This 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 pwmadv_clientservice@ms.com. 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 29, 2018. For more details on any particular matter, please see the item in this ADV Brochure referred to in the summary below.

- **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)

- **Proxy voting.** Changes to your proxy voting options. Morgan Stanley will no longer agree to assume any proxy voting authority. (Item 17)
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Item 4: Advisory Business

A. Description of MSWM, Principal Owners

Morgan Stanley Private Wealth Management (“PWM”) is a division of Morgan Stanley Smith Barney LLC (“Morgan Stanley Wealth Management”, “MSWM”, “we” or “us”). MSWM is 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 (“you”, “your” or “Client”) many different advisory programs. Many of MSWM’s advisory services are provided by its Consulting Group business unit (“CG”). You may obtain brochures for other MSWM investment advisory programs at www.morganstanley.com/ADV or by asking your Private Wealth Advisor (“PWA”).

For additional information about MSWM, a copy of MSWM’s Form ADV Part I is available upon request. Form ADV Part I is also publicly available at the SEC’s website at www.adviserinfo.sec.gov. You may obtain brochures for other MSWM investment advisory programs at www.morganstanley.com/ADV or by asking your PWA.

B. Description of Advisory Services

Wealth Management Services

In the Wealth Management Services (“WMS”) Program, PWM assists high net worth clients in developing an asset allocation framework, provide advice on strategic and tactical asset allocation, conduct research and provide recommendations on investment managers, mutual funds, exchange traded funds and alternative investments, and provide consolidated performance reporting.

Creation of an Investment Policy Statement. As part of the WMS Agreement, PWM assists clients in developing their investment objectives and preparing an investment policy statement (“IPS”) upon which PWM’s recommendations are based. The IPS typically addresses client’s investment objectives, risk tolerance, investment time horizon and portfolio preferences and asset class restrictions, and includes a strategic asset allocation and tactical ranges for the portfolio.

Asset Allocation Advice. On an ongoing basis, PWM provides recommendations regarding strategic and tactical asset allocation based on the Client’s IPS.

Investment Advice. PWM provides ongoing investment and manager recommendations with respect to Client’s assets that are invested through one or more of the following investment advisory programs offered by MSWM (collectively, the “Investment Options”): affiliated and unaffiliated investment managers who manage separately managed accounts through Select UMA, Consulting and Evaluation Services (“CES”) or the PWM Manager Assessment Program (“MAP”) (collectively, “SMA Managers”); (2) Global Investment Solutions (“GIS”); the Portfolio Management program (“PM”); affiliated and unaffiliated Pooled Investment Vehicles available on a non-discretionary advisory basis through WMS Non-Discretionary (“NDA”) or approved by MSWM’s Global Investment Manager Analysis Group, and cash and cash equivalents (including sweep options) offered through WMS NDA. For purposes of this ADV, the term “Pooled Investment Vehicles” includes open end funds registered as investment companies with the Securities and Exchange Commission (“Mutual Funds”) and investment vehicles that are not registered with the SEC (“Alternative Investment Funds”). Pooled Investment Vehicles also include exchange traded funds and exchange traded trusts (collectively, “ETFs”) and registered closed end funds (“CEFs”, collectively the “Funds”).

For more information about the Investment Options or other investment advisory services offered by MSWM, as well as assistance in determining which service may be best suited to your needs and objectives, please contact your Private Wealth Advisor or refer to www.morganstanley.com/ADV.

Due Diligence Services: In the Select UMA, and CES programs, MSWM provides due diligence and monitoring services with respect to SMA Managers and certain Mutual Funds and ETFs through its Global Investment Manager Analysis Group. PWM conducts its own due diligence on managers through its Manager Assessment Program, a proprietary investment management scoring system that assesses investment manager products in that database. In addition, MSWM, or an affiliated or unaffiliated due diligence service provider, provides due diligence and monitoring services with respect to certain Alternative Investment Funds. Such due diligence and monitoring currently consists of evaluating various qualitative and quantitative factors including the investment strategy, methodology and ongoing execution by the SMA Manager or Alternative Investment Fund in implementing such strategy, staff turnover and the track record and performance of the SMA Manager or Alternative Investment Fund versus its benchmark and peer group. This due diligence and monitoring process may change, from time to time, at the discretion of MSWM (or, in the case of an Alternative Investment Fund, the respective due diligence service provider). Please refer to the applicable MSWM Form ADV for more information about the diligence process applicable to these specific Investment Options.

Non-Researched Managers. Clients also may select investment managers outside of those covered by MSWM’s Global Investment Manager Analysis Group or PWM due diligence. Such outside managers, if qualified, will be offered through the Investment Management Services (“IMS”) program. MSWM does not evaluate or make any representations concerning such investment managers.

Performance Reporting. PWM provides clients with customized performance reports. The reports may include comparisons to recognized benchmarks and market segments. At Client’s request, PWM will consider the asset classes of assets that are not invested with or through one of MSWM’s investment advisory programs (“Client Requested Assets”) for asset allocation purposes and will report the performance of
those investments relative to an appropriate benchmark, but will not otherwise provide due diligence or monitoring services on such assets. For the avoidance of doubt, Client Requested Assets are not considered Investment Options, as defined above. Including Client Requested Assets in performance reports does not constitute investment advice or a recommendation or endorsement by MSWM of any such investment.

**Account Opening and Other Services.** In order for a Client to invest their assets in an Investment Option, Clients must execute the investment management or wrap fee agreements applicable to the underlying program. As part of the WMS Program, Clients will also be required to enter into a PWM WMS Addendum to such agreement which describes the investment advisory services provided as part of the WMS Program. Finally, Clients who invest in Alternative Investment Funds or, SMA Managers through the CES, MAP and IMS program, may be required to enter into separate agreements with the SMA Manager or funds, as applicable.

As an administrative convenience, Clients can appoint MSWM as their agent and attorney in fact to execute agreements corresponding to the applicable Investment Option (“Agreements”) on the Client’s behalf. This power is limited and does not give MSWM the discretion to make investment decisions on the Client’s behalf. As part of the PWM WMS Addendum, Clients receive copies of the Agreements and agree to provide MSWM with instructions directing MSWM to act on specific investment decisions. In this manner, the Client is agreeing to bind themselves to the terms and conditions in the Agreements.

**C. Customized Advisory Services and Client Restrictions**

**Customized Advisory Services**

We tailor our recommendations to the individual needs of our clients. As described above, MSWM relies on each Client’s care, completeness and clarity in responding to the questionnaire or profile, as their responses form the factual basis for their individual financial plan.

**Client Imposed Restrictions**

A Client’s IPS may contain reasonable restrictions on account investments. For example, you may restrict MSWM from buying specific securities, a category of securities (e.g., tobacco companies), SMA Managers or Pooled Investment Vehicles. If a Client restricts a category of securities, we will determine which specific securities fall within the restricted category. In doing so, we may rely on outside sources (e.g., standard industry codes and research provided by independent service providers). Any restrictions you impose on individual securities have no effect on the holdings in Pooled Investment Vehicles since they operate in accordance with the investment objectives and strategies described in their prospectuses or offering memorandum.

**D. Portfolio Management Services to Wrap Fee Programs**

MSWM does not offer the WMS Program through any third party wrap fee platforms.

**E. Assets Under Management (“AUM”)**

MSWM managed client assets of $1,044,788,973,159 as of December 31, 2017. Of this amount, MSWM managed $468,768,889,113 on a discretionary basis and $576,020,084,046 on a non-discretionary basis. These amounts represent the client assets in all of our investment advisory programs. We calculated them using a different methodology than the “regulatory assets under management” we report in our ADV Part I filed with the SEC.

**Item 5: Fees and Compensation**

**A. Compensation for Advisory Services**

Fees for the programs described in this Brochure are negotiable and may differ among clients based on a number of factors, including the type and size of the account or client relationship.

As part of the WMS Agreement, clients negotiate the fee(s) applicable to the underlying advisory programs.

For a description of the Select UMA, PM, GIS and other programs offered by MSWM, including maximum annual fees, please refer to the applicable Form ADV wrap fee brochures.

At the client’s request, PWM may, on a brokerage basis, charge a “Reporting Only Fee” of up to 0.25% for consolidating the performance of investments that are not on our approved wrap platforms but which are nonetheless part of a client’s overall asset allocation.

Effective October 1, 2018, the maximum annual fee for the investments made through the WMS NDA program is 2% of assets calculated annually.

**B. Payment of Fees**

Fees for the services described in this ADV are charged based on the terms in the Program Agreements. Clients generally authorize MSWM to deduct the fee and any other charges from the account on or following the date they are payable. Clients with Delivery Versus Payment (“DVP”) accounts may alternatively, at our discretion, receive an invoice for the fee and other charges from us. MSWM reserves the right to liquidate a portion of the account assets to cover the fee at any time. Liquidation may affect the relative balance of the account, and also may have tax consequences and/or may cause the account to be assessed transaction charges.

If you change your brokerage account to a fee-based advisory account, to the extent your brokerage account held class C
mutual fund shares for five years or longer, these shares would likely have converted to load-waived (lower cost) Class A shares in the near future, thereby significantly reducing the ongoing internal mutual fund expenses you would have paid to hold them in your brokerage account. By changing your account from a brokerage account into a fee-based advisory account, your mutual fund shares will also likely convert to a lower cost share class, which would generally be the advisory share class (if available). However, in exchange for advisory services you will receive, you will pay an additional asset-based fee which you would not pay in a brokerages account.

Additional Fees and Expenses

The fees described in Item 5(A) above, do not cover:

- the costs of investment management fees and other expenses charged by Pooled Investment Vehicles (see below for more details) or SMA Managers in the Select UMA, CES, MAP and IMS programs,
- “mark-ups,” “mark-downs,” and dealer spreads (A) that MSWM or its affiliates may receive when acting as principal in certain transactions where permitted by law or (B) that other broker-dealers may receive when acting as principal in certain transactions effected through MSWM and/or its affiliates acting as agent, which is typically the case for dealer market transactions (e.g., fixed income and over-the-counter equity),
- brokerage commissions or other charges resulting from transactions not effected through MSWM or its affiliates,
- account closing/transfer costs,
- processing fees,
- 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); and
- the Platform Fee which is a 0.042% asset-based fee applied to client assets held in the Select UMA and PM programs.

**Offset to the Platform Fee.** We intend to collect revenue from certain investment product providers that compensates 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 Management 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 revenue providing investment products held in that account. The amount of the offset will be applied against the Platform Fee and/or the Management Fees 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 investment products that provide revenue or significant reallocation to those 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.

**Funds in Advisory Programs**

Investing in Funds is more expensive than other investment options. In addition to our fees, you pay the fees and expenses of the Funds in which your accounts are 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 or NAV. 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 and ETF 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 or ETF’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 Mutual Funds in the programs described on this Brochure. However, some Mutual Funds may charge, and not waive, a redemption fee on certain transaction activity in accordance with their prospectuses.

**Expense Payments and Data Analytics Fees.** MSWM receives expense payments and fees for data analytics, recordkeeping and related services. 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 $150,000 per year for the most basic mutual fund data package up to $750,000 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 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 Fee**

MSWM and/or its affiliates receive compensation from funds or their affiliated service providers for providing certain recordkeeping and related services to the 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 that 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, as applicable for each position, as well as other transaction details required for ongoing position maintenance purposes. For these services, funds pay us up to 0.06% per year ($6 per $10,000) on fund assets held by investors in advisory programs covered by this Brochure. Funds pay a mutual fund support fee of up to 0.10% per year ($10 per $10,000) on those same fund assets.

In addition to 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.

**C. Prepayment of Fees**

With respect to the programs described in this document, MSWM does not offer clients the ability to pay for fees in advance.

**D. Compensation for the Sale of Securities or Other Investment Products**

Clients do not pay any sales charges for purchases of Mutual Funds in the investment advisory programs described in this Brochure. Clients generally have the ability to purchase investment products that we recommend through other brokers or agents that are not affiliated with MSWM. Commissions do not provide MSWM’s primary source of revenue from advisory accounts.

**Item 6: Performance Based Fees and Side by Side Management**

This item is not applicable to the program described in this Brochure.

**Item 7: Types of Clients**

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

**Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**

**A. Method of Analysis and Investment Strategies**

PWM assists in developing customized solutions for each Client in the WMS program. Each IPS outlines the Client’s financial goals, risk tolerance, and time horizon, all of which ultimately provide the basis for Strategic and Tactical Investment frameworks, appropriate asset classes and assistance with SMA Manager and Pooled Investment Vehicle selection. While this framework seeks to limit risk exposure, investing in securities involves risk of loss that Clients should be prepared to bear. Average expected return of each asset
class within a portfolio as well as historical risk and correlations between asset classes, are applied when conducting the analysis.

B. Material, Significant, or Unusual Risks Relating to Investment Strategies

All trading in an account is at the client’s 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 MSWM’s or a Private Wealth Advisor’s past performance with respect to your accounts does not predict future performance with respect to any particular account.

The implementation of a customized asset allocation does not assure profit or protect against loss in declining financial markets. Certain assumptions may be made in analyses that are used to make asset allocation decisions. Any change in these assumptions may have a material impact on the client’s portfolio.

The projections or other information generated by an asset allocation analysis regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results.

PWM may provide assistance with manager selection and implementation. Investing with a money manager or in an investment product may involve a high degree of risk, including loss of your entire investment. In addition, there is no guarantee that any investment product or manager will have positive performance or achieve any investment, tax or accounting objectives or track or outperform any designated benchmark.

C. Risks Associated with Particular Types of Securities

Certain investment strategies that Private Wealth Advisors may use in the programs have specific risks, including those associated with investments in common stock, fixed income securities, American Depositary Receipts, and Funds. You should consult with your Private Wealth Advisor for more details regarding the specific risks associated with the investments in your account.

Risk Relating to Investments in Emerging Countries

Investing in the equity markets of emerging countries entails certain risks and special considerations not associated with investing in the U.S. and more established markets. Some emerging countries have laws and regulations that currently preclude direct foreign investment in the securities of their companies. However, indirect foreign investment in the securities of companies listed and traded on the stock exchanges in these countries is permitted through investment funds, which have been specifically authorized. In order to gain exposure to such markets, MSWM may invest client assets in these investment funds. In addition, MSWM may invest client assets in investment funds that invest in securities that MSWM has the ability to purchase directly. If MSWM invests in such investment funds, the client will bear not only its own expenses with respect to such investments (such as investment management and custody fees), but also will indirectly bear similar expenses of the underlying investment funds.

Certain of the investment funds referred to in the preceding paragraph are advised by MSWM or its affiliates. MSWM may invest in these investment funds for clients for which it manages assets. If MSWM does elect to make an investment in such an investment fund, MSWM will ordinarily purchase the securities of such investment fund in the secondary market; however, MSWM may receive a fee from its clients with respect to assets invested in such funds as well as a fee from such funds for MSWM’s investment management services to the funds.

Risk Relating to Alternatives

MSWM may recommend that clients allocate a portion of their assets to investment managers that follow alternative investment strategies, such as hedge fund investments. These strategies may be speculative, entail substantial risk and may not be suitable for all investors, nor do they represent a complete investment program. Many alternative investment managers and their related products are not subject to the same regulatory requirements as traditional investments.

Alternative investments may include specific risks associated with limited liquidity, the use of leverage, arbitrage, short sales, options, futures and derivative instruments. There can be no assurances that a manager’s strategy (hedged or otherwise) will be successful or that a manager will employ such strategies with respect to all or any portion of a portfolio. Clients should recognize that they may bear asset-based fees and expenses at the manager-level, and indirectly, fees, expenses and performance-based compensation. Performance-based compensation may create an incentive for the managers that may receive performance-based compensation to make investments that are riskier and more speculative than would be the case if this special allocation were not made. Because the individual managers make trading decisions independently of each other, it is possible that they may, on occasion, hold substantial positions in the same security or group of securities at the same time. This possible lack of diversification may subject the client’s investments to more volatility than would be the case if the client’s assets were more widely diversified.

Risk Relating to ETFs

There may be a lack of liquidity in certain ETFs which can lead to a large difference between the bid-ask prices (increasing the cost to you when you buy or sell the ETF). A lack of liquidity also may cause an ETF to trade at a large premium or discount to its net asset value. Additionally, an ETF may suspend issuing new shares and this may result in an adverse difference between the ETF’s publicly available share price and the actual value of its underlying investment holdings. At times when underlying holdings are traded less
frequently, or not at all, an ETF’s returns also may diverge from the benchmark it is designed to track.

Most ETFs, like all mutual funds, are registered investment companies under the Investment Company Act of 1940. However, ETFs that invest exclusively in physical assets, such as gold, and are not registered investment companies. These ETFs will not have the protections associated with ownership of shares in a registered investment company. For example, these ETFs are not subject to the prohibition on registered investment companies dealing with affiliates, do not have an independent board of trustees, and are not subject to requirements with respect to, among other things, diversification and the prohibition on the suspension of redemptions.

**Risk Relating to REITs**

Certain Programs offer real estate-related investment disciplines, which typically invest in common stocks of U.S. corporations. Almost all such investments will be treated for tax purposes as investments in real estate investment trusts (“REITs”). Although it is unlikely that such investments will cause a tax-exempt investor to recognize “unrelated business taxable income” (“UBTI”), no assurances can be made that no UBTI will be recognized. If any investment causes a tax-exempt investor to recognize UBTI, and that tax-exempt investor is a charitable remainder trust, all of the income of the charitable remainder trust would be subject to federal income tax for the tax year in which the UBTI was recognized. Therefore, charitable remainder trusts should consult with a tax adviser before investing in real estate investment disciplines.

**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. Moreover, in some circumstances, money market funds may be forced to cease operations when the value of a fund drops below $1.00 per share. In that event, the fund’s holdings are liquidated and distributed to the fund’s shareholders. This liquidation process could take up to one month or more. During that time, these funds would not be available to you to support purchases, withdrawals and, if applicable, check writing or ATM debits from your account.

**Risks Relating to Differing Classes of Securities**

Different classes of securities have different rights as creditor if the issuer files for bankruptcy or reorganization. For example, bondholders’ rights generally are more favorable than shareholders’ rights in a bankruptcy or reorganization.

**Risks Related to Minimum Denominations in Fixed Income Securities**

MSWM may not be able to execute transactions in certain fixed income securities (specifically including municipal bonds) in a client’s account when they do not meet the minimum denomination and increment requirements established by the issuer. In certain cases, this may result in an inability to rebalance a portion of a client’s fixed income portfolio or liquidate a portfolio of fixed income securities for tax harvesting or other purposes. To the extent permitted by law, MSWM will use its best efforts to assist advisory clients in selling fixed income securities that may not meet these minimums but cannot guarantee that a market will be available in which to sell such securities, nor the price at which such securities would sell if such markets were to exist.

**Tax and Legal Considerations**

Changing Investment Options may result in sales of securities and subject you to additional income tax obligations. Consult your independent tax or legal advisor with respect to the services described in this Brochure, as MSWM and its affiliates do not provide tax or legal advice.

**Item 9: 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 Smith Barney and/or Citigroup Global Markets Inc. (“CGM”) are predecessor broker-dealer firms of MSWM.

- On March 25, 2009, MS&Co. entered into a LAWC 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 trade 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 Private Wealth Advisor.

**Item 10: 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 Citi. On June 28, 2013, Morgan Stanley Parent purchased Citi’s 35% interest in MSWM. Accordingly, MSWM is now a wholly owned indirect 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.

A. Broker-Dealer Registration Status

As well as being a registered investment advisor, MSWM is registered as a broker-dealer.

B. Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Adviser Registration Status

As well as being a registered investment advisor, MSWM has related persons that are commodity pool operators (Ceres Managed Futures LLC, Morgan Stanley AIP GP LP, Morgan Stanley Investment Management Inc., Morgan Stanley Cayman Ltd., Morgan Stanley AIP Cayman GP Ltd., Morgan Stanley Alternative Investment Partners LP., Morgan Stanley Hedge Premier GP, and Morgan Stanley GWM Feeder Strategies LLC) and commodity trading advisers (Ceres Managed Futures LLC, Morgan Stanley AIP GP LP, Morgan Stanley Investment Management Inc.). For a full listing of affiliated investment advisers please see the ADV Part I.

C. Material Relationships or Arrangements with Industry Participants

Restrictions on Executing Trades. As MSWM is affiliated with Morgan Stanley & Co. LLC (“MS&Co.”), the following restrictions apply when executing client trades:
• MSWM and MS&Co. 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 MS&Co., Morgan Stanley Parent, and their affiliates.
• 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, Morgan Stanley Parent, MS&Co., or their affiliates. These restrictions may adversely impact client account performance.

Different Advice. MSWM and its affiliates may give different advice, take different action, receive more or less compensation, or hold or deal in different securities for any other party, client or account (including their own accounts or those of their affiliates) from the advice given, actions taken, compensation received or securities held or dealt for your accounts.

Trading or Issuing Securities in, or Linked to Securities in, Client Accounts. MSWM and its affiliates may provide bids and offers, and may act as principal market maker, in respect of the same securities held in client accounts. MSWM, the investment managers in its programs, and their affiliates and employees may hold a position (long or short) in the same securities held in client accounts. MSWM, and/or its affiliates are regular issuers of traded financial instruments linked to securities that may be purchased in client accounts. From time to time, MSWM (or an affiliate’s) trading – both for its proprietary account and for client accounts – may be detrimental to securities held by a client and thus create a conflict of interest. We address this conflict by disclosing it to you.

Trade Allocations. Your Private Wealth Advisor may aggregate the securities to be sold or purchased for more than one client to obtain favorable execution to the extent permitted by law. Your Private Wealth Advisor will then allocate the trade in a manner that is equitable and consistent with MSWM’s fiduciary duty to its clients (including pro rata allocation, random allocation or rotation allocation). Allocation methods vary depending on various factors (including the type of investment, the number of shares purchased or sold, the size of the accounts, and the amount of available cash or the size of an existing position in an account). The price to each client is the average price for the aggregate order.

Services Provided to Other Clients. MSWM, investment managers and their affiliates provide a variety of services (including research, brokerage, asset management, trading, lending and investment banking services) for each other and for various clients, including issuers of securities that MSWM may recommend for purchase or sale by clients or are otherwise held in client accounts, and investment management firms in the programs described in this Brochure. MSWM, investment managers and their affiliates receive compensation and fees in connection with these services. MSWM believes that the nature and range of clients to which such services are rendered is such that it would be inadvisable to exclude categorically all of these companies from an account. Accordingly, it is likely that securities in an account will include some of the securities of companies for which MSWM, investment managers and their affiliates or an affiliate performs investment banking or other services.

Restrictions on Securities Transactions. There may be periods during which MSWM or investment managers are not permitted to initiate or recommend certain types of transactions in the securities of issuers for which MSWM, or one of its affiliates is performing broker-dealer or investment banking services or have confidential or material non-public information. Furthermore, in certain investment advisory programs, MSWM may be compelled to forgo trading in, or providing advice regarding, Morgan Stanley Parent securities, and in certain related securities. These restrictions may adversely impact your account performance.

MSWM, the managers and their affiliates may also develop analyses and/or evaluations of securities sold in a program described in this Brochure, as well as buy and sell interests in securities on behalf of its proprietary or client accounts. These analyses, evaluations and purchase and sale activities are
proprietary and confidential, and MSWM will not disclose them to clients. MSWM may not be able to act, in respect of clients’ account, on any such information, analyses or evaluations.

MSWM, investment managers and their affiliates are not obligated to effect any transaction that MSWM or a manager or any of their affiliates believe would violate federal or state law, or the regulations of any regulatory or self-regulatory body.

**Research Reports.** MS&Co. does business with companies covered by its research groups. Furthermore, MS&Co. and its affiliates may hold a trading position (long or short) in, and client accounts may hold, the securities of companies subject to such research. Therefore, MS&Co. has a conflict of interest that could affect the objectivity of its research reports.

**Certain Trading Systems.** MSWM may effect trades or securities lending transactions on behalf of client accounts through exchanges, electronic communication networks or other alternative trading systems (“Trading Systems”), including Trading Systems with respect to which MSWM or its affiliates may have a non-controlling direct or indirect ownership interest, or the right to appoint a board member or observer. If MSWM directly or indirectly effects client trades or transactions through Trading Systems in which MSWM or its affiliates have an ownership interest, MSWM or its affiliates may receive an indirect economic benefit based on their ownership interest. In addition, subject at all times to its obligations to obtain best execution for its customers’ orders, it is contemplated that MSWM will route certain customer order flow to its affiliates. Currently, MSWM and/or its affiliates own equity interests (or interests convertible into equity) in certain Trading Systems or their parent companies, including BIDS Holdings LP and BIDS Holdings GP LLC (commonly known as “BIDS”); CHX Holdings Inc.; CHI-X Global Holdings LLC; National Stock Exchange of India; BM&F Bovespa; Miami International Holdings Inc.; Equidex; Euroclear PLC; LCH.Clearnet Group Ltd.; Source Holdings Ltd.; Turquoise Global Holdings Ltd.; CJSC The Moscow Interbank Currency Exchange Settlement House; CME; EUREX Bonds; ICE US Holding Company, LP; MuniCenter – The Debt Center, LLC; OTCDeriv Limited; TradeWeb Markets LLC; TIFFE – Tokyo Financial Futures Exchange; ERIS Exchange Holdings LLC; iSWAP Limited; CME/CBOT/NYMEX; Dubai Mercantile Exchange; European Energy Exchange; Intercontinental Exchange; Tokyo Commodities Exchange; Bombay Stock Exchange; Tokyo Financial Exchange; Japan Securities Clearing Corporation; Japan Securities Depository Center Inc.; and Japan Securities Clearing Corporation.

Certain Trading Systems through which MSWM and/or MS&Co. may directly or indirectly effect client trades execute transactions on a “blind” basis, so that a party to a transaction does not know the identity of the counterparty to the transaction. It is possible that an order for a client account that is executed through such a Trading System could be automatically matched with a counterparty that is (i) another investment advisory or brokerage client of MSWM or one of its affiliates or (ii) MSWM or one of its affiliates acting for its own proprietary accounts.

**MSWM Affiliate in Underwriting Syndicate; Other Relationships with Security Issuers.** If an affiliate of MSWM is a member of the underwriting syndicate from which a security is purchased, we or our affiliates may directly or indirectly benefit from such purchase.

MSWM and/or its affiliates have a variety of relationships with, and provide a variety of services to, issuers of securities recommended for client accounts, including investment banking, corporate advisory, underwriting, consulting, and brokerage relationships. As a result of these relationships with an issuer, MSWM or its affiliates may directly or indirectly benefit from a client’s purchase or sale of a security of the issuer. For example, MSWM or its affiliates may provide hedging services for compensation to issuers of structured investments (such as structured notes) recommended for client accounts. In such a case, MSWM or its affiliates could benefit if a client account purchased such an instrument, or sold such an instrument to another purchaser in lieu of selling or redeeming the instrument back to the issuer, as such transactions could result in the issuer of the instrument continuing to pay MSWM or its affiliates fees or other compensation for the hedging services related to such instrument. Similarly, if the hedging service with respect to such an instrument is not profitable for MSWM or its affiliates, MSWM or its affiliates may benefit if MSWM’s client accounts holding such instruments sold or redeemed them back to the issuer. We address these conflicts by disclosing them to you.

**Related Investment Advisors and Other Service Providers.** MSWM has related persons that are registered investment advisers in various investment advisory programs (including Morgan Stanley Investment Management Inc., Morgan Stanley Investment Advisors Inc. and Morgan Stanley Investment Management Limited). If you invest your assets and use an affiliated firm to manage your account, MSWM and its affiliates earn more money than if you use an unaffiliated firm. Generally, for ERISA or other retirement accounts, MSWM rebates or offsets fees so that MSWM complies with IRS and Department of Labor rules and regulations.

Morgan Stanley Investment Advisors Inc., serves in various advisory, management, and administrative capacities to open-end and closed-end investment companies 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 Distributors Inc. serves as distributor for these open-end investment companies, and has entered into selected dealer agreements with MSWM and affiliates. Morgan Stanley Distributors Inc. also may enter into selected dealer agreements with other dealers. Under many of 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.

**Cash Sweeps**

Generally, some portion of your account will be held in cash. If MSWM acts as custodian for your account, it will effect “sweep” transactions of free credit balances in your account into interest-bearing deposit accounts (“Deposit Accounts”) established under the Bank Deposit Program (“BDP”). For most clients BDP will be the only available cash sweep investment. Generally, the rate you will earn 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 the products available; (iv) transfer your sweep investment from one sweep product to another.

Clients that are considered Retirement Accounts should read the Exhibit to this Brochure (“Affiliated Money Market Funds Fee Disclosure Statement and Float Disclosure Statement”).

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

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 default Sweep Investment, rather than an eligible Money Market Fund. Further, MSWM’s affiliate, Morgan Stanley Investment Management, serves as the investment advisor to the available sweep Money Market Funds.

In addition, MSWM, 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. Material Conflicts of Interest Relating to Other Investment Advisers

MSWM and its affiliates provide investment advisory, prime brokerage, trading, execution and other services to each other, to managers, pooled investment vehicles, and other clients, and receive compensation for such services.

MSWM may choose to recommend managers or investment products for which MSWM or one or more of its affiliates serve as broker, prime broker, counterparty, administrator or other service provider, including investment banking, placement agent or secured lender and with respect to which MSWM and/or its affiliates receives fees, interest and/or other compensation. MSWM, in the course of these activities, including its prime broker and secured or margin lending activities, may take actions that are adverse to the interest of its advisory client, such as foreclosing upon collateral comprised of assets of an investment product pledged with respect to a loan.

Payments from Investment Managers. Investment managers participating in MSWM-sponsored internal training and education conferences and meetings may make certain payments to, or for the benefit of, MSWM or its Private Wealth Advisors to offset expenses incurred for these events.

While all fund families are provided with sponsorship opportunities, certain fund families (referred to as “Global Partners”) dedicate significant financial and staffing resources to these activities and may receive additional opportunities to sponsor firm events and to promote their own funds to Private Wealth Advisors and clients instead of funds from those fund families that do not commit similar resources to educational, marketing and other promotional events. MSWM selects the fund families that are Global Partners based on a number of quantitative and qualitative criteria.

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

Investment managers are allowed to occasionally give nominal gifts to PWAs and to occasionally entertain PWAs 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 they do not permit any gifts or entertainment conditioned on the achievement of a sales target.

None of these amounts relate to any particular transaction or investment made by MSWM clients with investment managers. Investment managers participating in the programs described in this Brochure are not required to make any of these types of payments.

Payments from Mutual Funds. Please see the discussion under “Funds in Advisory Programs” in Item 5 B for more information.

Client selection of MSWM affiliated funds. Where clients select to invest in mutual funds where the investment adviser is a MSWM affiliate, in addition to the program fee paid by clients, MSWM and its affiliates may also receive investment management fees and related administrative fees. Since the affiliated sponsor or manager receives additional investment management fees and other fees, MSWM has a conflict to recommend MSWM affiliated Funds.

For more information, please refer to the document “Mutual Fund Share Classes and Compensation”, at http://www.morganstanley.com/assets/pdfs/wealth-management-disclosures/mf_share_classes.pdf, also available from your Private Wealth Advisor on request.

Share classes. Mutual fund companies typically offer different ways to buy mutual fund shares. 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 are converted into a share class that has a lower or a higher expense ratio. Advisory share classes usually have a lower expense ratio than the share classes that MSWM previously offered in the program. However, we may continue to offer non-advisory share classes if, for example, there is no equivalent advisory share class available or we believe that the non-advisory share class is likely to be the most cost effective share class. 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.

If available, we (without notice to you) will 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 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 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 I and advisory share classes, which may negatively impact investment performance.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

A. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

MSWM’s Investment Adviser Code of Ethics (“Code”)

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appliea to its 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 Private Wealth Advisor.

B. Securities in Which You or a Related Person Has a Material Financial Interest

MSWM may from time to time buy securities from, or sell securities to, certain of MSWM’s advisory clients on a principal basis to the extent such transactions are consistent with MSWM’s obligations to its clients and in compliance with applicable disclosure, consent and other regulatory requirements. Generally, principal transactions with clients will be effected only where the execution of the transaction will be at least as favorable as an agency transaction with a non-affiliated broker-dealer and where the client has consented to such execution. For example, MSWM from time to time engages in principal trades with clients, subject to receipt of all required consents, in order to achieve best execution. In addition to securities transactions described above, the MSWM also effects transactions in foreign currencies on a principal basis for client accounts in accordance with applicable law.

MSWM is the regular investment banker for a number of major corporations and, from time to time, performs investment banking services for other companies as well. It is MSWM’s belief that the nature and range of clients to which MSWM renders such investment banking services is such that it would be inadvisable to exclude categorically all of these companies from a client’s account. Accordingly, it is likely that securities in an advisory account will include some of the securities of corporations for which MSWM performs investment banking services. Moreover, an account may include the securities of companies in which MSWM or affiliates makes a market or in which MSWM or affiliates, or the officers or employees of MSWM or affiliates, own securities.

In addition, MSWM may from time to time recommend to, purchase for, or sell to clients’ securities or other investment products in which MSWM or its affiliates may have or may acquire an interest. Transactions in a specific security may not be accomplished for all client accounts at the same time or price.

C. Investing in Securities That You or a Related Person Recommends to Clients or Has a Financial Interest In

In addition, MSWM may recommend to clients the services of registered investment advisers affiliated with MSWM. Such investment advisers, if selected by the client, receive investment management fees for their services. PWM also refers clients to its affiliates for management through pooled vehicles using alternative investment as well as private equity and venture capital strategies. MSWM recommends to, purchases for, or sells to its clients’ securities or other investment products in which MSWM or its affiliates may have or may acquire an interest, and acts as a general or limited partner in other partnerships in which clients may be solicited to invest. The documents that clients are required to execute to receive the investment supervisory services offered by MSWM contain, where appropriate, conflict of interest disclosure.

D. Conflicts of Interest Created by Contemporaneous Trading

Please refer to Section 11(A) above for information about contemporaneous trading.

Item 12: Brokerage Practices

A. Brokerage Practices

Whenever permitted by applicable law, MSWM or any of its affiliates will act as broker-dealer for client transactions. Clients may be able to obtain better executions of securities transactions if a broker-dealer other than MSWM or its affiliates are used to execute the client transactions.
It is MSWM's intended policy, consistent with investment considerations, to seek the most favorable price and execution ("best execution") for brokerage orders. Best execution is a combination of commission rates and prompt, reliable execution. In seeking best execution, MSWM may place most or all brokerage transactions through Affiliated Broker-Dealers. In continuing to place most or all of its transactions through affiliated broker-dealers, MSWM considers execution capabilities, including block positioning, financial stability, ability to maintain confidentiality, delivery and ability to obtain best execution. Consistent with the policy of seeking best execution, MSWM may consider the research capabilities of various brokerage firms, including their coverage of industries not covered by MSWM, the reputation and standing of their analysts, and their investment strategies, timing, accuracy of statistical information and idea generation. These supplemental research and statistical services generally consist of research reports or oral advice from the brokers and dealers regarding particular companies, industries or general economic conditions.

MSWM may not be able to execute transactions in certain fixed income securities (specifically including municipal bonds) in a client’s account when they do not meet the minimum denomination and increment requirements established by the issuer. In certain cases, this may result in an inability to rebalance a portion of a client’s fixed income portfolio or liquidate a portfolio of fixed income securities for tax harvesting or other purposes. To the extent permitted by law, MSWM will use its best efforts to assist advisory clients in selling fixed income securities that may not meet these minimums but cannot guarantee that a market will be available in which to sell such securities, nor the price at which such securities would sell if such markets were to exist.

B. Order Aggregation

MSWM manages its client accounts independently, taking into consideration each client’s investment objectives and guidelines. Transactions for each client account may be completed independently. MSWM may, however, purchase or sell the same securities or instruments for a number of client accounts at the same time. When possible, clients’ orders for the same security may be combined or "batched" to facilitate best execution. To the extent MSWM effects batched transactions for client accounts, it will do so in a manner designed to ensure that no participating client is favored over any other client. Specifically, each client that participates in a batched transaction will participate at the average share price for all of the transactions in that batched order. Securities purchased or sold in a batched transaction will be allocated pro-rata, when possible, to the participating clients' accounts in proportion to the size of the order placed for each account. MSWM may, however, increase or decrease the amount allocated to each account if necessary to avoid holding odd-lot or small numbers of shares for particular clients. Additionally, if MSWM is unable to fully execute a batched transaction and MSWM determines that it would be impractical to allocate a small number of securities among the accounts participating in the transaction on a pro-rata basis, MSWM may allocate such securities in a manner determined in good faith to be a fair allocation.

Due to the diverse nature of MSWM's client base (i.e., taxable, tax-exempt, and clients that hold restricted stock and/or inherited stock), MSWM may decide to exclude an account(s) from a batched order if the inclusion of the account(s) would be detrimental to the client(s) (i.e., adverse tax consequences, etc.). MSWM may also determine that it is not feasible to combine or batch transactions into a single order, and may effect transactions on an account by account basis. This will generally occur when MSWM is purchasing and selling securities in response to client cash flows. Since cash flow transactions are generally not predictable, MSWM may purchase or sell the same security several times during the course of the day, which may result in MSWM's clients not receiving the same or an average share price for trades placed in the same security on the same business day.

Item 13: Review of Accounts

A. Frequency and Nature of Review of Client Accounts

The WMS Group will perform quarterly surveillance on all relationships where there is a WMS Agreement and an IPS in place for the client’s advisory assets. This review involves a comparison of the Client's current portfolio allocation relative to the construct outlined in the IPS. Breaches, if any, are communicated to the Client for direction.

B. Content and Frequency of Account Reports to Clients

Performance reports detailing investment performance at the investment and aggregate portfolio level, as well as the strategic and tactical investment tolerances from the IPS are made available to you on a quarterly basis.

Item 14: Client Referrals and Other Compensation

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.
**Item 15: Custody**

When MSWM acts as your custodian it provides you with written confirmation of securities transactions, and account statements at least quarterly. You may elect to receive trade confirmations after the completion of each trade electronically through PWM’s online account services site. To enroll your account in the online account service site, please contact your Private Wealth Advisor. You may also receive Fund prospectuses, where appropriate.

We provide written performance reports to you upon request. 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 indices (such as Standard & Poor’s indices). You may access these reports through PWM’s online account services site. To enroll your account in the online account service site, please contact your Private Wealth Advisor.

**Item 16: Investment Discretion**

In one or more of the Investment Options, MSWM may retain discretionary authority to manage a client’s assets in accordance with their IPS. This authority is subject to the client’s investment goals and guidelines and financial situation as determined by prior agreement and continuous review. In addition, MSWM’s other financial industry activities may result in temporary limitations on MSWM’s ability, from a legal and regulatory point of view, to effect transactions on a discretionary basis.

**Item 17: Voting Client Securities**

*ELECTING WHO VOTES PROXIES.* If you have an account in the Select UMA, PM or GIS programs, or you invest in pooled vehicles through the WMS NDA program, you may elect to:

- retain the authority and responsibility to vote proxies for your account
- delegate discretion to vote proxies to a third party (other than MSWM)
- delegate proxy voting authority to a third party proxy voting service provider, Institutional Shareholder Services Inc. (“ISS”), which MSWM has engaged to vote proxies on your behalf.

If you expressly retain the right to vote proxies, we will forward to you any proxy materials that we receive for securities in your account. Neither Morgan Stanley nor your Financial Advisor will advise you on particular proxy solicitations. If a third party or ISS, as applicable, vote proxies for you, you cannot instruct them on how to cast any particular vote.

If you have delegated proxy voting authority to a third party or ISS, as applicable, you may obtain, from your Financial Advisor, information as to how proxies were voted for your account during the prior annual period and relevant proxy voting policies and procedures (including a copy of the policy guidelines and vote recommendations in effect from time to time). You may change your proxy voting election at any time by contacting your Financial Advisor.

**Item 18: 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 ten years.

**Item 19: Requirements for State-Registered Adviser**

This item is not applicable to the programs described in this Brochure.
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 Accounts 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.

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

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 MSSB (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.