Morgan Stanley

WEALTH MANAGEMENT

PRIMER

Investing with Impact | January 17, 2025

Investing and Giving in Alignment With Christian Values: Blessed to Be a Blessing

This report was published by Morgan Stanley Wealth Management Investing with Impact in collaboration with Morgan Stanley Philanthropy Management.

"Instruct those who are rich in this present world not to be conceited or to set their hope on the uncertainty of riches, but on God, who richly supplies us with all things to enjoy. Instruct them to do good, to be rich in good works, to be generous and ready to share." 1 Timothy 6:17-18 (NASB)

Nearly a third of the world's population, an estimated 2.5 billion people, identify as Christian.[1] Many Christians seek to embrace their faith holistically, leading religious values to play a critical role in their investment decisions. Values play a critical role for many Christian investors, as they seek a holistic approach to embracing their faith. This includes the management of investments as an extension of their faith and as a complement to other activities, such as philanthropy. Recognizing the wide breadth of denominations and values across the Christian faith, this guide seeks to serve as a roadmap for Christian investors considering their stewardship of wealth. This stewardship may include examination of how one's faith informs personal values and principles relating to investing and giving, as well as how the tools and resources at Morgan Stanley can aid in this value-aligned implementation.

This guide builds on Morgan Stanley Wealth Management's long history of helping clients align their investment and philanthropic portfolios with their values and joins other faith-based reports, including the Catholic Values Guide and Jewish Values Guide. It was created as a collaboration between Morgan Stanley Wealth Management Investing with Impact, Morgan Stanley Philanthropy Management, and a group of Financial Advisors who are part of the Christian Focus Group at Morgan Stanley Wealth Management.

Maximizing Christian Values-Aligned Capital

In the true sense of the Old English word for steward, "stīweard," individuals are responsible for the prudent management of an estate that is not their own. Yet, even that which is managed today is temporal, as the Apostle Paul writes in his first letter to Timothy: "For we brought nothing into the world, and we can take nothing out of it." Perhaps then, the central question for the Christian steward is, "How can I uphold my values and stewardship responsibilities as I make investment and giving decisions?"

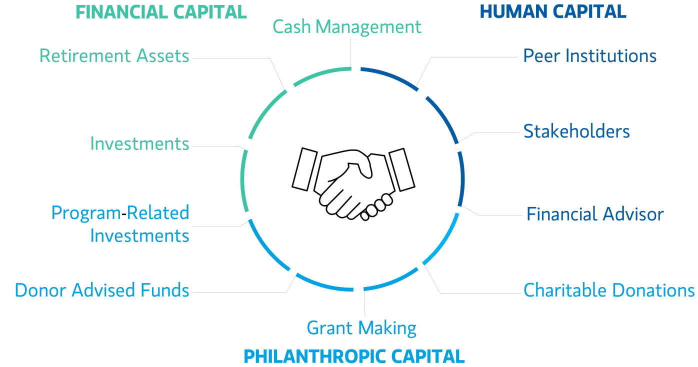
In order to guide faith-based clients, Morgan Stanley has developed a framework called Mission Align 360°. This proprietary process serves as a road map for clients to evaluate all pools of capital —financial, philanthropic, and human— and allocate to faith and mission. These pools of capital may include the following (see Exhibit 1).

- **Financial Capital:** Investments that seek to meet long-term financial goals alongside alignment with faith and mission.
- **Philanthropic Capital:** Capital that has no, or low, expectation of financial return, such as grant-making and program-related investments targeting faith and mission alignment.
- **Human Capital:** The collective skills, talents, knowledge, and other intangible assets of families and organizations that drive decision-making across all pools of capital.

This primer will focus on financial and philanthropic capital. For more information on how to think about human capital, please reference our Mission Align 360 primers.

Faith-driven individuals and institutions can leverage financial and philanthropic capital across a continuum of approaches that seek to do no harm and promote human flourishing (see Exhibit 2).

Exhibit 1: Capital Available for Total Mission Alignment



Source: Morgan Stanley Wealth Management Investing with Impact

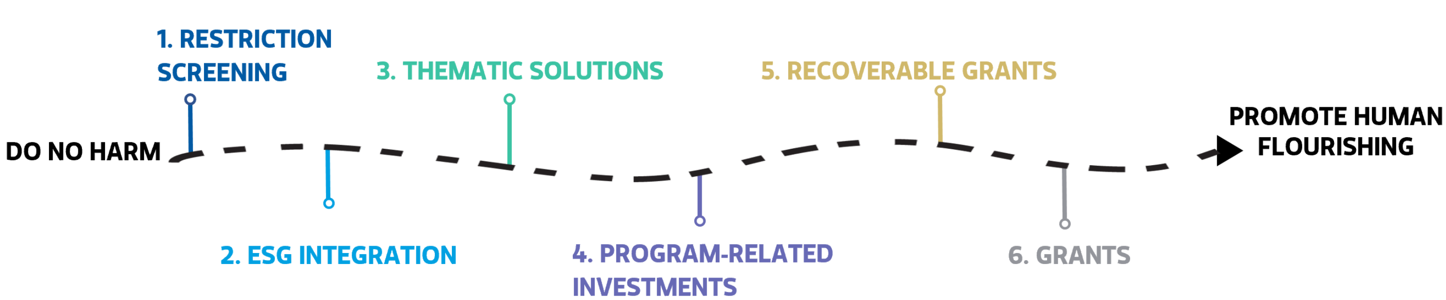
In this guide, we will dive into ways investors can integrate these approaches into an investment and philanthropic portfolio that seeks to advance Christian values while aligning with long-term financial goals.

Who is Interested in Christian Values Investing?

Given Morgan Stanley's experience working with faith-based investors, we have found that the following are interested, or actively pursuing, an approach to aligning capital and mission:

- Christian educational institutions—lower, middle, and high schools, colleges and universities
- Christian health care and service organizations
- Christian nonprofits/charitable organizations
- Families and family offices

Exhibit 2: Approaches to Christian Values-Aligned Financial and Philanthropic Capital



Source: Morgan Stanley Wealth Management Investing with Impact

Incorporating Mission Across Financial Capital

The Morgan Stanley Investing with Impact Platform delivers comprehensive and holistic wealth solutions for our investors who seek to align their values with their investments. Morgan Stanley offers more than 3,000 investment strategies, a subset of which have met the high requirements necessary to be on the Investing with Impact Platform, including a number that are likely to align with an investor's Christian values.

In the public markets, an investor's Christian values-aligned investment process may be implemented across asset classes through products such as exchange-traded funds (ETFs), mutual funds and separately managed accounts. For qualified investors, the process may also be implemented via private markets. To select investment strategies that seek to do no harm and promote human flourishing, investors can work with a Financial Advisor. Potential approaches for such an investment framework include the use of Christian Values as a Restriction Screen, Christian Values Integration and Thematic Solutions (see Exhibit 3).

Across all of the investment approaches outlined in Exhibit 2, faith-based investors can seek to bring positive change or elements of restoration through shareholder engagement. Shareholders have an opportunity to influence the behavior and practices of the companies they own.

In practice, this may mean engaging with company management, voting proxies and/or filing shareholder resolutions based on a Christian worldview of environmental, social and governance practices. For example, a Christian values-aligned manager, on behalf of a shareholder, might engage with a company on forced labor issues, focusing on elimination of exploitation at any stage of the supply chain. If there are signs of forced labor and the company does not appropriately address the issue, the manager may move to divest to maintain the integrity of their investment decision.

Portfolio Construction

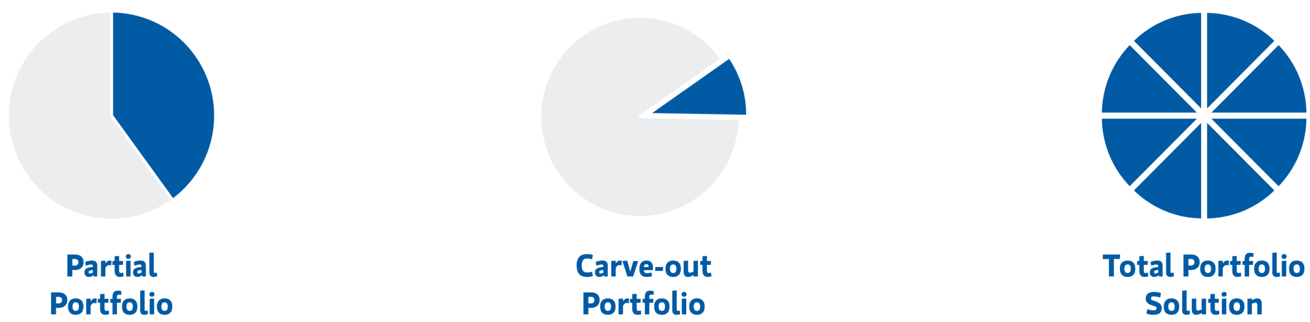
Utilizing the framework outlined in Exhibit 3, there are opportunities to invest with a Christian Values lens across all asset classes. Christian Values-aligned investment strategies can activate a portion of a portfolio, complement an existing portfolio or be the basis of a total diversified portfolio (see Exhibit 4). The integration of Christian Values-aligned criteria into an investment portfolio should be considered alongside traditional asset allocation and overall investment strategy decisions. Morgan Stanley Financial Advisors can work with clients to determine an appropriate portfolio solution that integrates Christian Values objectives alongside financial goals and risk tolerance.

Exhibit 3: Christian Values-Aligned Investors May Pursue Three Key Investment Approaches

Investment Approach	Overview
Christian Values as a Restriction Screen	One approach investors can take to avoid harm is to screen out industries or sectors they find objectionable. A recent survey of the Christian Focus Group at Morgan Stanley found common areas of avoidance for Christian values-aligned investors are abortion, adult entertainment, gambling and tobacco; however, we recognize each investor may have unique issues of concern. At Morgan Stanley, there are three ways for investors to implement a restriction screening approach: 1) invest in funds that implement predefined restrictions; 2) for investment strategies that do not align, choose from over 30 restriction screens; or 3) invest in a customizable strategy, where investors work directly with an asset manager to create a customized restriction screen approach.
Christian Values Integration	Beyond eliminating objectionable companies, investors can evaluate criteria that align with Christian values and promote the common good alongside financial metrics. This may include integrating metrics related to a company's corporate practices into the investment process in order to identify leaders in promoting human dignity and/or assessing criteria tied to a company's products or services that address solutions in line with Biblical values.
Thematic Solutions	Investors may also seek to invest in entities and industries deemed in line with Biblical values that promote human flourishing. This approach focuses on investing in companies that supply products and services that generate positive impact and advance solutions to global challenges. Investments can be made across asset classes and be aligned with a wide range of themes. Examples include companies that facilitate access to food and clean water, health care, education and affordable housing.

Source: Morgan Stanley Wealth Management Investing with Impact

Exhibit 4: Aligning Christian Values with Investments Across Asset Classes



Source: Morgan Stanley Wealth Management Investing with Impact

Partial Portfolio Solution

Where options exist that meet the financial and Christian Values objectives of the investor, these investments can be integrated into the context of a fully diversified portfolio that may include non-Christian Values integrated investments. In contrast to a total portfolio solution, a partial solution may be implemented by transitioning a portion of the overall assets, either by asset class or based on a catalyst such as an underperforming manager, to strengthen the mission alignment over time.

Carve-Out Solution

An investor may choose to have a portion of their assets aligned with their version of Christian Values—either the public equity/ public fixed income, alternatives (note: for qualified investors only) or a diversified carve-out across all asset classes. This could be a specific amount or percentage allocation and creates a target and mandate that can be a great way for investors to start on their journey of mission alignment across investments.

Total Portfolio Solution

An investor can activate their entire portfolio based on their financial and Christian Values objectives. This may include utilizing mutual funds, exchange-traded funds and separately managed accounts that, to one extent or another, incorporate pre-defined positive and/or negative Christian Values into their investment discipline, depending upon the investor's preferences. One limitation to be aware of is that the universe of available opportunities may limit the diversification of a portfolio. To help with overall diversification, it is worth noting Morgan Stanley's Investing with Impact Platform more broadly may resonate with Christian Values-oriented investors. These clients may be interested in pursuing investment strategies that may have de minimis exposure overall and would include the positive aspects of Christian Values (e.g., investing in companies that are environmental leaders and good corporate citizens) that are part of the broad consideration of environmental, social and governance or thematic criteria.

Asset Allocation Approaches to Christian Values

When looking at the investment opportunities across asset classes, note that there are more robust investment opportunities in certain asset classes. For example, there are more investment strategies available in public equities and fixed income than in alternative investments such as hedge funds, private equity and private debt. Furthermore, investors are unique, and not every asset class will be appropriate or relevant. An important additional constraint to consider is the size of the investment portfolio.

Monitoring Progress of a Christian Values Strategy

Many people of faith are surprised to learn that their investment portfolios include companies that are involved in the production, sale or distribution of goods and services, or the formulation of policy decisions that may be contrary to their religious values.

To facilitate the alignment of one's portfolio with one's values, a Morgan Stanley Financial Advisor, Private Wealth Advisor or Institutional Consultant can leverage our award-winning[2] and patented[3] impact reporting application: Morgan Stanley Impact Quotient® (Morgan Stanley IQ®).

With this resource, investors can codify their goals for, and interpretation of, Christian impact, and receive reports on their portfolio's alignment with those goals. If misalignment is identified, investors can make adjustments by leveraging Morgan Stanley's Investing with Impact Platform.

Initiating Meaningful Philanthropy

One common definition of the word philanthropy is "love for humanity." In exploring philanthropy through the lens of Christian values, we encourage you to consider a series of questions and action steps designed to align your motivations with intention.

Why should I give?

In addition to the clear benefits to the recipient of a philanthropic gift, generosity is advantageous to the giver as well. For some, giving may serve as an expression of faith or worship. For others, it may act as a uniting practice across multiple generations and serve as a valuable device to teach children and grandchildren lessons about Christian values and leaving a legacy.

The practice of generosity offers a unique opportunity to share this mission with the next generation, modeling how to steward money in a manner consistent with your Christian values. By involving loved ones in family financial discussions and decision-making, philanthropy presents many opportunities for families to engage in meaningful and unifying conversations, discovering social causes and values alignment.

Action Steps:

- Ask your Financial Advisor, Private Wealth Advisor, or Institutional Consultant to share Morgan Stanley Philanthropy Management's suite of educational and funding resources, including a series of Giving Guides that offer curated lists of nonprofit organizations.
- Initiate family discussions around faith and shared values through Morgan Stanley's Table Topics, featuring questions such as, "Do you think it is better to save, spend or give?"
- Invite a Morgan Stanley Family Office Resources (FOR) Family Governance & Wealth Education professional to your next family meeting to help guide a discussion around budgeting, investing, and giving.
- Consider leveraging a NextGen donor-advised fund (NextGen DAF) account. With the supervision of parents or a named guardian, children and grandchildren can recommend grants for the charities of their choice. The NextGen DAF from Morgan Stanley Global Impact Funding Trust, Inc. (MS GIFT) helps to simplify the grant decision-making process and may provide an opportunity to nurture future generations' interest in giving while strengthening communication within your family.

How much should I give?

Giving is a personal decision. In Christianity, examples include the tithe (popularly considered to be ten percent of one's gross income) as well as proportional and sacrificial giving. Regardless of the amount one feels led to give, Christianity emphasizes that the intention and heart behind one's giving also matters deeply. As written in 2 Corinthians 9:7 (NIV), "Each of you should give what you have decided in your heart to give, not reluctantly or under compulsion, for God loves a cheerful giver."

Action Steps:

- Ask your Financial Advisor, Private Wealth Advisor or Institutional Consultant how you might incorporate charitable giving into your broader financial planning strategy—perhaps contemplating the question, "How much is enough?"
- Develop a philanthropic strategy, just as you do with financial capital, as a key step toward realizing your philanthropic goals and furthering the change that you wish to see.
- Consider creating a philanthropic budget with guidance from your Financial Advisor, Private Wealth Advisor, or Institutional Consultant. In addition to determining your total target distribution, considerations may also include allocations to core and community, as well as impulse gifts.

How should I approach giving?

As individuals and institutions seek to activate their entire pool of capital to promote human flourishing, philanthropy can be an important tool. Philanthropic capital has the potential to directly impact mission alignment through the approaches outlined in Exhibit 5.

In addition to these three means of stewarding philanthropic capital, using your time and talents to give back by volunteering of offering board service can advance an individual's or family's mission and transform the lives of others. Providing pro bono services, such as financial planning, legal services, or technological support, can greatly benefit an organization. Skills such as design, food preparation, painting and construction, are in high demand across nonprofits. Families and individuals should reflect on the skills they have to share, how they enjoy giving back and the time they have available to create and commit to a plan.

Beyond time and talent, rallying a personal network toward aligned issues and organizations amplifies impact. Inviting friends and family to volunteer events or encouraging them to join boards of organizations can create broader and longer-lasting change.

Exhibit 5: Philanthropic Approaches Christian Values-Aligned Investors May Take to Maximize Their Impact

Philanthropic Approach	Overview
Program-Related Investments	These investments employ various financing methods to achieve the mission of the family or foundation. They may include loan guarantees, lines of credit, equity investments and others. While these investments may generate income, their primary objective is to further the philanthropic mission. For example, one might make a small low-interest loan to an agricultural co-op in a developing country. Forgivable loans and loans with a forgivable balloon payment can also be leveraged to maximize impact while reducing a nonprofit's financial burden.
Recoverable Grants	These grants can potentially return capital to a donor-advised fund or other philanthropic entity if the nonprofit achieves its goals. They are powerful tools for situations in which a charity experiences a funding gap, wants to scale its impact quickly or needs funding to support high-risk innovation.
Grants	Donations of nonrepayable funds to nonprofit entities, and in some cases to individuals, can advance the mission of the family, foundation or donor-advised fund. In addition to faith-based, mission-oriented giving, Christian Values-aligned philanthropists make donations to a broad spectrum of Christian and secular medical, educational, arts and cultural, environmental and social organizations.

Source: Morgan Stanley Wealth Management Investing with Impact

An Illustrative Case in Point

To illustrate how to better align multiple pools of capital with Christian-values, we present a hypothetical example of a US-based Christian family.

The family finds it important to invest in companies whose efforts are aligned with the family's faith. The family also believes that charitable giving is an important avenue to transfer their values down through multiple generations, an activity funded in part by cash flow from investments. This vision is shared by their children and grandchildren, who are becoming more involved in familial financial management, especially as family members near full retirement and educational planning on behalf of the family's youngest members is a top concern.

Now, let's say that the family members organize a meeting with their Financial Advisor to examine the family's giving and investing practices., The goal is to align both pools of capital with the family's mission to promote human flourishing and the broader application of Christian values. How might that discussion begin, and where could it lead? Arguably, the best way to start is by looking inward. A few key points the family and their Financial Advisor may explore:

- Is the family in agreement on the perception and application of Christian Values and how this religious focus might evolve? How may views differ among various family members, and how are these nuances represented in investment strategy?
- How do Christian values influence the family's charitable giving and overall investing?
- How can the family prioritize mission alignment as wealth transfers across generations?

The family may reflect on invested capital and whether it is working for or against its mission. Through discussion and education, they may decide to allocate some of the investment portfolio to mission-aligned investments to help further the family's values. Working with their Financial Advisor to structure a portfolio to pursue their financial goals in terms of asset allocation and manager selection, the family might look to include funds that span across the spectrum from doing no harm to promoting human flourishing.

The family may also choose to engage with companies to influence them to change their practices to better align with their Christian values. Such companies may include those with revenue from sectors or industries misaligned with their Christian values—such as the production of pornography, gambling or tobacco—or with practices that might be misaligned—such as companies with major investments in companies that have verified human rights violations.

Further, the family's discussion might inspire them to work with Morgan Stanley Philanthropy Management to examine their charitable giving or explore setting up a donor-advised fund and determine if these initiatives support their efforts to build synergies between their Christian values and financial management.

Christian Values in Action, Now and in the Future

The Christian faith emphasizes the responsibility of individuals to steward the resources entrusted to them, as written in 1 Corinthians 4:2 (NASB), "…moreover, it is required of stewards that one be found trustworthy." As stewards, the journey of aligning your investment and philanthropic capital with Christian values can be a deeply satisfying one. This journey can start by having a conversation with your Financial Advisor, Private Wealth Advisor or Institutional Consultant, who can help you develop an actionable plan to align your investments and philanthropy with your unique Christian values.

Investing with Impact

Launched in 2012, Morgan Stanley Investing with Impact provides our wealth management clients—including faith-based investors—a suite of investment options, portfolios, tools and analysis to deliver solutions that can help generate both competitive market-rate financial returns and measurable, positive environmental and social impact. To learn more about Investing with Impact at Morgan Stanley, contact your Financial Advisor, Private Wealth Advisor or Institutional Consultant and visit: www.morganstanley.com/impactinvesting.

Philanthropy Management

Established in 1998, Morgan Stanley Philanthropy Management supports individuals, families, corporate and private foundations, and nonprofit organizations by offering a suite of advisory services, publishing thought leadership and hosting experiential opportunities to help clients define and realize their charitable goals. The team assists individual and family clients in areas such as mission and vision creation, grantee research and due diligence, and philanthropic legacy and succession planning while advising nonprofit clients on topics such as fundraising strategy, strategic planning, and board governance, recruitment and development.

Endnotes

[1]"World Population by Religion: A Global Tapestry of Faith," Population Education, 2024. https://populationeducation.org/world-population-by-religion-a-global-tapestry-of-faith/

[2]Morgan Stanley Impact Quotient® is a patented ("US Pat. No. 11,188,983") technology that enables you to align client portfolios with unique social and environmental impact goals.

[3]Aite-Novarica Group's Digital Wealth Management Impact Awards (September 2022) based on the Jan. 1, 2021 - March 31, 2022 period. For criteria and methodology, see: https://aite-novarica.com/aite-novarica-group-announces-winners-2022-digital-wealth-management-impact-awards.

Disclosure Section

IMPORTANT DISCLOSURES

This material does not provide individually tailored investment advice. It has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The strategies and/or investments discussed in this material may not be appropriate for all investors.

Morgan Stanley Smith Barney LLC recommends that investors independently evaluate particular investments and strategies, and encourages investors to seek the advice of a Financial Advisor. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. This material is not an offer to buy or sell any security or to participate in any trading strategy.

This publication is based on information from multiple sources and Morgan Stanley makes no representation as to the accuracy or completeness of information from sources outside of Morgan Stanley.

The investment examples are for illustrative purposes only and should not be deemed a recommendation to purchase, hold or sell any securities or investment products. They are intended to demonstrate the types of approaches taken by managers who focus on ESG criteria in their investment strategy. There can be no guarantees that a client's account will be managed as described herein Investors should carefully consider the investment objectives and risks as well as charges and expenses of a mutual fund/ exchange-traded fund before investing. To obtain a prospectus, contact your Financial Advisor or visit the fund company's website. The prospectus contains this and other information about the mutual fund/exchange-traded fund. Read the prospectus carefully before investing.

Risk Considerations

Investing in the market entails the risk of market volatility. The value of all types of securities may increase or decrease over varying time periods.

This analysis does not purport to recommend or implement an investment strategy. Financial forecasts, rates of return, risk, inflation, and other assumptions may be used as the basis for illustrations in this analysis. They should not be considered a guarantee of future performance or a guarantee of achieving overall financial objectives. No analysis has the ability to accurately predict the future, eliminate risk, or guarantee investment results. As investment returns, inflation, taxes, and other economic conditions vary from the assumptions used in this analysis, your actual results will vary (perhaps significantly) from those presented in this analysis.

Environmental, Social and Governance-Aware Investments (ESG)

Certain portfolios may include investment holdings that takes into account one or more **Environmental, Social and Governance ("ESG") factors (referred to as "ESG investments")**. For reference, environmental ("E") factors can include, but are not limited to, climate change, water, waste, and biodiversity. Social ("S") factors can include, but not are not limited to, employees, diversity & inclusion, cyber security, data privacy, health & wellness, supply chains, product safety & security, community engagement, and human rights. Governance ("G") factors can include, but are not limited to, board structure & oversight, leadership composition, pay and incentive structures, corruption & bribery, ethics & business conduct, shareholder rights, accounting & audit practices, tax evasion, and risk management. You should carefully review an investment product's prospectus or other offering documents, disclosures and/or marketing material to learn more about how it incorporates ESG factors into its investment strategy.

ESG investments may also be referred to as sustainable investments, impact aware investments, socially responsible investments or diversity, equity, and inclusion ("DEI") investments. It is important to understand that ESG definitions and criteria used within the industry can vary, and ESG ratings of the same subject companies and/or securities can vary among different ESG ratings providers for various reasons including. differences in definitions, methodologies, processes, data sources and subjectivity among ESG rating providers when determining a rating. Certain issuers of investments including, but not limited to, separately managed accounts ("SMAs"), mutual funds and exchange traded funds ("ETFs") may have differing and inconsistent views concerning ESG criteria where the ESG claims made in offering documents or other literature may overstate ESG impact. Further, socially responsible norms vary by region, and an issuer's ESG practices or Morgan Stanley's assessment of an issuer's ESG practices can change over time.

Portfolios that include investment holdings deemed ESG investments or that employ ESG screening criteria as part of an overall strategy may experience performance that is lower or higher than a portfolio not employing such practices. Portfolios with ESG restrictions and strategies as well as ESG investments may not be able to take advantage of the same opportunities or market trends as portfolios where ESG criteria is not applied. There is no assurance that an ESG investing strategy or techniques employed will be successful. Past performance is not a guarantee or a dependable measure of future results. For risks related to a specific fund, please refer to the fund's prospectus or summary prospectus.

Investment managers can have different approaches to ESG and can offer strategies that differ from the strategies offered by other investment managers with respect to the same theme or topic. Additionally, when evaluating investments, an investment manager is dependent upon information and data that may be incomplete, inaccurate or unavailable, which could cause the manager to incorrectly assess an investment's ESG characteristics or performance. Such data or information may be obtained through voluntary or third-party reporting. Morgan Stanley does not verify that such information and data is accurate and makes no representation or warranty as to its accuracy, timeliness, or completeness when evaluating an issuer.

Morgan Stanley's assessment of an issuer's ESG practices or an ESG portfolio is as of the date of this material. No assurance is provided that the underlying assets have maintained or will maintain any applicable ESG designations or any stated ESG compliance, or that the underlying assets have been operated or will be operated in an ESG-compliant manner. The ESG impacts of the securities and any underlying assets may vary over time.]

This can cause Morgan Stanley to incorrectly assess an issuer's business practices with respect to its ESG practices. As a result, it is difficult to compare ESG investment products.

Morgan Stanley makes no representation as to the compliance or otherwise of any fund or portfolio with any laws or regulatory guidelines, recommendations, requirements or similar relating to the ESG characterization of any fund or portfolio, or in connection with or to meet any of your investing ESG objectives, metrics or criteria.

The appropriateness of a particular ESG investment or strategy will depend on an investor's individual circumstances and objectives. Principal value and return of an investment will fluctuate with changes in market conditions.

Alternative investments may be either traditional alternative investment vehicles, such as hedge funds, fund of hedge funds, private equity, private real estate and managed futures or, non-traditional products such as mutual funds and exchange-traded funds that also seek alternative-like exposure but have significant differences from traditional alternative investments. The risks of traditional alternative investments may include: can be highly illiquid, speculative and not appropriate for all investors, loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative practices, volatility of returns, restrictions on transferring interests in a fund, potential lack of diversification and resulting higher risk due to concentration of trading authority when a single advisor is utilized, absence of information regarding valuations and pricing, complex tax structures and delays in tax reporting, less regulation and higher fees than open-end mutual funds, and risks associated with the operations, personnel and processes of the manager. Non-traditional alternative strategy products 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. These investments are subject to the risks normally associated with debt instruments and also carry substantial additional risks. Investors could lose all or a substantial amount of their investment. These investments typically have higher fees or expenses than traditional investments.

Equity securities may fluctuate in response to news on companies, industries, market conditions and general economic environment.

An investment in an **exchange-traded fund** involves risks similar to those of investing in a broadly based portfolio of equity securities traded on an exchange in the relevant securities market, such as market fluctuations caused by such factors as economic and political developments, changes in interest rates and perceived trends in stock and bond prices. Investing in an international ETF also involves certain risks and considerations not typically associated with investing in an ETF that invests in the securities of U.S. issues, such as political, currency, economic and market risks. These risks are magnified in countries with emerging markets, since these countries may have relatively unstable governments and less established markets and economics. ETFs investing in physical commodities and commodity or currency futures have special tax considerations. Physical commodities may be treated as collectibles subject to a maximum 28% long-term capital gains rates, while futures are marked-to-market and may be subject to a blended 60% long- and 40% short-term capital gains tax rate. Rolling futures positions may create taxable events. For specifics and a greater explanation of possible risks with ETFs¸ along with the ETF's investment objectives, charges and expenses, please consult a copy of the ETF's prospectus. Investing in sectors may be more volatile than diversifying across many industries. The investment return and principal value of ETF investments will fluctuate, so an investor's ETF shares (Creation Units), if or when sold, may be worth more or less than the original cost. ETFs are redeemable only in Creation Unit size through an Authorized Participant and are not individually redeemable from an ETF.

Please consider the investment objectives, risks, charges and expenses of the fund(s) carefully before investing. The prospectus contains this and other information about the fund(s). To obtain a prospectus, contact your financial advisor. Please read the prospectus carefully before investing.

Bonds are subject to interest rate risk. When interest rates rise, bond prices fall; generally the longer a bond's maturity, the more sensitive it is to this risk. Bonds may also be subject to call risk, which is the risk that the issuer will redeem the debt at its option, fully or partially, before the scheduled maturity date. The market value of debt instruments may fluctuate, and proceeds from sales prior to maturity may be more or less than the amount originally invested or the maturity value due to changes in market conditions or changes in the credit quality of the issuer. Bonds are subject to the credit risk of the issuer. This is the risk that the issuer might be unable to make interest and/or principal payments on a timely basis. Bonds are also subject to reinvestment risk, which is the risk that principal and/or interest payments from a given investment may be reinvested at a lower interest rate.

Bonds rated below investment grade may have speculative characteristics and present significant risks beyond those of other securities, including greater credit risk and price volatility in the secondary market. Investors should be careful to consider these risks alongside their individual circumstances, objectives and risk tolerance before investing in high-yield bonds. High yield bonds should comprise only a limited portion of a balanced portfolio.

Hedge funds may involve a high degree of risk, often engage in leveraging and other speculative investment practices that may increase the risk of investment loss, can be highly illiquid, are not required to provide periodic pricing or valuation information to investors, may involve complex tax structures and delays in distributing important tax information, are not subject to the same regulatory requirements as mutual funds, often charge high fees which may offset any trading profits, and in many cases the underlying investments are not transparent and are known only to the investment manager.

Because of their narrow focus, **sector investments** tend to be more volatile than investments that diversify across many sectors and companies. **Health care sector stocks** are subject to government regulation, as well as government approval of products and services, which can significantly impact price and availability, and which can also be significantly affected by rapid obsolescence and patent expirations.

REITs investing risks are similar to those associated with direct investments in real estate: property value fluctuations, lack of liquidity, limited diversification and sensitivity to economic factors such as interest rate changes and market recessions.

Value investing does not guarantee a profit or eliminate risk. Not all companies whose stocks are considered to be value stocks are able to turn their business around or successfully employ corrective strategies which would result in stock prices that do not rise as initially expected.

Growth investing does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations.

Asset allocation and diversification do not assure a profit or protect against loss in declining financial markets. Past performance is no guarantee of future results. Actual results may vary.

DEI Signal was launched in response to increasing evidence demonstrating the importance of diversity, equity and inclusion (DEI) in the workforce. Companies are increasingly evaluating their cultures and practices related to gender and racial equality in order to attract and retain top talent, and investors are increasingly asking for this data to be disclosed while seeking to invest with asset managers who are making progress on improving diversity. Recognizing the importance of data transparency to measuring and driving progress, and in alignment with the Inclusion pillar of the Investing with Impact framework, we are collecting over 30 data points from our asset management partners, who, combined, manage roughly 70% of global assets under management. DEI Signal was created as a framework for analyzing the data in a holistic way. The questions focus on policies to support inclusive and diverse workplaces, diverse representation and disclosure. Through these questions, DEI Signal seeks to increase transparency on diversity statistics and shepherd greater diversity and inclusion across the industry.

Powered by Morgan Stanley IQ, **Impact Signal** is one of the industry's first holistic manager scoring tools that quantitatively evaluates strategies on their impact strength. Impact Signal enables us to evaluate over 15,000 funds and SMAs globally on the strength of their investment process and environmental and social impact. This tool focuses on evaluating two pillars of the Investing with Impact framework: 1) Intentionality, as indicated by a documented process for considering environmental and social factors in the investment process and the subsequent positive impact of the underlying holdings and 2) Influence, which evaluates engagement with portfolio companies to encourage them to be better environmental and social stewards. The Morgan Stanley Impact Quotient® report is an assessment of an investor's portfolio (or subset thereof) utilizing various environmental, social and governance ("ESG") factors. The metrics included in the report are based on key topic areas for sustainable and impact investing.

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RSI1737144774076 01/2025