The following revenue-sharing information mainly pertains to mutual fund purchases in commission-based brokerage accounts. For more information on fees and expenses related to mutual fund purchases through Morgan Stanley fee-based advisory account programs, please refer to the applicable Morgan Stanley ADV brochure.

Morgan Stanley charges each fund family we offer a mutual fund support fee, also called a revenue-sharing payment, on client account holdings in fund families based on a tiered rate which increases along with the management fee of the fund. This means that lower management fee funds pay lower rates than those with higher management fees. The rate ranges from 0.01% per year ($1 per $10,000 of assets) up to a maximum of 0.10% per year ($10 per $10,000 of assets).

The tiered rates are the same for transactional brokerage and fee-based advisory client account holdings. However, for advisory accounts there are account type and program exceptions and the fees are rebated to offset an advisory account platform fee. Please see the applicable Morgan Stanley ADV brochure for additional information.

Revenue-sharing payments are in addition to the sales charges, annual distribution and service fees (referred to as “12b-1 fees”), applicable redemption fees and deferred sales charges, and other fees and expenses disclosed in the fund’s prospectus fee table. Revenue-sharing payments are generally paid out of the fund’s investment adviser, distributor or other fund affiliate’s revenues or profits and not from the fund’s assets. However, fund affiliate revenues or profits may, in part, be derived from fees earned for services provided to and paid for by the fund. Morgan Stanley does not receive any portion of these revenue-sharing payments through brokerage commissions generated by the fund.

Set forth below is a listing of the fund families from which we received revenue-sharing payments in 2016. Fund families are listed in descending order based on the total amount of revenue-sharing payments we recognized from each fund family for 2016. Although we seek to charge all fund families the same revenue-sharing fee schedule, in aggregate Morgan Stanley receives significantly more revenue-sharing from the families with the largest client fund share holdings at our firm. This fact presents a conflict of interest for Morgan Stanley to promote and recommend funds from those fund families rather than funds from families that, in aggregate, pay us less revenue-sharing. In addition, since our revenue-sharing rates are higher for funds with higher management fees, this fact presents a conflict of interest for us to promote and recommend funds that have higher management fees. In order to mitigate this conflict, Financial Advisors and their Branch Office Managers do not receive additional compensation as a result of revenue-sharing payments received by Morgan Stanley. Moreover, for advisory account clients the fees are rebated, which we generally expect to offset an advisory account platform fee, where applicable.

Expenses Payments, Data Analytics and Administrative Service Fees
Morgan Stanley receives expense payments and fees for providing data analytics and performing record keeping and related services, which are more fully described below. Administrative fees may be viewed in part as a form of revenue-sharing if and to the extent the amounts paid by the fund exceed what the mutual fund would otherwise have paid for those services. However, they are not included in the revenue-sharing payments described above.
Expense Payments and Data Analytics Fees

Morgan Stanley 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, prospective clients and educational activities. Fund families or their affiliates make payments to Morgan Stanley in connection with these promotional efforts, in order to reimburse Morgan Stanley 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.

Morgan Stanley also provides fund families with the opportunity to purchase supplemental sales data analytics. The fee amount depends on the level of data and the number of products covered. The current range is $250,000 per year for the most basic mutual fund data package up to $500,000 per year for the most comprehensive mutual fund sales data package. For an additional fee, fund families that sponsor products in addition to mutual funds (e.g., ETFs, UITs and SMAs) may purchase data analytics on other financial product sales at Morgan Stanley.

These facts present a conflict of interest for Morgan Stanley 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 annually for each fund family). Morgan Stanley’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.

Administrative Service Fees

Morgan Stanley and/or its affiliates receive compensation from funds or their affiliated service providers for providing record keeping and related services to the funds. These charges are based on the aggregate value of client positions. We typically process transactions with domestic fund families on an omnibus basis, which means we consolidate our clients’ trades into one daily trade with the fund, and therefore maintain all pertinent individual shareholder information for the fund. Trading in this manner requires that we maintain the
transaction history necessary to track and process sales charges, annual service fees, and applicable redemption fees and deferred sales charges for each position, as well as other transaction details required for ongoing position maintenance purposes. Offshore fund families are traded on a networked basis, which means Morgan Stanley submits a separate trade for each individual client trade to the fund. This means we maintain only certain elements of the fund’s shareholder information.

For these services, funds pay 0.06% per year ($6 per $10,000) on fund assets held by our clients in commission-based brokerage accounts and fee-based advisory account programs. However, for advisory accounts there are account type and program exceptions, while the fees are rebated to offset an advisory account platform fee. Please see the applicable Morgan Stanley ADV brochure for additional information.

While all fund families are charged the same administrative service fee rates for either omnibus or networked accounts, in aggregate Morgan Stanley receives significantly more administrative service fees from the fund families with the largest client fund share holdings at our firm. This fact presents a conflict of interest for Morgan Stanley to promote and recommend funds from those fund families rather than funds from families that, in aggregate, pay us less administrative service fees. In order to mitigate this conflict, Financial Advisors and their Branch Office Managers do not receive additional compensation as a result of these administrative service fee payments received by Morgan Stanley. Moreover, for advisory account clients, the fees are rebated, for which we generally expect to offset an advisory account platform fee, where applicable.

**Money Market and Money Market Sweep Funds**
Money market funds are generally subject to the same revenue-sharing and administrative service fees outlined above. However, different fees are assessed on money market fund assets that are available as cash management sweep options for Morgan Stanley client accounts. Our affiliate, Morgan Stanley Investment Management (“MSIM”), serves as the investment adviser to the cash management sweep option funds.

Morgan Stanley receives revenue-sharing compensation from MSIM based on the amount of money market sweep fund assets held by our clients in brokerage accounts of up to 0.25% per year ($25 per $10,000 of assets). This fee is not assessed on positions held by clients in our fee-based advisory account programs.

**For More Information**
For additional information on a particular fund’s payment and compensation practices, please refer to the fund’s Prospectus and Statement of Additional Information. For further information regarding the fund fees and expenses borne by you and how Morgan Stanley and your Financial Advisor are compensated when you purchase and hold mutual fund shares, please refer to “Mutual Fund Share Classes and Compensation” available at: http://www2.morganstanley.com/wealth/investmentsolutions/mutualfunds.asp. You may also contact your Financial Advisor.

---

Before buying any mutual fund, request a prospectus from your Financial Advisor and read it carefully. The prospectus contains important information on fees, charges and investment objectives which should be considered carefully before investing.

An investment in a mutual fund is subject to market risk, including the loss of principal invested.