates, as of the selection date, as being either Equal-weight or Overweight, that can be traded on a U.S. exchange, with the exception of any stock that was excluded by the Sponsor. The Thematic Basket invests in 35 of the 71 stocks in the report.

## PORTFOLIO SELECTION

- Research believes that recent **1** technological innovations, together with evolving **2** governmental policies around the world, serve as the two main drivers of current and anticipated growth in the global battery industry.



Source: Morgan Stanley Research

- Research also believes that a substantial reduction in the cost of lithium-ion battery technology has allowed battery-powered electric vehicles ("BEVs") to increase their automotive market share, and that government mandates to reduce carbon emissions have encouraged the automotive industry, original equipment manufacturers and battery producers to prioritize capital expenditure and development towards BEVs (and improved batteries).
- Research concludes that the combination of these factors have the potential to lead to greater BEV penetration, economies of scale, lower battery costs, and ultimately provides a path to commercial scale.

## UIT PORTFOLIO INFORMATION

**SPONSOR:** Morgan Stanley Smith Barney LLC

**ASSET CLASS:** Global Equities

**INITIAL DATE OF DEPOSIT:** January 20, 2022

**TERMINATION DATE:** January 13, 2025

**SECURITIES:** 35

### CUSIPs

**Cash accounts** 617714100

**Fee accounts** 617714118

### Morgan Stanley Symbols

**Cash accounts** MSGBE1

**Fee accounts** MSGBE1F

**NASDAQ ticker** MSGBEX

### Sales Charges for Standard Accounts<sup>1,2,4</sup>

#### Retail/Brokerage Accounts

**Initial Sales Charge<sup>2</sup>** 0.00%

**Deferred Sales Charge** 2.95%

**Maximum Sales Charge** 2.95%

### CGA/PM Advisory Accounts<sup>3,4</sup>

**Maximum Sales Charge** 0.00%

1. Based on a \$10.00 Unit price.

2. There is no initial sales charge if the Unit price is \$10.00 per Unit or less. If the Unit price exceeds \$10.00 per Unit an initial sales charge is paid at the time of purchase.

3. Advisory accounts are charged an annual asset-based fee. See the disclosure page for more information.

4. Unitholders also pay other fees and ongoing Operating Expenses. Please see the prospectus for more information regarding fees and expenses.

## Why Now? According to MS&Co. Research:

**Research believes COVID accelerated the development of the battery economy by at least 5, if not 10 years.**

**“Just let that sink in... Just 2 years ago, most of our clients thought they could begin deploying capital on batteries well after 2025 or even 2030. The world has changed. Our clients know they must think about this right now.”<sup>1</sup>**








### The pre-COVID battery world

- “Global Electric Vehicle “EV” penetration was just 2 to 3% and battery costs were following a path of 5 to 7% annual cost decreases. The scope of any battery-powered electric vehicles (“BEVs”) production that approached high volume was limited to Tesla and the Asian battery makers. Aggregate investment levels were in the low tens of billions annually, maybe \$100 billion over the next 5 years.”<sup>1</sup>

### The battery world today

- “While battery costs are still grinding lower, the big change is the quantum of capital and climate-oriented stimulus policies, especially outside of China. So today, the battery story is a global story and the amount of capital involved is 10 to 20x higher than it was pre-COVID. So you take the tech path + policies, add \$1 or \$2 trillion of capital, and you get the industrialization of the battery economy.”<sup>1</sup>

### What's changed?

	Pre-Covid	Today
Investment 	Billions	Trillions
Geography 	China/Tesla	Global
# of Companies 	Few	Many
BEV Penetration 	2-3%	7%
Policy 	Fossil Fuels	ESG/Decarbonization
Chemistry 	Cobalt/Nickel	Iron/Phosphoric Acid
OEM Strategy 	Outsourcing	Insourcing

Source: Morgan Stanley Research

1. MS&Co. Research report: “The New Oil: Investment Implications of the Global Battery Economy”, 2021, Pg. 5

## MORGAN STANLEY THEMATIC BASKETS

# The Global Battery Economy

TICKER	SECURITY	WEIGHT	TICKER	SECURITY	WEIGHT
<b>Consumer Discretionary</b>		<b>31.35%</b>	<b>Information Technology</b>		<b>14.02%</b>
DMLRY	Daimler AG ADR	2.87	ADI	Analog Devices, Inc.	2.83
GM	General Motors Company	2.82	IFNNY	Infineon Technologies AG ADR	2.85
LI	Li Auto, Inc. ADR Class A	2.84	NXPI	NXP Semiconductors NV	2.77
PCRFY	Panasonic Corporation ADR	2.88	TEL	TE Connectivity Ltd.	2.80
QS	Quantumscap Corporation Class A	2.82	WOLF	Wolfspeed Inc.	2.77
RNLSY	Renault ADR	2.88	<b>Materials</b>		<b>40.24%</b>
STLA	Stellantis N.V.	2.86	OROCF	Allkem Limited	2.89
TSLA	Tesla Inc.	2.81	AHKSY	Asahi Kasei Corp ADR	2.87
TM	Toyota Motor Corp ADR	2.85	AXTA	Axalta Coating Systems Ltd.	2.84
VWAGY	Volkswagen AG ADR	2.88	BASFY	BASF SE ADR	2.90
XPEV	Xpeng, Inc. ADR Class A	2.84	CE	Celanese Corporation	2.84
<b>Industrials</b>		<b>14.39%</b>	FCX	Freeport McMoRan, Inc.	2.88
FANUY	Fanuc Corporation ADR	2.88	GLNCY	Glencore PLC ADR	2.89
FREY	FREYR Battery	2.92	GMBXF	Grupo Mexico S.A.B. de C.V. Class B	2.91
KMTUY	Komatsu LTD, ADR	2.87	LUNMF	Lundin Mining Corporation	2.87
LICY	Li-Cycle Holdings Corp	2.88	NHYDY	Norsk Hydro ASA ADR	2.88
ST	Sensata Technologies Holding PLC	2.84	PPG	PPG Industries, Inc.	2.81
			SOMMY	Sumitomo Chemical Co., ADR	2.89
			TRYIY	Toray Industries Inc ADR	2.88
			UMICY	Umicore SA ADR	2.89

Portfolio weights shown represent those at the time of deposit and are subject to change as market prices fluctuate. Sector weightings will likely vary thereafter due to market fluctuations in the underlying securities. Please refer to the prospectus for important disclosures regarding the Sponsor's and/or its affiliates' business relationships with, and other matters related to, the Trust's securities holdings

## MORGAN STANLEY THEMATIC BASKETS

# Disclosures | The Global Battery Economy

### ABOUT UITs

Morgan Stanley UITs offer numerous benefits for clients:

- **Disciplined approach:** Takes the emotion out of the investment process by eliminating the need for buy and sell decisions
- **Fully transparent:** Clients know what the UIT holds for the duration of the UIT's life
- **Defined life:** UITs have a defined maturity date
- **Convenience:** UITs offer one ticket exposure to various asset classes, market sectors, thought leadership and/or investment themes
- **Exclusivity:** Offered only to Morgan Stanley clients

**DISCLOSURES** | The portfolio is designed to remain fixed over its 36-month term. There is no guarantee it will achieve its objective.

**This communication shall not constitute an offer to sell or a solicitation of an offer to buy; nor shall there be any sale of these securities in any state in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of any such state.**

**Investors should consider the investment objectives, risks, and charges and expenses carefully before investing. Clients should contact their Financial Advisor or call Morgan Stanley Smith Barney LLC at 1-800-869-0690 to request a prospectus, which contains this and other information about the Trust. Clients should read it carefully before investing.**

**RISK CONSIDERATIONS** | Choosing a unit investment trust ("UIT") that is right depends on a client's tolerance for risk, among other things. As with any equity investment, unit prices will fluctuate and there is no assurance that prices will appreciate and not decline over the life of a UIT. Stock prices can be volatile and holders can lose money by investing in a UIT. In addition, the amount of dividends a client receives depends on each issuer's dividend policy, the financial condition of the securities and general economic conditions. Clients should understand the potential risks associated with common stocks. In addition, the Trust may invest significantly in one or more sectors. Because of their narrow focus, sector investments tend to be more volatile than investments that diversify across many sectors.

The portfolio is a UIT, which uses a buy and hold strategy that is designed to remain fixed over its 36 month term. The Trust issues redeemable securities or "units" at prices based on net asset value. Units can be sold at any time, at a price that will reflect the net asset value on the date of sale less any remaining deferred sales charge and/or other charges as applicable. The proceeds may be more or less than the original value of a client's investment. Clients can opt for dividends to be reinvested in additional units or paid out in cash. The Trust is part of a long-term strategy. Clients should consider the tax implications of investing in successive portfolios if one is available. Morgan Stanley Smith Barney LLC and its affiliates do not provide tax or legal advice. Clients should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

Investors will pay the full amount of any organizational charge, and in brokerage, also the full amount of any sales charge, if the investor redeems their investment in a UIT prior to the termination date.

While the Trust is based on research published by Morgan Stanley & Co. (MS&Co.) Research, the securities in the Trust were selected by Morgan Stanley Smith Barney LLC, its affiliate and Sponsor of the Trust. Other than providing research, MS&Co. Research is not liable for any information contained in the prospectus which it did not provide. The Trust is not sponsored or endorsed by MS&Co. Research. MS&Co. Research makes no representation or warranty, express or implied, to the unitholders of the Trust or any member of the public regarding the advisability of investing in units of the Trust. MS&Co. Research has no obligation or liability in connection with the investment decisions made by the Sponsor or the Trust or in connection with the administration of the Trust.

You should note that the Trust will continue to purchase or hold securities, notwithstanding the fact that MS&Co. Research may revise its opinion with respect to any individual security. In particular, any subsequent publication of a similar type of list of securities or an update of any above referenced list of securities by MS&Co. Research will not affect the composition of the Trust.

**Consulting Group Advisor or Portfolio Manager Accounts** – Units may be purchased through a Consulting Group Advisor ("CGA") non-discretionary investment advisory account or a Portfolio Manager ("PM") discretionary investment advisory account. Units that are eligible for purchase through CGA/PM accounts are not assessed sales charges, but CGA/PM accounts are subject to an annual asset-based program fee of up to 2.00% and clients pay UIT organizational and other expenses. Clients should see the CGA/PM program disclosure brochure (available online at [www.morganstanley.com/ADV](http://www.morganstanley.com/ADV)) for more information on the CGA/PM program, including the conflicts of interest associated with offering a proprietary UIT in the CGA/PM program.

Diversification does not guarantee a profit or protect against a loss.