INVESTMENT PERFORMANCE ANALYSIS FOR

MICHIGAN COUNTY ROAD COMMISSION SELF-INSURANCE POOL

QUARTER ENDING SEPTEMBER 30, 2017

THE BRICE GROUP
GRAYSTONE CONSULTING

34901 WOODWARD AVENUE, SUITE 300
BIRMINGHAM MI 48009
248-593-2474

Presented by:

BRIAN P. BRICE, CIMA ®
Managing Director – Wealth Management
Institutional Consulting Director
Corporate Retirement Director
Institutional Consultant
brian.brice@msgraystone.com

Meeting Date: December 6, 2017

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3rd Quarter 2017 Market Performance

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Prepared on October 10, 2017

Please review the disclosures and definitions throughout this Document.

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Please review the disclosures and definitions throughout this Document.
Various sub-sections of this Document may not contain information on all accounts/positions covered in this Document.

Asset Class Index Performance

Capital Market Returns

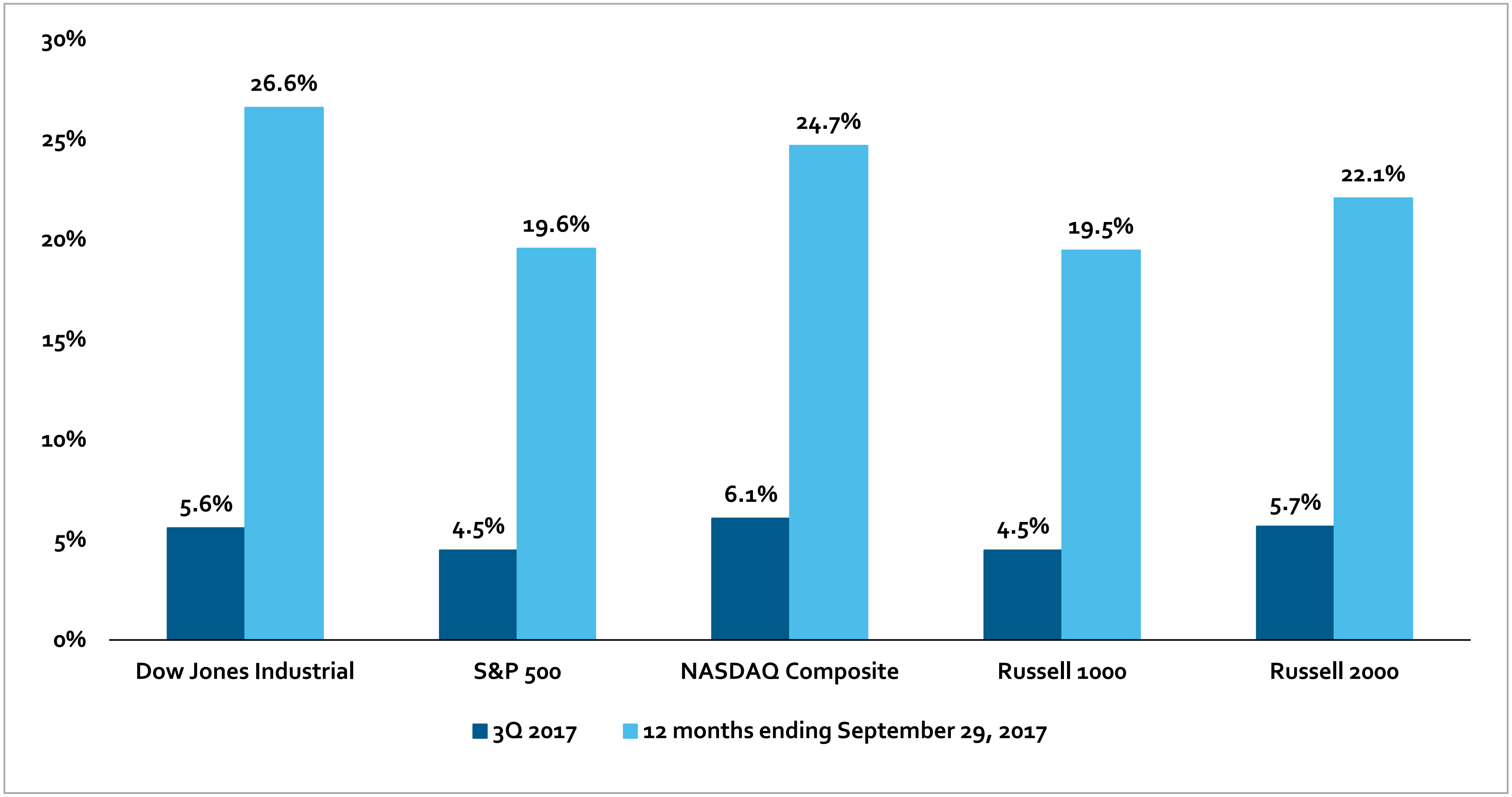
As of September 29, 2017; Private Real Estate as of June 30, 2017

ASSET CLASS	INDEX IN USD	1-MONTH	YTD	1-YR	3-YR ANN	5-YR ANN
Global Equity						
Global Equity	MSCI All Country World	2.0%	17.8%	19.3%	8.6%	10.7%
US Equity	S&P 500	2.1%	14.2%	18.6%	11.3%	14.1%
International Equity	MSCI All Country World ex US	1.9%	21.6%	20.2%	5.9%	7.3%
Emerging Markets Equity	MSCI Emerging Markets	-0.4%	28.1%	22.9%	5.7%	4.3%
Global Fixed Income						
Investment Grade Fixed Income	Barclays Global Aggregate (H)	-0.5%	2.2%	3.9%	3.1%	3.1%
Inflation-Linked Securities	Barclays Universal Govt Inflation-Linked	-0.5%	6.9%	6.5%	1.6%	4.3%
High Yield	Barclays Global High Yield (H)	0.7%	7.7%	15.6%	6.7%	7.3%
Emerging Markets Fixed Income	JP Morgan EM Bonds (UH in USD)	-0.3%	14.3%	9.9%	0.3%	-0.4%
Alternative Investments						
Global REITs	FTSE EPRA/NAREIT Global REITs	0.3%	10.8%	4.4%	7.6%	7.6%
Commodities	Bloomberg Commodities	-0.1%	-2.9%	-0.3%	-10.5%	-10.7%
MLPs	Alerian MLP	0.7%	-5.6%	-3.7%	-12.6%	-0.8%
Hedged Strategies	HFRX Global Hedge Fund Index	0.5%	4.3%	5.5%	0.7%	1.9%
Managed Futures	HFRX Macro/CTA Index	-1.0%	-0.1%	-1.8%	-0.7%	-0.3%
Private Real Estate	NCREIF Private Real Estate	-	-	5.1%	10.6%	10.7%
Global Cash						
Cash	Citigroup 3-month Treasury Bill	0.1%	0.6%	0.6%	0.3%	0.2%
Other Fixed Income						
Municipal Fixed Income	Barclays Municipal Bond	-0.5%	4.7%	0.9%	3.2%	3.1%

Source: FactSet, Morgan Stanley Wealth Management GIC. For more information about the risks to Master Limited Partnerships (MLPs), please refer to the Risk Considerations section at the end of this material.

Total Returns on Major US Stock Market Indices

As of September 29, 2017



Source: Bloomberg

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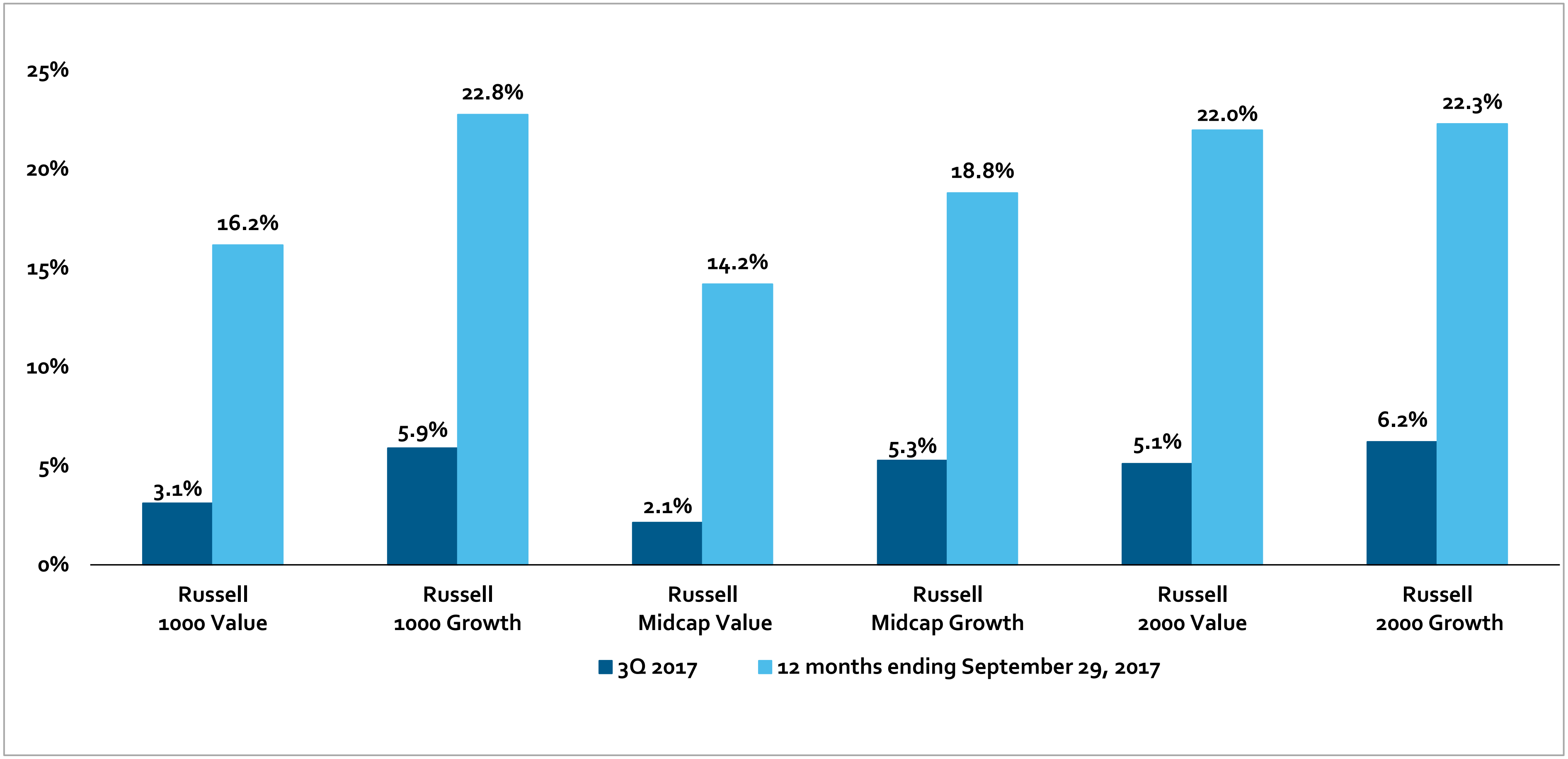
Russell Style and Market Capitalization Indices

As of September 29, 2017



Source: Bloomberg

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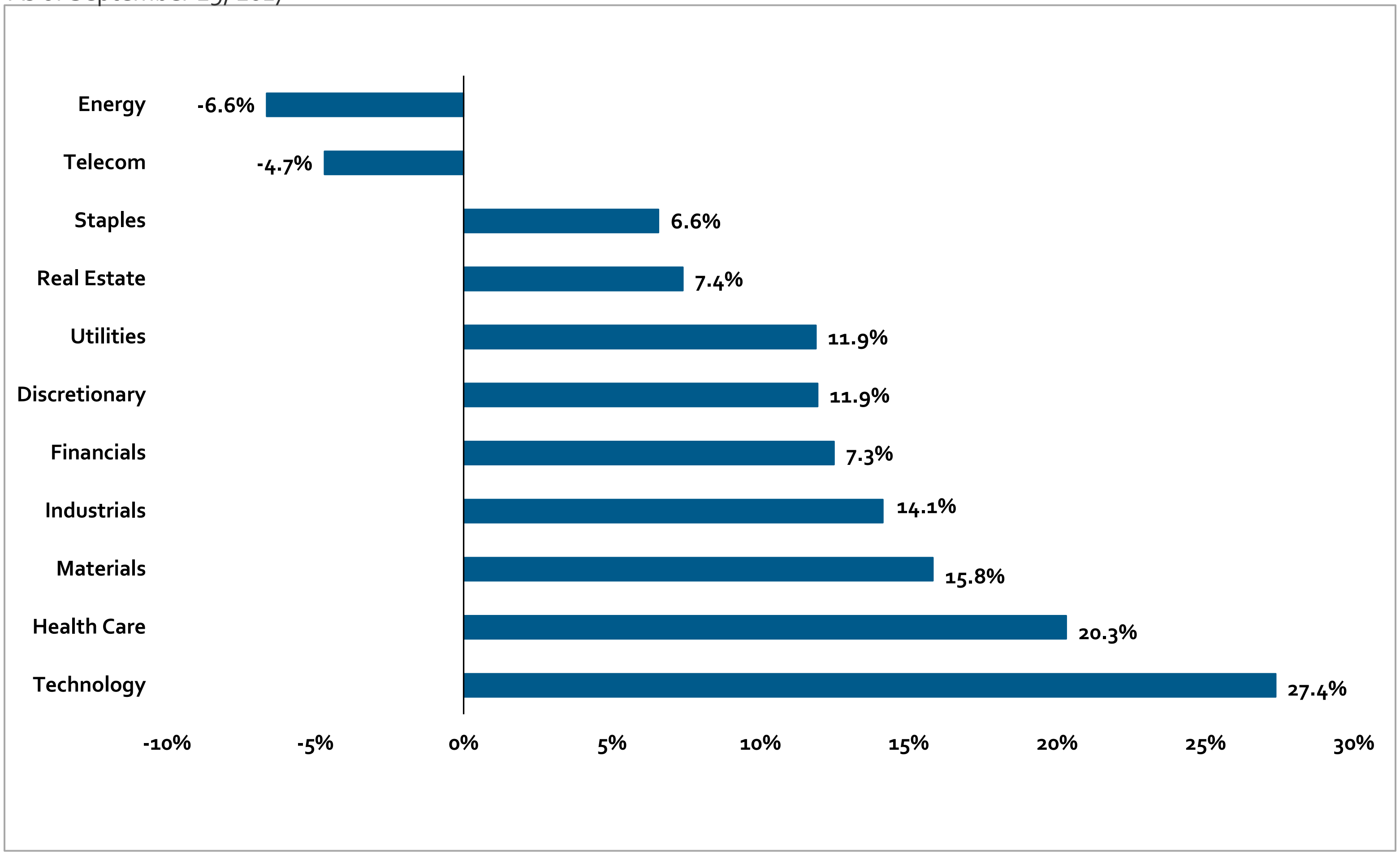
S&P 500 Sectors

YTD 2017 Total Return

As of September 29, 2017



Source: Bloomberg

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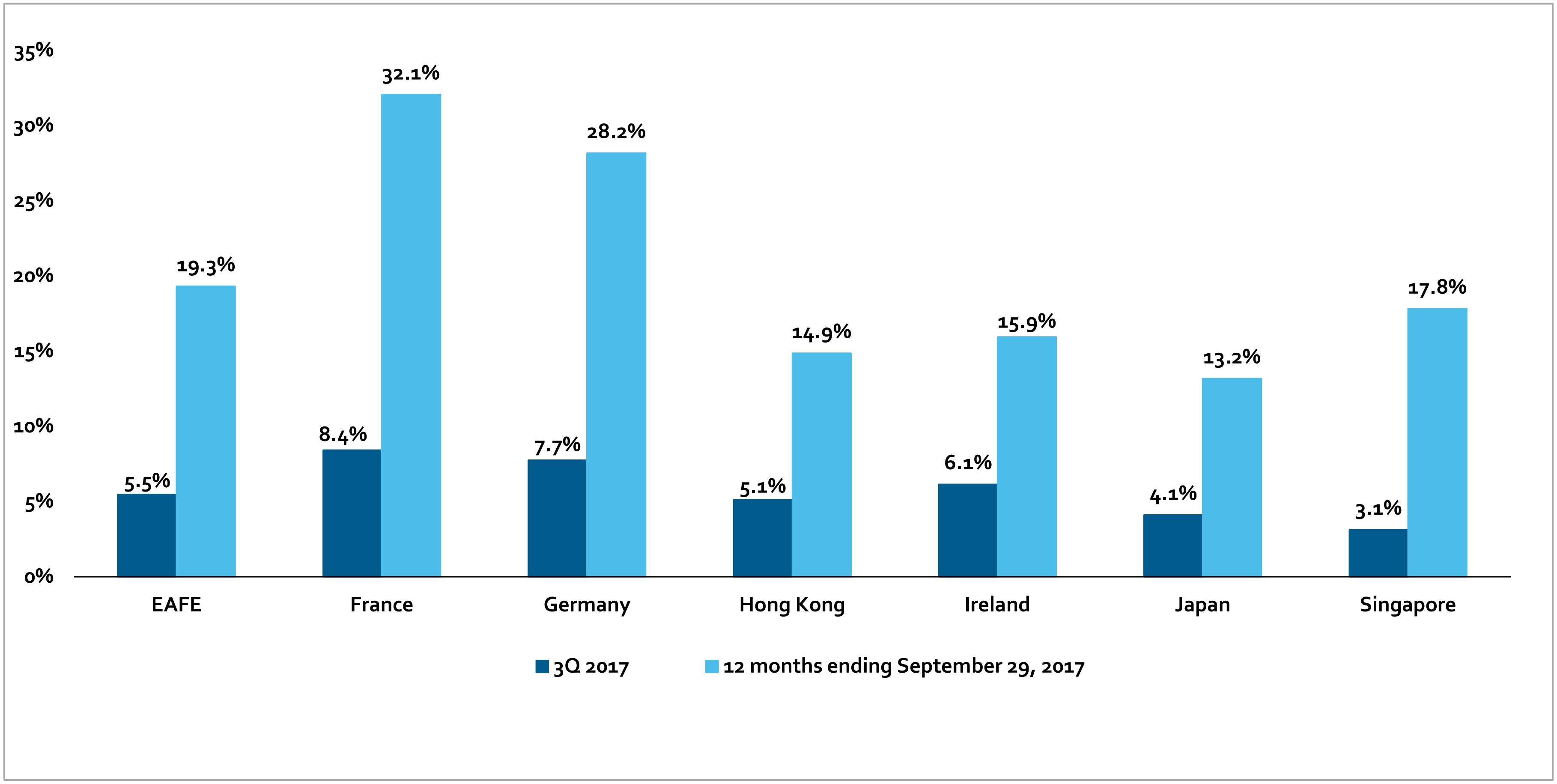
MSCI Developed Market Returns for USD Investors

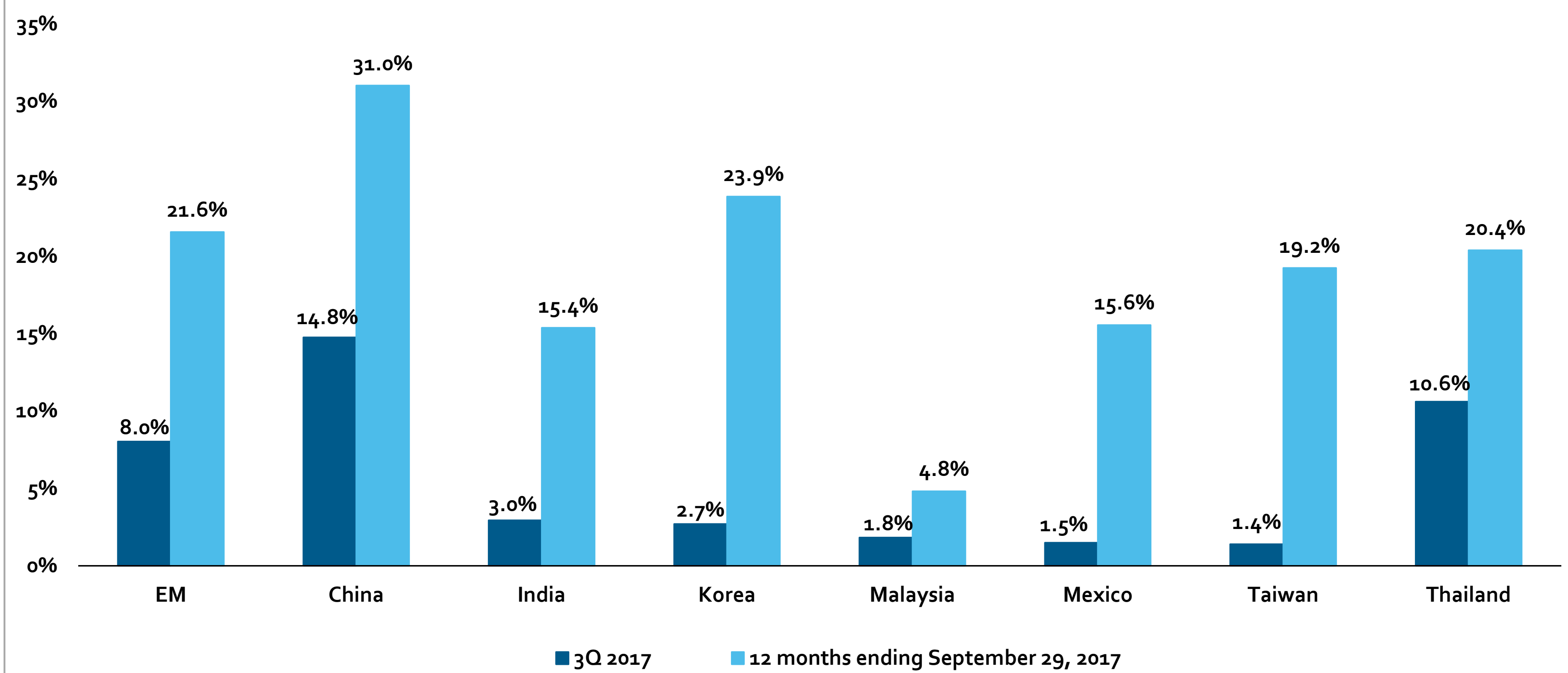
As of September 29, 2017



Source: Bloomberg. Returns are in USD (unhedged).

MSCI Emerging Markets Returns for USD Investors

As of September 29, 2017



Source: Bloomberg

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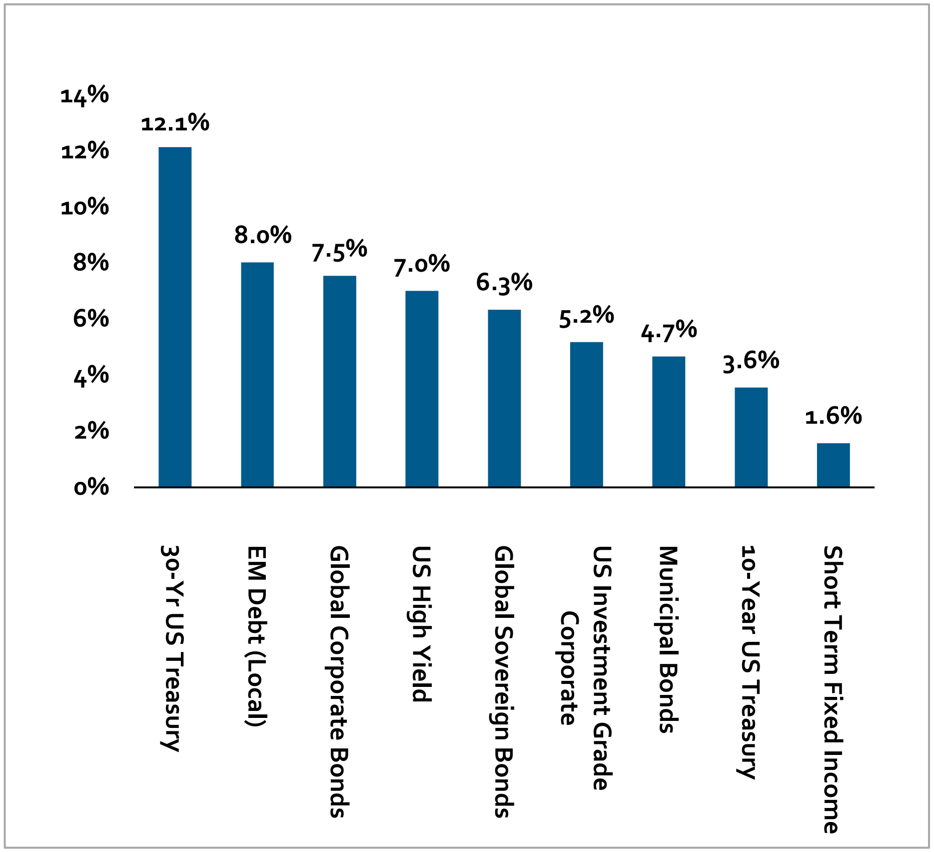
Fixed Income Performance and Spreads

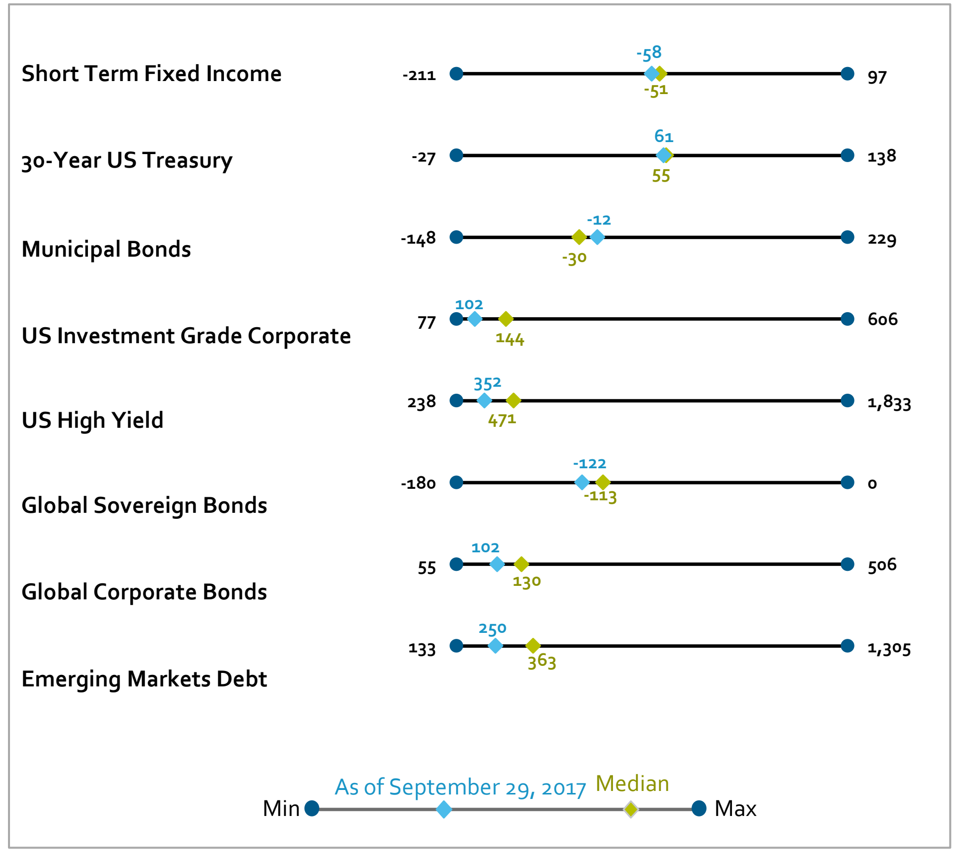
YTD Total Return [1]

As of September 29, 2017



Yield Spreads Vs. Past 20 Years [2]

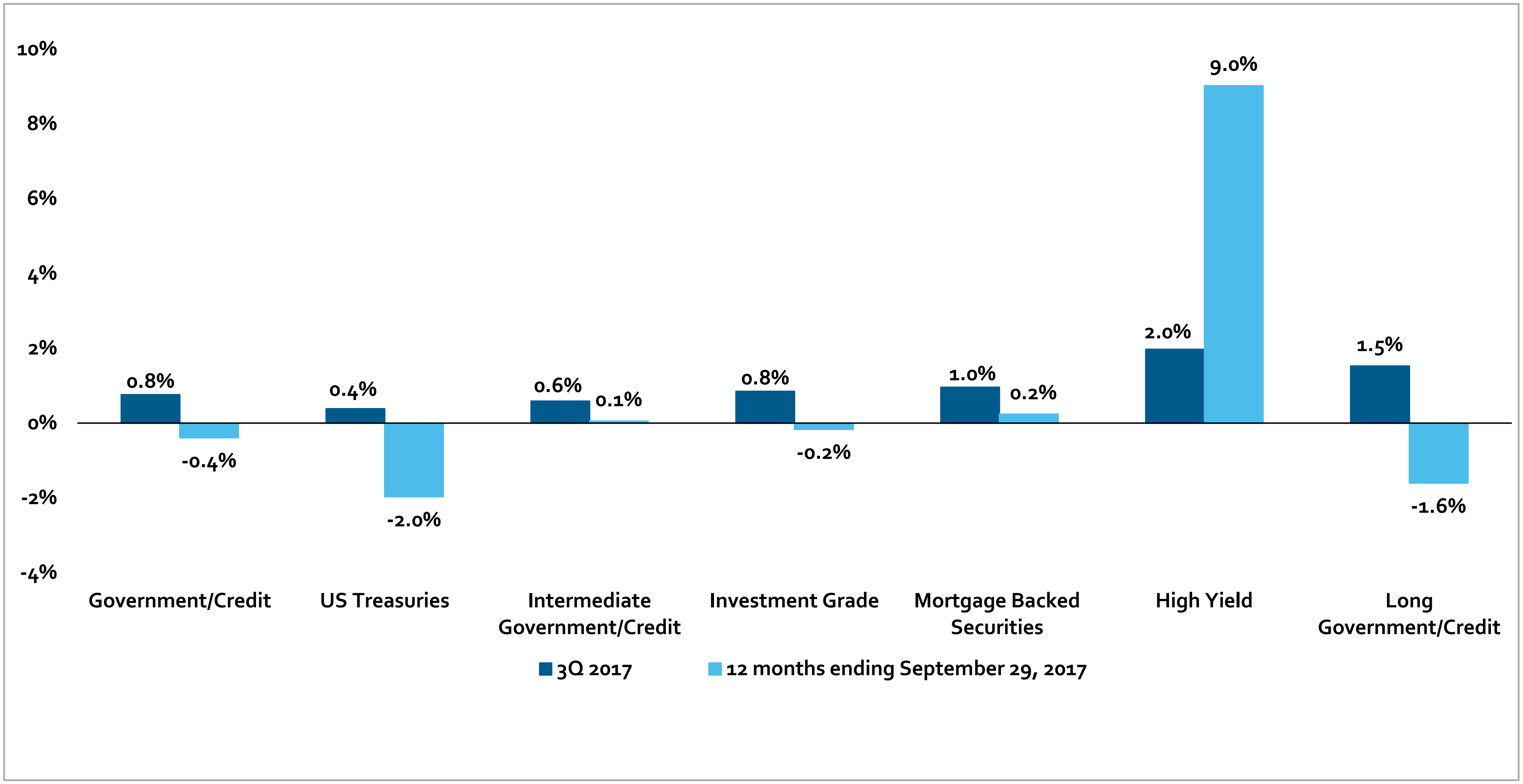
As of September 29, 2017



Source: FactSet, Bloomberg, Morgan Stanley Wealth Management GIC. (1) Indices used for this analysis include: Bloomberg Barclays US High Yield, Bloomberg Barclays US Gov/Credit Float Adjusted 1-5Y Bond (short duration), Bloomberg Barclays Global Aggregate Credit-Corporate, JP Morgan GBI-EM Global Diversified (EM debt), Bloomberg Barclays US Investment Grade Corporate, Bloomberg Barclays Muni Bond, and Bloomberg Barclays Global Aggregate Government (global sovereign). (2) Yield spread ranges are based on 20 years of data.

US Bond Market Indices[1]

As of September 29, 2017



Source: FactSet. (1) Represented by Bloomberg Barclays fixed income indices.

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While the HFRI indices are frequently used, they have limitations (some of which are typical of other widely used indices). These limitations include survivorship bias (the returns of the indices may not be representative of all the hedge funds in the universe because of the tendency of lower performing funds to leave the index); heterogeneity (not all hedge funds are alike or comparable to one another, and the index may not accurately reflect the performance of a described style); and limited data (many hedge funds do not report to indices, and the index may omit funds, the inclusion of which might significantly affect the performance shown. The HFRI indices are based on information self-reported by hedge fund managers that decide on their own, at any time, whether or not they want to provide, or continue to provide, information to HFR Asset Management, L.L.C. Results for funds that go out of business are included in the index until the date that they cease operations. Therefore, these indices may not be complete or accurate representations of the hedge fund universe, and may be biased in several ways.

It should be noted that the majority of hedge fund indexes are comprised of hedge fund manager returns. This is in contrast to traditional indexes, which are comprised of individual securities in the various market segments they represent and offer complete transparency as to membership and construction methodology. As such, some believe that hedge fund index returns have certain biases that are not present in traditional indexes. Some of these biases inflate index performance, while others may skew performance negatively. However, many studies indicate that overall hedge fund index performance has been biased to the upside. Some studies suggest performance has been inflated by up to 260 basis points or more annually depending on the types of biases included and the time period studied. Although there are numerous potential biases that could affect hedge fund returns, we identify some of the more common ones throughout this paper. Self-selection bias results when certain manager returns are not included in the index returns and may result in performance being skewed up or down. Because hedge funds are private placements, hedge fund managers are able to decide which fund returns they want to report and are able to opt out of reporting to the various databases. Certain hedge fund managers may choose only to report returns for funds with strong returns and opt out of reporting returns for weak performers. Other hedge funds that close may decide to stop reporting in order to retain secrecy, which may cause a downward bias in returns. Survivorship bias results when certain constituents are removed from an index. This often results from the closure of funds due to poor performance, “blow ups,” or other such events. As such, this bias typically results in performance being skewed higher. As noted, hedge fund index performance biases can result in positive or negative skew. However, it would appear that the skew is more often positive. While it is difficult to quantify the effects precisely, investors should be aware that idiosyncratic factors may be giving hedge fund index returns an artificial “lift” or upwards bias.

Hedge Funds of Funds and many funds of funds are private investment vehicles restricted to certain qualified private and institutional investors. They are often speculative and include a high degree of risk. Investors can lose all or a substantial amount of their investment. They may be highly illiquid, can engage in leverage and other speculative practices that may increase volatility and the risk of loss, and may be subject to large investment minimums and initial lockups. They involve complex tax structures, tax-inefficient investing and delays in distributing important tax information. Categorically, hedge funds and funds of funds have higher fees and expenses than traditional investments, and such fees and expenses can lower the returns achieved by investors. Funds of funds have an additional layer of fees over and above hedge fund fees that will offset returns. An investment in an **exchange-traded fund** involves risks similar to those of investing in a broadly based portfolio of equity securities traded on an exchange in the relevant securities market, such as market fluctuations caused by such factors as economic and political developments, changes in interest rates and perceived trends in stock and bond prices. An investment in a **target date portfolio** is subject to the risks attendant to the underlying funds in which it invests, in these portfolios the funds are the Consulting Group Capital Market funds. A target date portfolio is geared to investors who will retire and/or require income at an approximate year. The portfolio is managed to meet the investor’s goals by the pre-established year or “target date.” A target date portfolio will transition its invested assets from a more aggressive portfolio to a more conservative portfolio as the target date draws closer. An investment in the target date portfolio is not guaranteed at any time, including, before or after the target date is reached. **Managed futures** investments are speculative, involve a high degree of risk, use significant leverage, are generally illiquid, have substantial charges, subject investors to conflicts of interest, and are suitable only for the risk capital portion of an investor’s portfolio. Managed futures investments do not replace equities or bonds but rather may act as a complement in a well diversified portfolio. Managed Futures are complex and not appropriate for all investors. **Rebalancing** does not protect against a loss in declining financial markets. There may be a potential tax implication with a rebalancing strategy. **Asset allocation and diversification** do not assure a profit or protect against loss in declining financial markets. Past performance is no guarantee of future results. Actual results may vary.

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Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustration purposes only and do not show the performance of any specific investment. Reference to an index does not imply that the portfolio will achieve return, volatility or other results similar to the index. The composition of an index may not reflect the manner in which a portfolio is constructed in relation to expected or achieved returns, portfolio guidelines, restrictions, sectors, correlations, concentrations, volatility, or tracking error target, all of which are subject to change over time.

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We may act in the capacity of a broker or that of an advisor. As your broker, we are not your fiduciary and our interests may not always be identical to yours. Please consult with your Private Wealth Advisor to discuss our obligations to disclose to you any conflicts we may from time to time have and our duty to act in your best interest. We may be paid both by you and by others who compensate us based on what you buy. Our compensation, including that of your Private Wealth Advisor, may vary by product and over time.

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For index, indicator and survey definitions referenced in this report please visit the following: http://www.morganstanleyfa.com/public/projectfiles/id.pdf
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Global Investment Committee (GIC) Asset Allocation Models: The Asset Allocation Models are created by Morgan Stanley Wealth Management's GIC. **HYPOTHETICAL MODEL PERFORMANCE (GROSS):** Hypothetical model performance results do not reflect the investment or performance of an actual portfolio following a GIC Strategy, but simply reflect actual historical performance of selected indices on a real-time basis over the specified period of time representing the GIC's strategic and tactical allocations as of the date of this report. The past performance shown here is simulated performance based on benchmark indices, not investment results from an actual portfolio or actual trading. There can be large differences between hypothetical and actual performance results achieved by a particular asset allocation or trading strategy. Hypothetical performance results do not represent actual trading and are generally designed with the benefit of hindsight. Actual performance results of accounts vary due to, for example, market factors (such as liquidity) and client-specific factors (such as investment vehicle selection, timing of contributions and withdrawals, restrictions and rebalancing schedules). Clients would not necessarily have obtained the performance results shown here if they had invested in accordance with any GIC Asset Allocation Model for the periods indicated. Despite the limitations of hypothetical performance, these hypothetical performance results allow clients and Financial Advisors to obtain a sense of the risk /return trade-off of different asset allocation constructs. The hypothetical performance results in this report are calculated using the returns of benchmark indices for the asset classes, and not the returns of securities, fund or other investment products. Models may contain allocations to Hedge Funds, Private Equity and Private Real Estate. The benchmark indices for these asset classes are not issued on a daily basis. When calculating model performance on a day for which no benchmark index data is issued, we have assumed straight line growth between the index levels issued before and after that date. **FEES REDUCE THE PERFORMANCE OF ACTUAL ACCOUNTS:** None of the fees or other expenses (e.g. commissions, mark-ups, mark-downs, fees) associated with actual trading or accounts are reflected in the GIC Asset Allocation Models. The GIC Asset Allocation Models and any model performance included in this presentation are intended as educational materials. Were a client to use these models in connection with investing, any investment decisions made would be subject to transaction and other costs which, when compounded over a period of years, would decrease returns. Information regarding Morgan Stanley's standard advisory fees is available in the Form ADV Part 2, which is available at www.morganstanley.com/adv. The following hypothetical illustrates the compound effect fees have on investment returns: For example, if a portfolio's annual rate of return is 15% for 5 years and the account pays 50 basis points in fees per annum, the gross cumulative five-year return would be 101.1% and the five-year return net of fees would be 96.8%. Fees and/or expenses would apply to clients who invest in investments in an account based on these asset allocations, and would reduce clients' returns. The impact of fees and/or expenses can be material. **insurance products disclosures: Variable annuities** are long-term investments designed for retirement purposes and may be subject to market fluctuations, investment risk, and possible loss of principal. All guarantees, including optional benefits, are based on the financial strength and claims-paying ability of the issuing insurance company and do not apply to the underlying investment options. Optional riders may not be able to be purchased in combination and are available at an additional cost. Some optional riders must be elected at time of purchase. Optional riders may be subject to specific limitations, restrictions, holding periods, costs, and expenses as specified by the insurance company in the annuity contract. If you are investing in a **variable annuity** through a tax-advantaged retirement plan such as an IRA, you will get no additional tax advantage from the variable annuity. Under these circumstances, you should only consider buying a variable annuity because of its other features, such as lifetime income payments and death benefits protection. Taxable distributions (and certain deemed distributions) are subject to ordinary income tax and, if taken prior to age 59½, may be subject to a 10% federal income tax penalty. Early withdrawals will reduce the death benefit and cash surrender value. **Equity securities** may fluctuate in response to news on companies, industries, market conditions and general economic environment. **Ultrashort-term fixed income** asset class is comprised of fixed income securities with high quality, very short maturities. They are therefore subject to the risks associated with debt securities such as credit and interest rate risk. **Master Limited Partnerships (MLPs)** are limited partnerships or limited liability companies that are taxed as partnerships and whose interests (limited partnership units or limited liability company units) are traded on securities exchanges like shares of common stock. Currently, most MLPs operate in the energy, natural resources or real estate sectors. Investments in MLP interests are subject to the risks generally applicable to companies in the energy and natural resources sectors, including commodity pricing risk, supply and demand risk, depletion risk and exploration risk. Individual MLPs are publicly traded partnerships that have unique risks related to their structure. These include, but are not limited to, their reliance on the capital markets to fund growth, adverse ruling on the current tax treatment of distributions (typically mostly tax deferred), and commodity volume risk. The potential tax benefits from investing in MLPs depend on their being treated as partnerships for federal income tax purposes and, if the MLP is deemed to be a corporation, then its income would be subject to federal taxation at the entity level, reducing the amount of cash available for distribution to the fund which could result in a reduction of the fund's value. MLPs carry interest rate risk and may underperform in a rising interest rate environment. MLP funds accrue deferred income taxes for future tax liabilities associated with the portion of MLP distributions considered to be a tax-deferred return of capital and for any net operating gains as well as capital appreciation of its investments; this deferred tax liability is reflected in the daily NAV, and, as a result, the MLP fund's after-tax performance could differ significantly from the underlying assets even if the pre-tax performance is closely tracked. **Investing in commodities** entails significant risks. Commodity prices may be affected by a variety of factors at any time, including but not limited to, (i) changes in supply and demand relationships, (ii) governmental programs and policies, (iii) national and international political and economic events, war and terrorist events, (iv) changes in interest and exchange rates, (v) trading activities in commodities and related contracts, (vi) pestilence, technological change and weather, and (vii) the price volatility of a commodity. In addition, the commodities markets are subject to temporary distortions or other disruptions due to various factors, including lack of liquidity, participation of speculators and government intervention. **Physical precious metals** are non-regulated products.

Precious metals are speculative investments, which may experience short-term and long term price volatility. The value of precious metals investments may fluctuate and may appreciate or decline, depending on market conditions. Unlike bonds and stocks, precious metals do not make interest or dividend payments. Therefore, precious metals may not be suitable for investors who require current income. Precious metals are commodities that should be safely stored, which may impose additional costs on the investor. **REITs** investing risks are similar to those associated with direct investments in real estate: property value fluctuations, lack of liquidity, limited diversification and sensitivity to economic factors such as interest rate changes and market recessions. Risks of **private real estate** include: illiquidity; a long-term investment horizon with a limited or nonexistent secondary market; lack of transparency; volatility (risk of loss); and leverage. Principal is returned on a monthly basis over the life of a **mortgage-backed security.** Principal prepayment can significantly affect the monthly income stream and the maturity of any type of MBS, including standard MBS, CMOs and Lottery Bonds. **Asset-backed securities** generally decrease in value as a result of interest rate increases, but may benefit less than other fixed-income securities from declining interest rates, principally because of prepayments. **Yields** are subject to change with economic conditions. Yield is only one factor that should be considered when making an investment decision. **Credit ratings** are subject to change. The majority of $25 and $1000 par **preferred securities** are "callable" meaning that the issuer may retire the securities at specific prices and dates prior to maturity. Interest/dividend payments on certain preferred issues may be deferred by the issuer for periods of up to 5 to 10 years, depending on the particular issue. The investor would still have income tax liability even though payments would not have been received. Price quoted is per $25 or $1,000 share, unless otherwise specified. Current yield is calculated by multiplying the coupon by par value divided by the market price. The initial interest rate on a **floating-rate security** may be lower than that of a fixed-rate security of the same maturity because investors expect to receive additional income due to future increases in the floating security's underlying reference rate. The reference rate could be an index or an interest rate. However, there can be no assurance that the reference rate will increase. Some floating-rate securities may be subject to call risk. The market value of **convertible bonds** and the underlying common stock(s) will fluctuate and after purchase may be worth more or less than original cost. If sold prior to maturity, investors may receive more or less than their original purchase price or maturity value, depending on market conditions. Callable bonds may be redeemed by the issuer prior to maturity. Additional call features may exist that could affect yield. Some $25 or $1000 **par preferred securities** are QDI (Qualified Dividend Income) eligible. Information on QDI eligibility is obtained from third party sources. The dividend income on QDI eligible preferreds qualifies for a reduced tax rate. Many traditional 'dividend paying' perpetual preferred securities (traditional preferreds with no maturity date) are QDI eligible. In order to qualify for the preferential tax treatment all qualifying preferred securities must be held by investors for a minimum period – 91 days during a 180 day window period, beginning 90 days before the ex-dividend date. Companies paying **dividends** can reduce or cut payouts at any time. **Nondiversification:** For a portfolio that holds a concentrated or limited number of securities, a decline in the value of these investments would cause the portfolio's overall value to decline to a greater degree than a less concentrated portfolio. The **indices selected by Morgan Stanley Wealth Management** to measure performance are representative of broad asset classes. Morgan Stanley Wealth Management retains the right to change representative indices at any time. Because of their narrow focus, **sector investments** tend to be more volatile than investments that diversify across many sectors and companies. **Growth investing** does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations. **Value investing** does not guarantee a profit or eliminate risk. Not all companies whose stocks are considered to be value stocks are able to turn their business around or successfully employ corrective strategies which would result in stock prices that do not rise as initially expected. Any type of **continuous or periodic investment plan** does not assure a profit and does not protect against loss in declining markets. Since such a plan involves continuous investment in securities regardless of fluctuating price levels of such securities, the investor should consider his financial ability to continue his purchases through periods of low price levels. **Duration**, the most commonly used measure of bond risk, quantifies the effect of changes in interest rates on the price of a bond or bond portfolio. 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Market Slides

Graystone Consulting[SM]
A business of Morgan Stanley

Prepared on October 10, 2017

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Please review the disclosures and definitions throughout this Document.
Various sub-sections of this Document may not contain information on all accounts/positions covered in this Document.

Summary of GIC Tactical Advice: Global Equities

As of August 31, 2017

Global Equities	Relative Weight Within Equities	Rationale
US	Overweight	While US equities have done exceptionally well since the global financial crisis, they are now in the latter stages of a cyclical bull market. This bull market was challenged during the past year by fears of political events and instability. While the Trump/Republican progrowth agenda has been slower to develop than hoped, it has also left us in a bit of a Goldilocks environment in which growth and interest rates are neither too hot nor too cold. This is supportive of our call for higher valuations and 2700 on the S&P 500.
International Equities (Developed Markets)	Overweight	We maintain a positive bias for Japanese and European equity markets. The populist movements around the world are likely to drive more fiscal policy action in both regions, which is needed to make the extraordinary monetary policy offered more effective. Both are still at record levels of cheapness but we prefer Japan at the moment given the over exuberance on Europe. We recommend hedging currency risk for 50% of Japanese positions but not Europe.
Emerging Markets	Overweight	Emerging market (EM) equities have been the best region over the past 12 months and for the year to date. With the US dollar appearing to have made a cyclical top, global growth and earnings accelerating, and financial conditions remaining loose, we think EM equities will continue to keep up with global equity markets but are unlikely to lead as strongly in the first half of the year.

Source: Morgan Stanley Wealth Management GIC

Summary of GIC Tactical Advice: Global Fixed Income

As of August 31, 2017

Global Fixed Income	Relative Weight Within Bonds	Rationale
US Fixed Income (Investment Grade)	Underweight	We have recommended shorter-duration* (maturities) since March 2013 given the extremely low yields and potential capital losses associated with rising interest rates from such low levels. While interest rates have remained exceptionally low, there is more near-term upward pressure US economic data to reverse and begin surprising to the upside and the European Central Banks tapers its bond purchases. Within investment grade, we prefer BBB-rated corporates and A-rated municipals to US Treasuries.
International Investment Grade	Underweight	Yields are even lower outside the US, leaving very little value in international fixed income, particularly as the global economy begins to recover more broadly. While interest rates are likely to stay low, the offsetting diversification benefits do not warrant much, if any, position, in our view.
Inflation-Protected Securities	Overweight	With deflationary fears having become extreme in 2015 and early 2016, these securities still offer relative value in the context of our forecasted acceleration in global growth, and expectations for oil prices and the US dollar's year-over-year rate of change to revert back toward 0%. That view played out in 2016 but has not yet run its course.
US High Yield	Equal Weight	High yield has performed exceptionally well since early 2016 with the stabilization in oil prices and retrenchment by the weaker players. We recently downgraded high yield to equal weight from overweight on the back of this performance, record low credit spreads and interest rates and early signs of credit deterioration in commercial real estate and auto financing.

For more information about the risks to Duration please refer to the Risk Considerations section at the end of this material.

Summary of GIC Tactical Advice: Alternative Investments

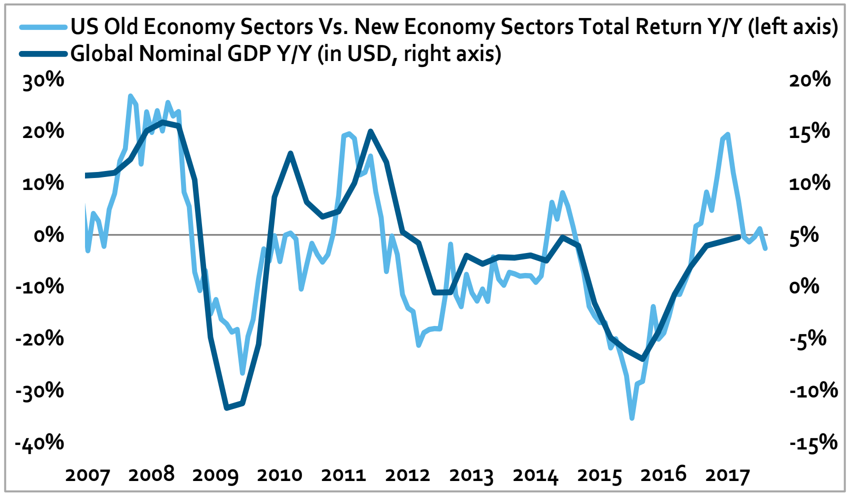
As of August 31, 2017

Alternative Investments	Relative Weight Within Alts	Rationale
REITs	Underweight	Real estate investment trusts (REITs) have underperformed global equities since mid-2016 when interest rates bottomed. We think it is still too early to reconsider our underweight zero allocation given the further rise in rates we expect and deteriorating fundamentals for the industry. Non-US REITs should be favored relative to domestic REITs.
Master Limited Partnerships*	Overweight	Master limited partnerships (MLPs) rebounded sharply from a devastating 2015 but, with oil's slide, have performed poorly in 2017. As long as oil remains above $40 per barrel, they should provide a reliable and attractive yield and they look exceptionally cheap relative to high yield. A Trump presidency should also be supportive for fracking activity and pipeline construction, both of which should lead to an acceleration in dividend growth.
Hedged Strategies (Hedge Funds and Managed Futures)	Equal Weight	This asset category can provide uncorrelated exposure to traditional risk-asset markets. It tends to outperform when traditional asset categories are challenged by growth scares and/or interest rate volatility spikes. As volatility becomes more persistent in 2017, these strategies should do better than in recent years.

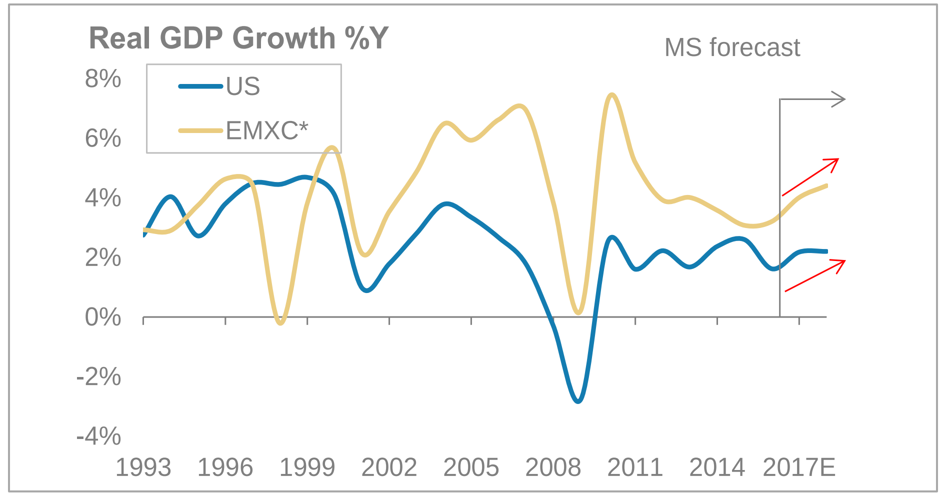
For more information about the risks to Master Limited Partnerships (MLPs) please refer to the Risk Considerations section at the end of this material.

A "Synchronized" Global Economic and Market Rebound

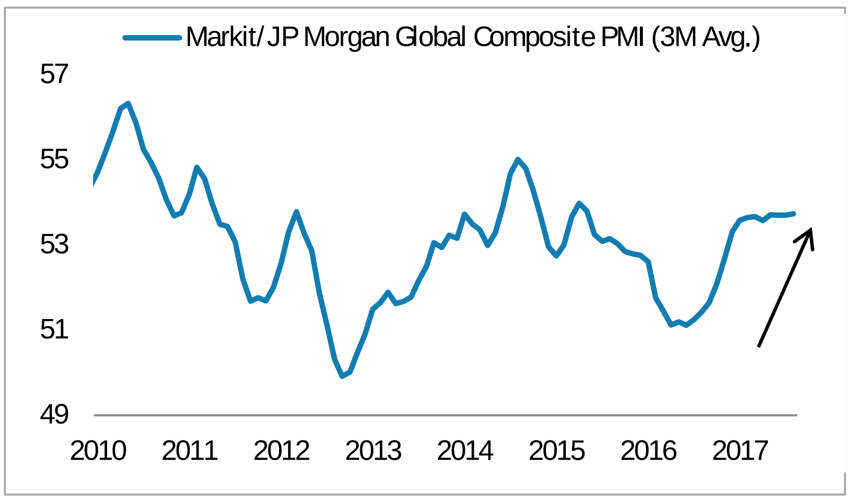
Most People Don't Appreciate Devastating Recession of 2015



Synchronized Global Economic Growth



Global Composite Purchasing Manager's Index



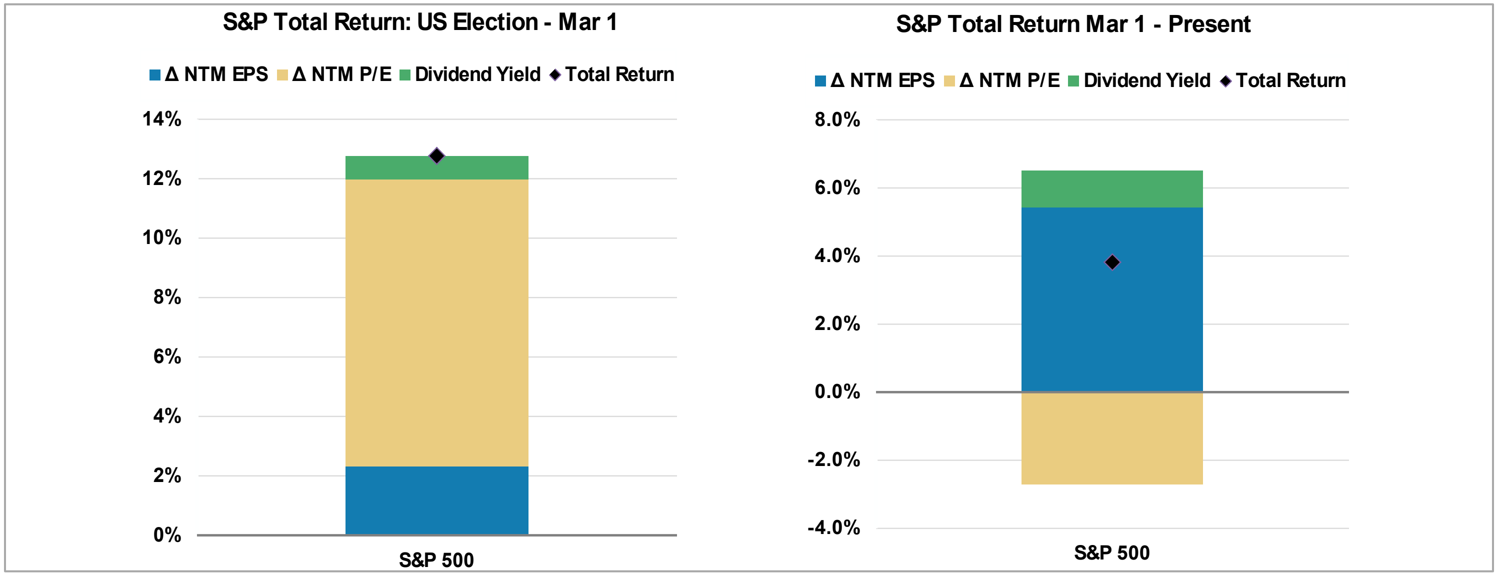
Breadth of Market Returns Supports Our Call

Total Return YTD (in USD)					
	S&P 500	MSCI AC World	MSCI EM	MSCI Japan	MSCI Europe
Discretionary	11.5%	14.7%	29.6%	8.2%	17.6%
Staples	7.9%	13.0%	18.4%	16.6%	20.5%
Energy	-14.3%	-6.1%	11.0%	7.7%	2.7%
Financials	7.4%	14.5%	26.4%	1.0%	23.7%
Health Care	19.0%	17.6%	11.8%	10.1%	18.0%
Industrials	9.9%	15.8%	22.1%	14.6%	24.4%
Tech	26.5%	30.0%	47.8%	28.7%	28.6%
Materials	12.7%	20.1%	28.7%	20.7%	23.1%
Real Estate	8.8%	13.9%	39.2%	1.8%	16.2%
Telecom	-7.9%	6.0%	17.9%	13.4%	14.4%
Utilities	14.7%	17.6%	16.7%	6.9%	27.9%
Total	12.2%	15.8%	29.1%	12.2%	20.1%

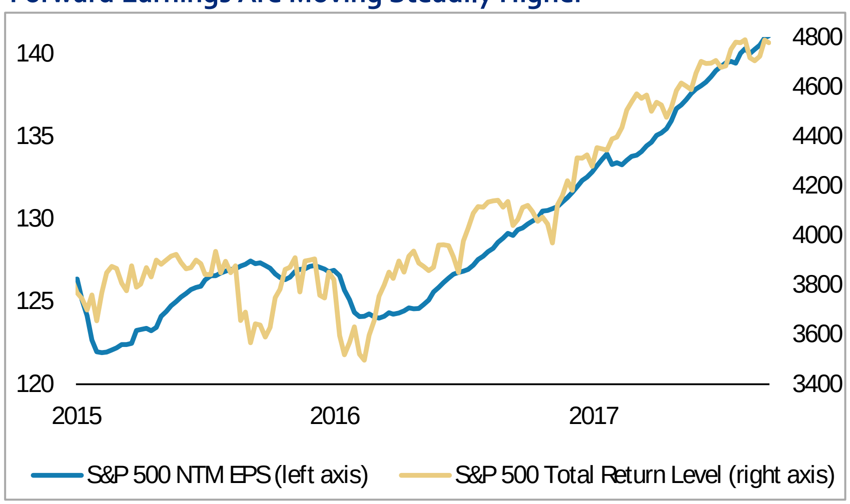
Source: IMF, Morgan Stanley & Co. Research. Top Left Chart: As of August 31, 2017. Top Right: As of August 14, 2017. Bottom Left: As of August 31, 2017. Bottom Right: As of September 4, 2017.

Earnings Have Been the Real Driver of Higher Equity Prices

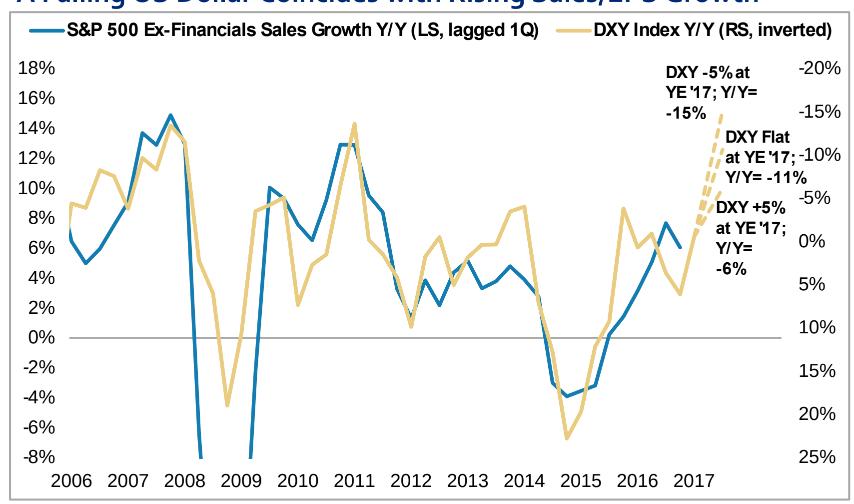
US Equity Returns Have Been Driven by EPS Since February



Forward Earnings Are Moving Steadily Higher



A Falling US Dollar Coincides with Rising Sales/EPS Growth

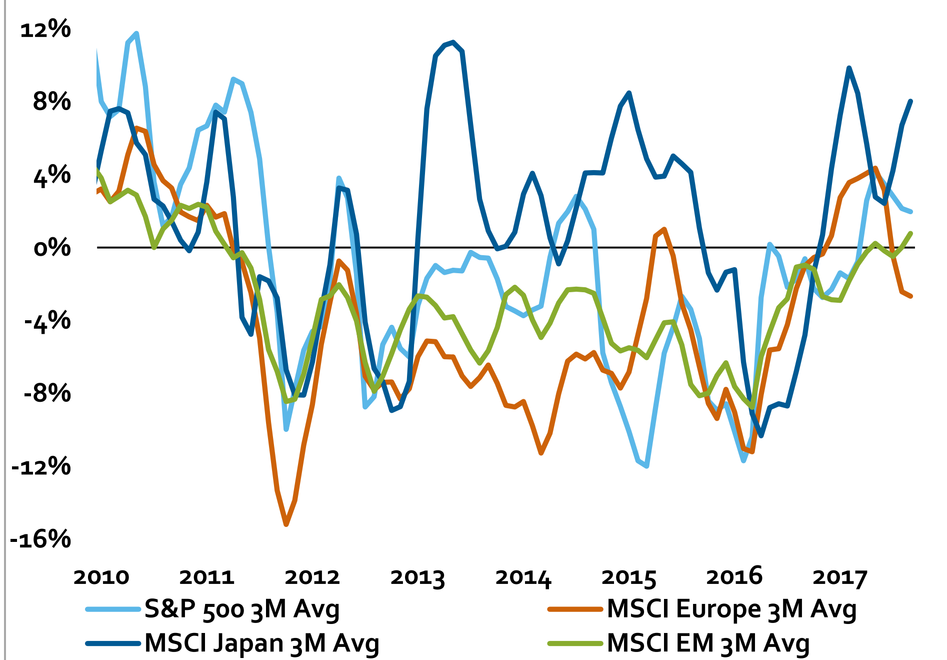


Source: FactSet, Bloomberg, Morgan Stanley & Co. Research. Top Chart: As of September 8, 2017. Bottom Left: As of September 8, 2017. Bottom Right: As of 2Q 2017.

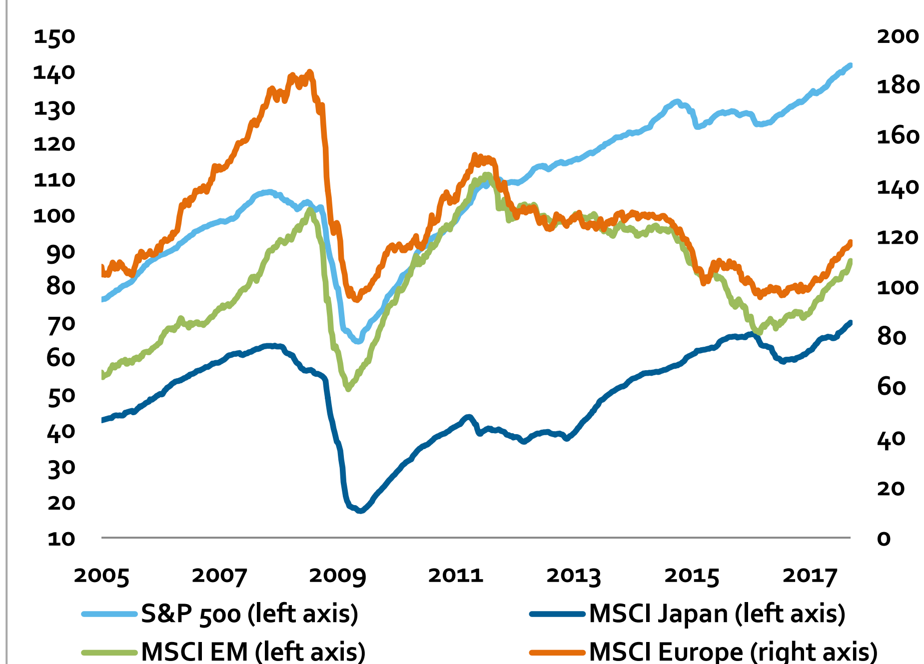
Past performance is no guarantee of future results. Estimates of future performance are based on assumptions that may not be realized. This material is not a solicitation of any offer to buy or sell any security or other financial instrument or to participate in any trading strategy. Please refer to important information, disclosures and qualifications at the end of this material.

Global Earnings Estimates Continue to Rise; Strongest in Japan and EM

Earnings Revisions Breadth



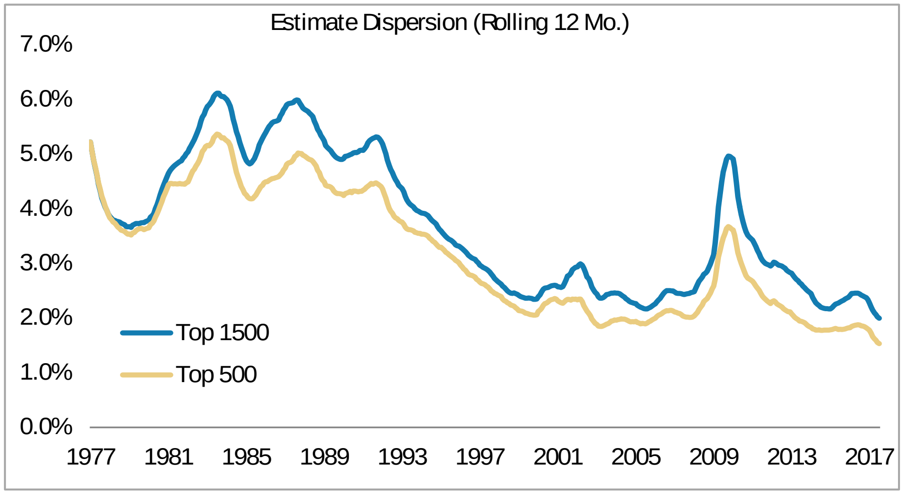
Global Forward Earnings Estimates



Source: FactSet, Morgan Stanley & Co. Research as of September 8, 2017. Earnings revisions breadth is the number of positive analyst revisions minus the number of negative analyst revisions divided by the total number of revisions. Rising earnings revision breadth indicates that analysts are becoming more positive on stocks in the sector.

Equity Volatility Is Low Because Fundamental Vol Is Low

Earnings Dispersion/Volatility Lowest in 40 Years



- Earnings estimate dispersion is the lowest in 40 years
- Such low dispersion in estimates has contributed heavily to low equity vol
- There has also been extremely low correlation between individual stocks—classic late-cycle phenomenon

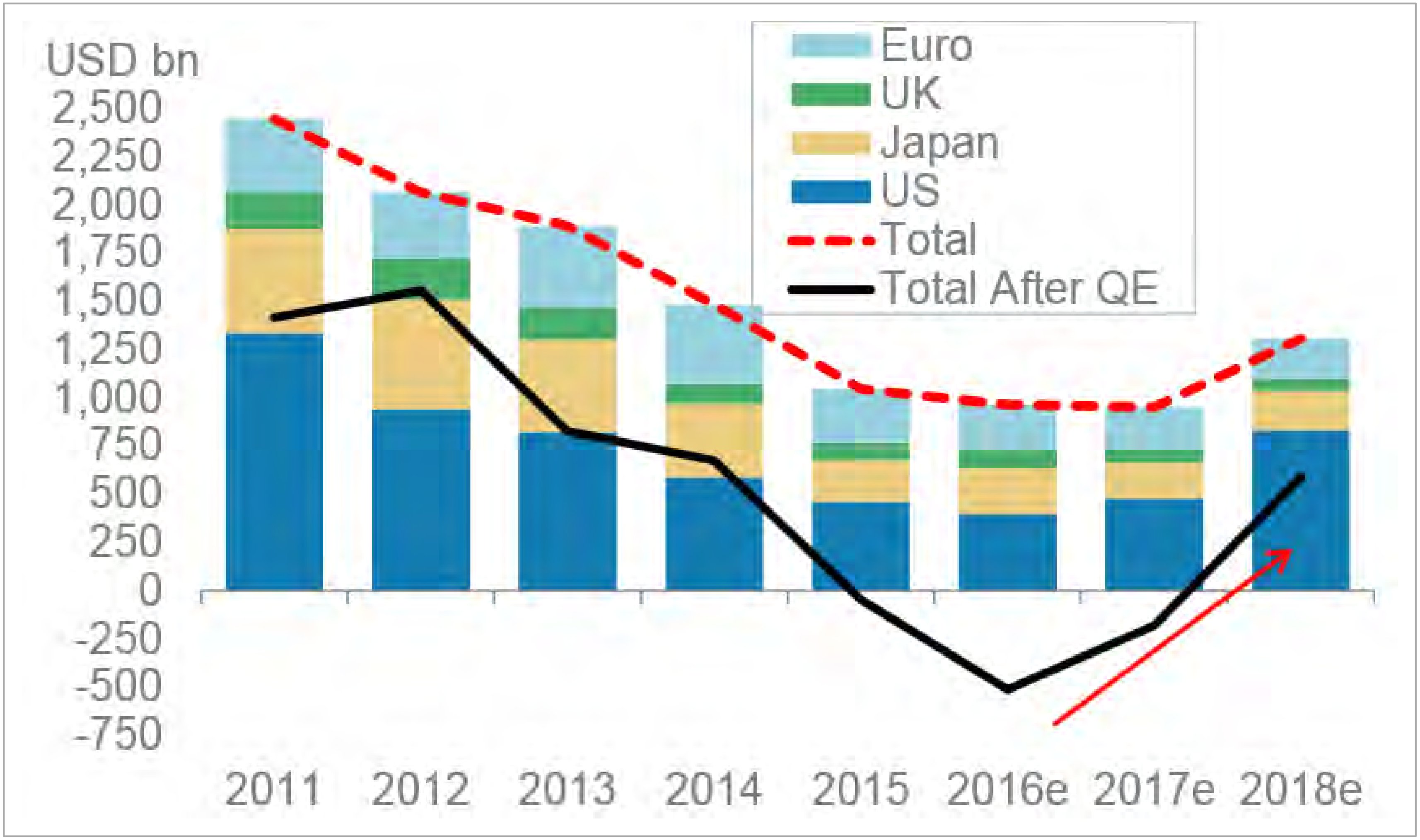
- Global economic surprises are also exhibiting very low dispersion
- This, too, is contributing to lower equity volatility

Global Economic Surprise Dispersion/Vol Lowest in 14 years

Source: Haver Analytics, Bloomberg, Morgan Stanley & Co. Quantitative Research, Morgan Stanley & Co. Research. Left Chart: As of August 31, 2017. Right Chart: As of August 31, 2017.

Shift in Global Bonds Net Issuance Could Spur Rates Higher

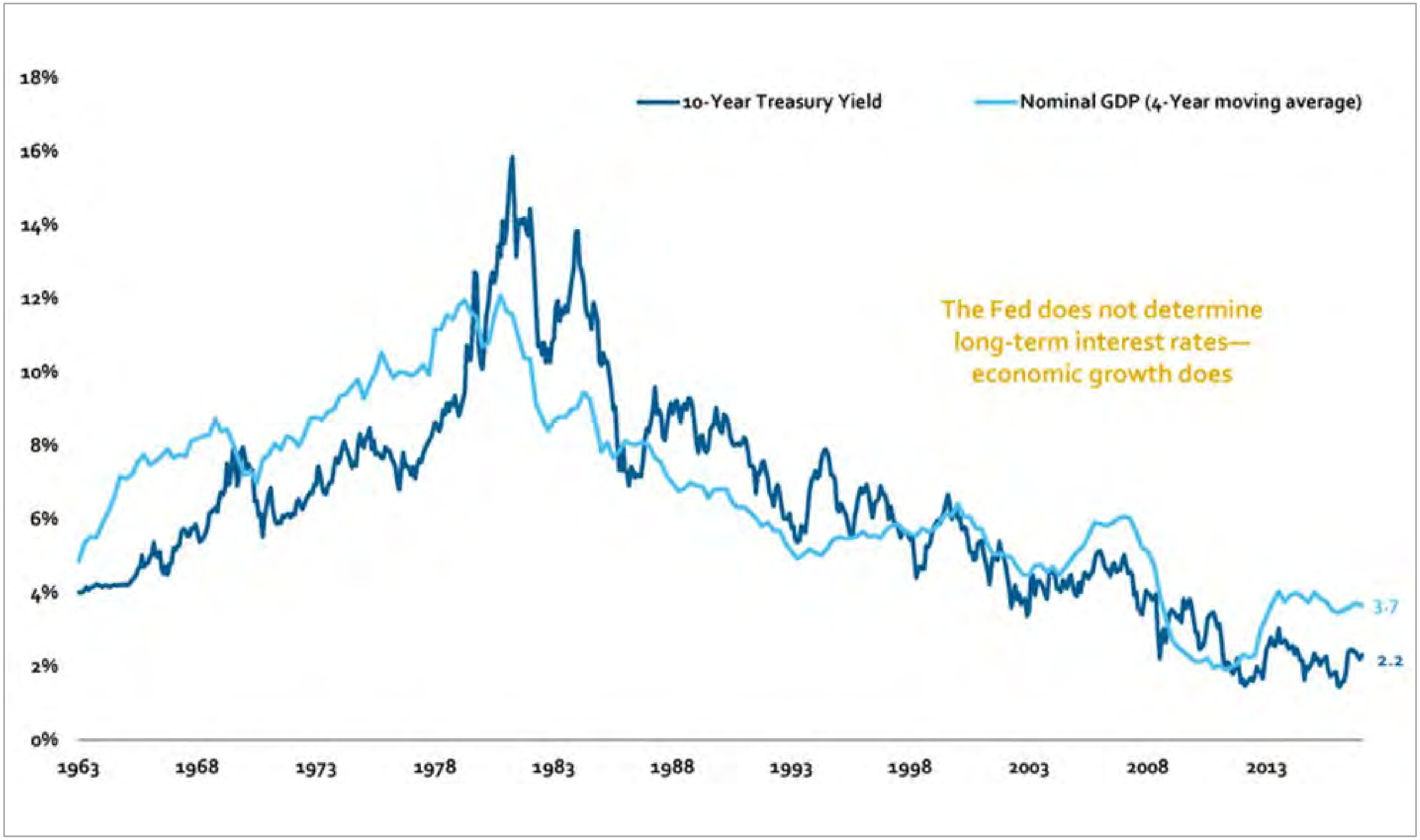
Net Global Bond Issuance After Quantitative Easing (QE)



Source: Morgan Stanley & Co. Research, Morgan Stanley Wealth Management GIC. Note: Global bond issuance metrics retrieved from respective Treasury departments of the following countries: Austria, Belgium, Finland, France, Germany, Ireland, Italy, Japan, Netherlands, Portugal, Spain, United States, United Kingdom.

But Major Turns in Long-Term Interest Rates Can Take Years

US 10-year Treasury Yield vs. Nominal GDP



Source: Bloomberg, Morgan Stanley & Co. Research as of 2Q 2017. Gross Domestic Product (GDP) is the monetary value of all the finished goods and services produced within a country's borders in a specific time period. Nominal GDP is GDP evaluated at current market prices.

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The **Global Investment Committee** is a group of seasoned investment professionals who meet regularly to discuss the global economy and markets. The committee determines the investment outlook that guides our advice to clients. They continually monitor developing economic and market conditions, review tactical outlooks and recommend model portfolio weightings, as well as produce a suite of strategy, analysis, commentary, portfolio positioning suggestions and other reports and broadcasts.
The Global Investment Manager Analysis (GIMA) Services Only Apply to Certain Investment Advisory Programs GIMA evaluates certain investment products for the purposes of some – but not all – of Morgan Stanley Smith Barney LLC's investment advisory programs (as described in more detail in the applicable Form ADV Disclosure Document for Morgan Stanley Wealth Management). If you do not invest through one of these investment advisory programs, Morgan Stanley Wealth Management is not obligated to provide you notice of any GIMA Status changes even though it may give notice to clients in other programs.
Strategy May Be Available as a Separately Managed Account or Mutual Fund Strategies are sometimes available in Morgan Stanley Wealth Management investment advisory programs both in the form of a separately managed account ("SMA") and a mutual fund. These may have different expenses and investment minimums. Your Financial Advisor or Private Wealth Advisor can provide more information on whether any particular strategy is available in more than one form in a particular investment advisory program. In most Morgan Stanley Wealth Management investment advisory accounts, fees are deducted quarterly and have a compounding effect on performance. For example, on an advisory account with a 3% annual fee, if the gross annual performance is 6.00%, the compounding effect of the fees will result in a net performance of approximately 3.93% after one year, 1 after three years, and 21.23% after five years. **Conflicts of Interest:** GIMA's goal is to provide professional, objective evaluations in support of the Morgan Stanley Wealth Management investment advisory programs. We have policies and procedures to help us meet this goal. However, our business is subject to various conflicts of interest. For example, ideas and suggestions for which investment products should be evaluated by GIMA come from a variety of sources, including our Morgan Stanley Wealth Management Financial Advisors and their direct or indirect managers, and other business persons within Morgan Stanley Wealth Management or its affiliates. Such persons may have an ongoing business relationship with certain investment managers or mutual fund companies whereby they, Morgan Stanley Wealth Management or its affiliates receive compensation from, or otherwise related to, those investment managers or mutual funds. For example, a Financial Advisor may suggest that GIMA evaluates an investment manager or fund in which a portion of his or her clients' assets are already invested. While such a recommendation is permissible, GIMA is responsible for the opinions expressed by GIMA. See the conflicts of interest section in the applicable Form ADV Disclosure Document for Morgan Stanley Wealth Management for a discussion of other types of conflicts that may be relevant to GIMA's evaluation of managers and funds. In addition, Morgan

Stanley Wealth Management, MS & Co., 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 may be recommended for purchase or sale by clients or are otherwise held in client accounts, and managers in various advisory programs. Morgan Stanley Wealth Management, managers, MS & Co., and their affiliates receive compensation and fees in connection with these services. Morgan Stanley Wealth Management 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.

Consider Your Own Investment Needs: The model portfolios and strategies discussed in the material are formulated based on general client characteristics including risk tolerance. This material is not intended to be a client-specific suitability analysis or recommendation, or offer to participate in any investment. Therefore, clients should not use this profile as the sole basis for investment decisions. They should consider all relevant information, including their existing portfolio, investment objectives, risk tolerance, liquidity needs and investment time horizon. Such a suitability determination may lead to asset allocation results that are materially different from the asset allocation shown in this profile. Talk to your Financial Advisor about what would be a suitable asset allocation for you, whether CGCM is a suitable program for you.

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Please consider the investment objectives, risks, fees, and charges and expenses of mutual funds, ETFs, closed end funds, unit investment trusts, and variable insurance products carefully before investing. The prospectus contains this and other information about each fund. To obtain a prospectus, contact your Financial Advisor or Private Wealth Advisor or visit the Morgan Stanley website at www.morganstanley.com**. Please read it carefully before investing.**

An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of your investment at $1.00 per share, it is possible to lose money by investing in the fund.

The type of mutual funds and ETFs discussed in this presentation utilizes nontraditional or complex investment strategies and/or derivatives. Examples of these types of funds include those that utilize one or more of the below noted investment strategies or categories or which seek exposure to the following markets: (1) commodities (e.g., agricultural, energy and metals), currency, precious metals; (2) managed futures; (3) leveraged, inverse or inverse leveraged; (4) bear market, hedging, long-short equity, market neutral; (5) real estate; (6) volatility (seeking exposure to the CBOE VIX Index). Investors should keep in mind that while mutual funds and ETFs may, at times, utilize nontraditional investment options and strategies, they should not be equated with unregistered privately offered alternative investments. Because of regulatory limitations, mutual funds and ETFs that seek alternative-like investment exposure must utilize a more limited investment universe. As a result, investment returns and portfolio characteristics of alternative mutual funds and ETFs may vary from traditional hedge funds pursuing similar investment objectives. Moreover, traditional hedge funds have limited liquidity with long "lock-up" periods allowing them to pursue investment strategies without having to factor in the need to meet client redemptions and ETFs trade on an exchange. On the other hand, mutual funds typically must meet daily client redemptions. This differing liquidity profile can have a material impact on the investment returns generated by a mutual or ETF pursuing an alternative investing strategy compared with a traditional hedge fund pursuing the same strategy.

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

KEY ASSET CLASS CONSIDERATIONS AND OTHER RISKS

Investing in the markets entails the risk of market volatility. The value of all types of investments, including stocks, mutual funds, exchange-traded funds ("ETFs"), closed-end funds, and unit investment trusts, may increase or decrease over varying time periods. To the extent the investments depicted herein represent **international securities**, you should be aware that there may be additional risks associated with international investing, including foreign economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes, and differences in financial and accounting standards. These risks may be magnified in **emerging markets and frontier markets**. **Small- and mid-capitalization companies** may lack the financial resources, product diversification and competitive strengths of larger companies. In addition, the securities of small- and mid-capitalization companies may not trade as readily as, and be subject to higher volatility than, those of larger, more established companies. The value of **fixed income securities** will fluctuate and, upon a sale, may be worth more or less than their original cost or maturity value. Bonds are subject to interest rate risk, call risk, reinvestment risk, liquidity risk, and credit risk of the issuer. **High yield bonds** are subject to additional risks such as increased risk of default and greater volatility because of the lower credit quality of the issues. In the case of **municipal bonds**, income is generally exempt from federal income taxes. Some income may be subject to state and local taxes and to the federal alternative minimum tax. Capital gains, if any, are subject to tax. **Treasury Inflation Protection Securities' (TIPS)** coupon payments and underlying principal are automatically increased to compensate for inflation by tracking the consumer price index (CPI). While the real rate of return is guaranteed, TIPS tend to offer a low return. Because the return of TIPS is linked to inflation, TIPS may significantly underperform versus conventional U.S. Treasuries in times of low inflation. There is no guarantee that investors will receive par if TIPS are sold prior to maturity. The returns on a portfolio consisting primarily of **environmental, social, and governance-aware investments ("ESG")** may be lower or higher than a portfolio that is more diversified or where decisions are based solely on investment considerations. Because ESG criteria exclude some investments, investors may not be able to take advantage of the same opportunities or market trends as investors that do not use such criteria. The companies identified and investment examples are for illustrative purposes only and should not be deemed a recommendation to purchase, hold or sell any securities or investment products. They are intended to demonstrate the approaches taken by managers who focus on ESG criteria in their investment strategy. There can be no guarantee that a client's account will be managed as described herein. **Options** and margin trading involve substantial risk and are not suitable for all investors. Besides the general investment risk of holding securities that may decline in value and the possible loss of principal invested, **closed-end funds** may have additional risks related to declining market prices relative to net asset values (NAVs), active manager underperformance and potential leverage. Closed-end funds, unlike open-end funds, are not continuously offered. There is a one-time public offering and once issued, shares of closed-end funds are sold in the open market through a stock exchange. NAV is total assets less total liabilities divided by the number of shares outstanding. At the time an investor purchases shares of a closed-end fund, shares may have a market price that is above or below NAV. Portfolios that invest a large percentage of assets in only one industry **sector** (or in only a few sectors) are more vulnerable to price fluctuation than those that diversify among a broad range of sectors. **Alternative investments** often are speculative and include a high degree of risk. Investors could lose all or a substantial amount of their investment. Alternative investments are suitable only for eligible, long-term investors who are willing to forgo liquidity and put capital at risk for an indefinite period of time. They may be highly illiquid and can engage in leverage and other speculative practices that may increase the volatility and risk of loss. Alternative Investments typically have higher fees than traditional investments. Investors should carefully review and consider potential risks before investing. Certain of these risks may include but are not limited to: Loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative practices; Lack of liquidity in that there may be no secondary market for a fund; Volatility of returns; Restrictions on transferring interests in a fund; Potential lack of diversification and resulting higher risk due to concentration of trading authority when a single advisor is utilized; Absence of information regarding valuations and pricing; Complex tax structures and delays in tax reporting; Less regulation and higher fees than mutual funds; and Risks associated with the operations, personnel, and processes of the manager. As a diversified global financial services firm, Morgan Stanley Wealth Management engages in a broad spectrum of activities including financial advisory services, investment management activities, sponsoring and managing private investment funds, engaging in broker-dealer transactions and principal securities, commodities and foreign exchange transactions, research publication, and other activities. In the ordinary course of its business, Morgan Stanley Wealth Management therefore engages in activities where Morgan Stanley Wealth Management's interests may conflict with the interests of its clients, including the private investment funds it manages. Morgan Stanley Wealth Management can give no assurance that conflicts of interest will be resolved in favor of its clients or any such fund. All expressions of opinion are subject to change without notice and are not intended to be a forecast of future events or results. Further, opinions regarding Alternative Investments expressed herein may differ from the opinions expressed by Morgan Stanley Wealth Management and/or other businesses/affiliates of Morgan Stanley Wealth Management. This is not a "research report" as defined by NASD Conduct Rule 2711 and was not prepared by the Research Departments of Morgan Stanley Smith Barney LLC or Morgan Stanley & Co. LLC or its affiliates. Certain information contained herein may constitute forward-looking statements. Due to various risks and uncertainties, actual events, results or the performance of a fund may differ materially from those reflected or contemplated in such forward-looking statements. Clients should carefully consider the investment objectives, risks, charges, and expenses of a fund before investing. While the HFRI indices are frequently used, they have limitations (some of which are typical of other widely used indices). These limitations include survivorship bias (the returns of the indices may not be representative of all the hedge funds in the universe because of the tendency of lower performing funds to leave the index); heterogeneity (not all hedge funds are alike or comparable to one another, and the index may not accurately reflect the performance of a described style); and limited data (many hedge funds do not report to indices, and the index may omit funds, the inclusion of which might significantly affect the performance shown. The HFRI indices are based on information self-reported by hedge fund managers that decide on their own, at any time, whether or not they want to provide, or continue to provide, information to HFR Asset Management, L.L.C. Results for funds that go out of business are included in the index until the date that they cease operations. Therefore, these indices may not be complete or accurate representations of the hedge fund universe, and may be biased in several ways. Composite index results are shown for illustrative purposes and do not represent the performance of a specific investment. Individual funds have specific tax risks related to their investment programs that will vary from fund to fund. Clients should consult their own tax and legal advisors as Morgan Stanley Wealth Management does not provide tax or legal advice. Interests in alternative investment products are offered pursuant to the terms of the applicable offering memorandum, are distributed by Morgan Stanley Smith Barney LLC and certain of its affiliates, and (1) are not FDIC-insured, (2) are not deposits or other obligations of Morgan Stanley or any of its affiliates, (3) are not guaranteed by Morgan Stanley and its affiliates, and (4) involve investment risks, including possible loss of principal. Morgan Stanley Smith Barney LLC is a registered broker-dealer, not a bank. 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Morgan Stanley Smith Barney LLC is a registered broker-dealer, not a bank. In Consulting Group's advisory programs, alternative investments are limited to US-registered mutual funds, separate account strategies and exchange-traded funds (ETFs) that seek to pursue alternative investment strategies or returns utilizing publicly traded securities. Investment products in this category may employ various investment strategies and techniques for both hedging and more speculative purposes such as short-selling, leverage, derivatives and options, which can increase volatility and the risk of investment loss. Alternative investments are not suitable for all investors. As a diversified global financial services firm, Morgan Stanley Wealth Management engages in a broad spectrum of activities including financial advisory services, investment management activities, sponsoring and managing private investment funds, engaging in broker-dealer transactions and principal securities, commodities and foreign exchange transactions, research publication, and other activities. In the ordinary course of its business, Morgan Stanley Wealth Management therefore engages in activities where Morgan Stanley Wealth Management's interests may conflict with the interests of its clients, including the private investment funds it manages. Morgan Stanley Wealth Management can give no assurance that conflicts of interest will be resolved in favor of its clients or any such fund. Alternative investments involve complex tax structures, tax inefficient investing, and delays in distributing important tax information. Individual funds have specific risks related to their investment programs that will vary from fund to fund. Clients should consult their own tax and legal advisors as Morgan Stanley Wealth Management does not provide tax or legal advice.

While the HFRI indices are frequently used, they have limitations (some of which are typical of other widely used indices). These limitations include survivorship bias (the returns of the indices may not be representative of all the hedge funds in the universe because of the tendency of lower performing funds to leave the index); heterogeneity (not all hedge funds are alike or comparable to one another, and the index may not accurately reflect the performance of a described style); and limited data (many hedge funds do not report to indices, and the index may omit funds, the inclusion of which might significantly affect the performance shown. The HFRI indices are based on information self-reported by hedge fund managers that decide on their own, at any time, whether or not they want to provide, or continue to provide, information to HFR Asset Management, L.L.C. Results for funds that go out of business are included in the index until the date that they cease operations. Therefore, these indices may not be complete or accurate representations of the hedge fund universe, and may be biased in several ways.

It should be noted that the majority of hedge fund indexes are comprised of hedge fund manager returns. This is in contrast to traditional indexes, which are comprised of individual securities in the various market segments they represent and offer complete transparency as to membership and construction methodology. As such, some believe that hedge fund index returns have certain biases that are not present in traditional indexes. Some of these biases inflate index performance, while others may skew performance negatively. However, many studies indicate that overall hedge fund index performance has been biased to the upside. Some studies suggest performance has been inflated by up to 260 basis points or more annually depending on the types of biases included and the time period studied. Although there are numerous potential biases that could affect hedge fund returns, we identify some of the more common ones throughout this paper. Self-selection bias results when certain manager returns are not included in the index returns and may result in performance being skewed up or down. Because hedge funds are private placements, hedge fund managers are able to decide which fund returns they want to report and are able to opt out of reporting to the various databases. Certain hedge fund managers may choose only to report returns for funds with strong returns and opt out of reporting returns for weak performers. Other hedge funds that close may decide to stop reporting in order to retain secrecy, which may cause a downward bias in returns. Survivorship bias results when certain constituents are removed from an index. This often results from the closure of funds due to poor performance, "blow ups," or other such events. As such, this bias typically results in performance being skewed higher. As noted, hedge fund index performance biases can result in positive or negative skew. However, it would appear that the skew is more often positive. While it is difficult to quantify the effects precisely, investors should be aware that idiosyncratic factors may be giving hedge fund index returns an artificial "lift" or upwards bias.

Hedge Funds of Funds and many funds of funds are private investment vehicles restricted to certain qualified private and institutional investors. They are often speculative and include a high degree of risk. Investors can lose all or a substantial amount of their investment. They may be highly illiquid, can engage in leverage and other speculative practices that may increase volatility and the risk of loss, and may be subject to large investment minimums and initial lockups. They involve complex tax structures, tax-inefficient investing and delays in distributing important tax information. Categorically, hedge funds and funds of funds have higher fees and expenses than traditional investments, and such fees and expenses can lower the returns achieved by investors. Funds of funds have an additional layer of fees over and above hedge fund fees that will offset returns. An investment in an **exchange-traded fund** involves risks similar to those of investing in a broadly based portfolio of equity securities traded on an exchange in the relevant securities market, such as market fluctuations caused by such factors as economic and political developments, changes in interest rates and perceived trends in stock and bond prices. An investment in a **target date portfolio** is subject to the risks attendant to the underlying funds in which it invests, in these portfolios the funds are the Consulting Group Capital Market funds. A target date portfolio is geared to investors who will retire and/or require income at an approximate year. The portfolio is managed to meet the investor's goals by the pre-established year or "target date." A target date portfolio will transition its invested assets from a more aggressive portfolio to a more conservative portfolio as the target date draws closer. An investment in the target date portfolio is not guaranteed at any time, including, before or after the target date is reached. **Managed futures** investments are speculative, involve a high degree of risk, use significant leverage, are generally illiquid, have substantial charges, subject investors to conflicts of interest, and are suitable only for the risk capital portion of an investor's portfolio. Managed futures investments do not replace equities or bonds but rather may act as a complement in a well diversified portfolio. Managed Futures are complex and not appropriate for all investors. **Rebalancing** does not protect against a loss in declining financial markets. There may be a potential tax implication with a rebalancing strategy. **Asset allocation and diversification** do not assure a profit or protect against loss in declining financial markets. Past performance is no guarantee of future results. Actual results may vary.

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Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustration purposes only and do not show the performance of any specific investment. Reference to an index does not imply that the portfolio will achieve return, volatility or other results similar to the index. The composition of an index may not reflect the manner in which a portfolio is constructed in relation to expected or achieved returns, portfolio guidelines, restrictions, sectors, correlations, concentrations, volatility, or tracking error target, all of which are subject to change over time.

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For index, indicator and survey definitions referenced in this report please visit the following: http://www.morganstanleyfa.com/public/projectfiles/id.pdf
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Actual performance results of accounts vary due to, for example, market factors (such as liquidity) and client-specific factors (such as investment vehicle selection, timing of contributions and withdrawals, restrictions and rebalancing schedules). Clients would not necessarily have obtained the performance results shown here if they had invested in accordance with any GIC Asset Allocation Model for the periods indicated. Despite the limitations of hypothetical performance, these hypothetical performance results allow clients and Financial Advisors to obtain a sense of the risk/return trade-off of different asset allocation constructs. The hypothetical performance results in this report are calculated using the returns of benchmark indices for the asset classes, and not the returns of securities, fund or other investment products. Models may contain allocations to Hedge Funds, Private Equity and Private Real Estate. The benchmark indices for these asset classes are not issued on a daily basis. When calculating model performance on a day for which no benchmark index data is issued, we have assumed straight line growth between the index levels issued before and after that date. **FEES REDUCE THE PERFORMANCE OF ACTUAL ACCOUNTS:** None of the fees or other expenses (e.g. commissions, mark-ups, mark-downs, fees) associated with actual trading or accounts are reflected in the GIC Asset Allocation Models. The GIC Asset Allocation Models and any model performance included in this presentation are intended as educational materials. Were a client to use these models in connection with investing, any investment decisions made would be subject to transaction and other costs which, when compounded over a period of years, would decrease returns. Information regarding Morgan Stanley's standard advisory fees is available in the Form ADV Part 2, which is available at www.morganstanley.com/adv. The following hypothetical illustrates the compound effect fees have on investment returns: For example, if a portfolio's annual rate of return is 15% for 5 years and the account pays 50 basis points in fees per annum, the gross cumulative five-year return would be 101.1% and the five-year return net of fees would be 96.8%. Fees and/or expenses would apply to clients who invest in investments in an account based on these asset allocations, and would reduce clients' returns. The impact of fees and/or expenses can be material. **insurance products disclosures: Variable annuities** are long-term investments designed for retirement purposes and may be subject to market fluctuations, investment risk, and possible loss of principal. All guarantees, including optional benefits, are based on the financial strength and claims-paying ability of the issuing insurance company and do not apply to the underlying investment options. Optional riders may not be able to be purchased in combination and are available at an additional cost. Some optional riders must be elected at time of purchase. Optional riders may be subject to specific limitations, restrictions, holding periods, costs, and expenses as specified by the insurance company in the annuity contract. If you are investing in a **variable annuity** through a tax-advantaged retirement plan such as an IRA, you will get no additional tax advantage from the variable annuity. Under these circumstances, you should only consider buying a variable annuity because of its other features, such as lifetime income payments and death benefits protection. Taxable distributions (and certain deemed distributions) are subject to ordinary income tax and, if taken prior to age 59½, may be subject to a 10% federal income tax penalty. Early withdrawals will reduce the death benefit and cash surrender value. **Equity securities** may fluctuate in response to news on companies, industries, market conditions and general economic environment. **Ultrashort-term fixed income** asset class is comprised of fixed income securities with high quality, very short maturities. They are therefore subject to the risks associated with debt securities such as credit and interest rate risk. **Master Limited Partnerships (MLPs)** are limited partnerships or limited liability companies that are taxed as partnerships and whose interests (limited partnership units or limited liability company units) are traded on securities exchanges like shares of common stock. Currently, most MLPs operate in the energy, natural resources or real estate sectors. Investments in MLP interests are subject to the risks generally applicable to companies in the energy and natural resources sectors, including commodity pricing risk, supply and demand risk, depletion risk and exploration risk. Individual MLPs are publicly traded partnerships that have unique risks related to their structure. These include, but are not limited to, their reliance on the capital markets to fund growth, adverse ruling on the current tax treatment of distributions (typically mostly tax deferred), and commodity volume risk. The potential tax benefits from investing in MLPs depend on their being treated as partnerships for federal income tax purposes and, if the MLP is deemed to be a corporation, then its income would be subject to federal taxation at the entity level, reducing the amount of cash available for distribution to the fund which could result in a reduction of the fund's value. MLPs carry interest rate risk and may underperform in a rising interest rate environment. MLP funds accrue deferred income taxes for future tax liabilities associated with the portion of MLP distributions considered to be a tax-deferred return of capital and for any net operating gains as well as capital appreciation of its investments; this deferred tax liability is reflected in the daily NAV, and, as a result, the MLP fund's after-tax performance could differ significantly from the underlying assets even if the pre-tax performance is closely tracked. **Investing in commodities** entails significant risks. Commodity prices may be affected by a variety of factors at any time, including but not limited to, (i) changes in supply and demand relationships, (ii) governmental programs and policies, (iii) national and international political and economic events, war and terrorist events, (iv) changes in interest and exchange rates, (v) trading activities in commodities and related contracts, (vi) pestilence, technological change and weather, and (vii) the price volatility of a commodity. In addition, the commodities markets are subject to temporary distortions or other disruptions due to various factors, including lack of liquidity, participation of speculators and government intervention. **Physical precious metals** are non-regulated products.

Precious metals are speculative investments, which may experience short-term and long term price volatility. The value of precious metals investments may fluctuate and may appreciate or decline, depending on market conditions. Unlike bonds and stocks, precious metals do not make interest or dividend payments. Therefore, precious metals may not be suitable for investors who require current income. Precious metals are commodities that should be safely stored, which may impose additional costs on the investor. **REITs** investing risks are similar to those associated with direct investments in real estate: property value fluctuations, lack of liquidity, limited diversification and sensitivity to economic factors such as interest rate changes and market recessions. Risks of **private real estate** include: illiquidity; a long-term investment horizon with a limited or nonexistent secondary market; lack of transparency; volatility (risk of loss); and leverage. Principal is returned on a monthly basis over the life of a **mortgage-backed security.** Principal prepayment can significantly affect the monthly income stream and the maturity of any type of MBS, including standard MBS, CMOs and Lottery Bonds. **Asset-backed securities** generally decrease in value as a result of interest rate increases, but may benefit less than other fixed-income securities from declining interest rates, principally because of prepayments. **Yields** are subject to change with economic conditions. Yield is only one factor that should be considered when making an investment decision. **Credit ratings** are subject to change. The majority of $25 and $1000 par **preferred securities** are "callable" meaning that the issuer may retire the securities at specific prices and dates prior to maturity. Interest/dividend payments on certain preferred issues may be deferred by the issuer for periods of up to 5 to 10 years, depending on the particular issue. The investor would still have income tax liability even though payments would not have been received. Price quoted is per $25 or $1,000 share, unless otherwise specified. Current yield is calculated by multiplying the coupon by par value divided by the market price. The initial interest rate on a **floating-rate security** may be lower than that of a fixed-rate security of the same maturity because investors expect to receive additional income due to future increases in the floating security's underlying reference rate. The reference rate could be an index or an interest rate. However, there can be no assurance that the reference rate will increase. Some floating-rate securities may be subject to call risk. The market value of **convertible bonds** and the underlying common stock(s) will fluctuate and after purchase may be worth more or less than original cost. If sold prior to maturity, investors may receive more or less than their original purchase price or maturity value, depending on market conditions. Callable bonds may be redeemed by the issuer prior to maturity. Additional call features may exist that could affect yield. Some $25 or $1000 **par preferred securities** are QDI (Qualified Dividend Income) eligible. Information on QDI eligibility is obtained from third party sources. The dividend income on QDI eligible preferreds qualifies for a reduced tax rate. Many traditional 'dividend paying' perpetual preferred securities (traditional preferreds with no maturity date) are QDI eligible. In order to qualify for the preferential tax treatment all qualifying preferred securities must be held by investors for a minimum period – 91 days during a 180 day window period, beginning 90 days before the ex-dividend date. Companies paying **dividends** can reduce or cut payouts at any time. **Nondiversification:** For a portfolio that holds a concentrated or limited number of securities, a decline in the value of these investments would cause the portfolio's overall value to decline to a greater degree than a less concentrated portfolio. The **indices selected by Morgan Stanley Wealth Management** to measure performance are representative of broad asset classes. Morgan Stanley Wealth Management retains the right to change representative indices at any time. Because of their narrow focus, **sector investments** tend to be more volatile than investments that diversify across many sectors and companies. **Growth investing** does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations. **Value investing** does not guarantee a profit or eliminate risk. Not all companies whose stocks are considered to be value stocks are able to turn their business around or successfully employ corrective strategies which would result in stock prices that do not rise as initially expected. Any type of **continuous or periodic investment plan** does not assure a profit and does not protect against loss in declining markets. Since such a plan involves continuous investment in securities regardless of fluctuating price levels of such securities, the investor should consider his financial ability to continue his purchases through periods of low price levels. **Duration**, the most commonly used measure of bond risk, quantifies the effect of changes in interest rates on the price of a bond or bond portfolio. The longer the duration, the more sensitive the bond or portfolio would be to changes in interest rates. This material is disseminated in the United States of America by Morgan Stanley Smith Barney LLC. Morgan Stanley Wealth Management is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule") and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule. This material, or any portion thereof, may not be reprinted, sold or redistributed without the written consent of Morgan Stanley Smith Barney LLC.

MORGAN STANLEY GRAYSTONE CONSULTING / THE BRICE GROUP

MICHIGAN COUNTY ROAD COMMISSION SELF-INSURANCE POOL

Asset Allocation and Performance

As of September 30, 2017

	Allocation		Performance(%)															
	Market Value ($)	%	Current Quarter	YTD	Fiscal YTD 4/1 - 9/30	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incept.	2016	2015	2014	2013	2012	Inception Date
TOTAL POOL																	
Composite	67,265,105	100.0	3.2	11.2	6.6	10.5	6.9	8.4	8.7	5.9	8.0	5.6	0.9	7.6	16.7	11.9	31-Mar-87
Benchmark: Policy Index			*3.1*	*10.2*	*6.0*	*11.2*	*7.3*	*8.9*	*9.1*	*6.1*	*8.2*	*7.7*	*0.8*	*7.7*	*17.6*	*11.7*	
50% MSCI World Gr / 50% BC Aggregate Bond			*3.0*	*11.6*	*6.6*	*9.0*	*6.2*	*7.0*	*7.2*	*5.3*	*6.8*	*3.0*	*2.1*	*6.1*	*11.6*	*10.4*	
Ranking: IM U.S. Balanced			*48*	*23*	*21*	*67*	*43*	*61*	*71*	*61*	*-*	*86*	*24*	*42*	*71*	*47*	
DOMESTIC TAXABLE FIXED INCOME																	
Total Pool	24,774,125	36.8	1.3	4.6	3.3	2.0	4.1	3.3	4.0	5.3	5.0	4.2	1.1	8.6	-2.2	5.0	1-Nov-04
Benchmark: BC Aggregate			*0.8*	*3.1*	*2.3*	*0.1*	*2.7*	*2.1*	*3.0*	*4.3*	*4.1*	*2.6*	*0.5*	*6.0*	*-2.0*	*4.2*	
Wedge Capital Management	12,130,800	18.0	0.9	3.7	2.6	0.8	3.4	-	-	-	3.8	3.5	1.1	-	-	-	1-Aug-14
Benchmark: BC Aggregate			*0.8*	*3.1*	*2.3*	*0.1*	*2.7*	*-*	*-*	*-*	*2.7*	*2.6*	*0.5*	*-*	*-*	*-*	
Ranking: IM U.S. Broad Market Fixed			*77*	*56*	*59*	*61*	*36*	*-*	*-*	*-*	*16*	*57*	*22*	*-*	*-*	*-*	
Western Asset - Core Plus -SMASH	12,643,324	18.8	1.6	5.5	3.9	3.2	-	-	-	-	4.2	4.9	1.2	-	-	-	1-Jan-15
Benchmark: BC Aggregate			*0.8*	*3.1*	*2.3*	*0.1*	*-*	*-*	*-*	*-*	*2.3*	*2.6*	*0.5*	*-*	*-*	*-*	
Ranking: IM U.S. Broad Market Fixed			*4*	*9*	*5*	*14*	*-*	*-*	*-*	*-*	*11*	*25*	*16*	*-*	*-*	*-*	
EQUITY - TOTAL POOL																	
Total Pool	39,194,252	58.3	4.7	15.6	9.1	16.2	8.4	12.1	11.9	6.0	7.4	6.1	0.8	8.7	31.0	16.7	1-Nov-04
Benchmark: MSCI World Gross			*5.0*	*16.5*	*9.4*	*18.8*	*8.3*	*11.6*	*10.7*	*4.8*	*7.7*	*8.2*	*-0.3*	*5.5*	*27.4*	*16.5*	
DOMESTIC LARGE CAP EQUITY																	
Total Pool	21,664,029	32.2	3.9	15.0	8.3	14.9	8.5	12.5	12.5	-	12.4	5.1	2.3	12.4	31.8	15.4	1-Nov-09
Benchmark: S&P 500			*4.5*	*14.2*	*7.7*	*18.6*	*10.8*	*14.2*	*14.4*	*-*	*14.3*	*12.0*	*1.4*	*13.7*	*32.4*	*16.0*	
DOMESTIC LARGE CAP VALUE EQUITY																	
Delaware	6,070,543	9.0	4.7	8.0	4.6	-	-	-	-	-	14.1	-	-	-	-	-	1-Nov-16
Benchmark: Russell 1000 Value			*3.1*	*7.9*	*4.5*	*-*	*-*	*-*	*-*	*-*	*16.9*	*-*	*-*	*-*	*-*	*-*	
Ranking: IM U.S. Large Cap Value Equity			*31*	*82*	*82*	*-*	*-*	*-*	*-*	*-*	*90*	*-*	*-*	*-*	*-*	*-*	

Lazard Emerging Markets and Cushing were retained during the quarter. Performance is included in the composite.
As of 8/1/2017 the policy index is conprised of 8% S&P 500, 14% Russell 1000 Growth, 9% Russell 1000 Value, 5% Russell 2000 Growth, 5% Russell 2000 Value, 7% MSCI EAFE Net, 7% MSCI AC World ex US Net, 4% MSCI EM Net, 5% Alerian MLP, and 36% Barclays Aggregate Bond indices.
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MICHIGAN COUNTY ROAD COMMISSION SELF-INSURANCE POOL

Asset Allocation and Performance

As of September 30, 2017

	Allocation		Performance(%)														
	Market Value ($)	%	Current Quarter	YTD	Fiscal YTD 4/1 - 9/30	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incept.	2016	2015	2014	2013	2012	Inception Date
DOMESTIC LARGE CAP CORE EQUITY																	
The London Company	**5,396,565**	**8.0**	**1.8**	**8.2**	**3.6**	**12.2**	**-**	**-**	**-**	**-**	**8.4**	**-**	**-**	**-**	**-**	**-**	**1-Aug-16**
Benchmark: S&P 500			*4.5*	*14.2*	*7.7*	*18.6*	*-*	*-*	*-*	*-*	*15.9*	*-*	*-*	*-*	*-*	*-*	
Ranking: IM U.S. Large Cap Core Equity			*99*	*96*	*97*	*93*	*-*	*-*	*-*	*-*	*95*	*-*	*-*	*-*	*-*	*-*	
DOMESTIC LARGE CAP GROWTH EQUITY																	
Loomis Sayles/Natixis	**5,977,768**	**8.9**	**6.3**	**26.0**	**15.5**	**20.4**	**16.1**	**-**	**-**	**-**	**17.0**	**6.4**	**10.8**	**11.8**	**-**	**-**	**1-Mar-13**
Benchmark: Russell 1000 Growth			*5.9*	*20.7*	*10.8*	*21.9*	*12.7*	*-*	*-*	*-*	*15.7*	*7.1*	*5.7*	*13.1*	*-*	*-*	
Ranking: IM U.S. Large Cap Growth Equity			*26*	*11*	*7*	*56*	*4*	*-*	*-*	*-*	*16*	*34*	*12*	*54*	*-*	*-*	
AMI	**4,219,153**	**6.3**	**2.1**	**16.2**	**8.2**	**14.3**	**-**	**-**	**-**	**-**	**5.7**	**0.5**	**-**	**-**	**-**	**-**	**1-Jul-15**
Benchmark: Russell 1000 Growth			*5.9*	*20.7*	*10.8*	*21.9*	*-*	*-*	*-*	*-*	*12.9*	*7.1*	*-*	*-*	*-*	*-*	
Ranking: IM U.S. Large Cap Growth Equity			*97*	*81*	*84*	*95*	*-*	*-*	*-*	*-*	*97*	*85*	*-*	*-*	*-*	*-*	
DOMESTIC SMALL CAP EQUITY																	
Total Pool	**5,560,251**	**8.3**	**6.6**	**13.6**	**8.9**	**21.9**	**12.0**	**14.8**	**15.4**	**-**	**7.4**	**16.6**	**-2.4**	**7.0**	**40.0**	**18.3**	**1-Nov-07**
Benchmark: Russell 2000			*5.7*	*10.9*	*8.3*	*20.7*	*12.2*	*13.8*	*13.5*	*-*	*7.6*	*21.3*	*-4.4*	*4.9*	*38.8*	*16.3*	
DOMESTIC SMALL CAP VALUE EQUITY																	
NWQ Investment Management	**2,743,920**	**4.1**	**6.2**	**7.9**	**5.5**	**19.2**	**12.0**	**15.6**	**15.9**	**8.3**	**9.4**	**22.4**	**-2.6**	**8.2**	**42.3**	**18.7**	**1-Apr-05**
Benchmark: Russell 2000 Value			*5.1*	*5.7*	*5.8*	*20.5*	*12.1*	*13.3*	*12.8*	*7.1*	*8.0*	*31.7*	*-7.5*	*4.2*	*34.5*	*18.0*	
Ranking: IM U.S. Small Cap Value Equity			*30*	*40*	*65*	*64*	*49*	*35*	*23*	*68*	*61*	*70*	*36*	*23*	*25*	*42*	
DOMESTIC SMALL CAP GROWTH EQUITY																	
Henderson Geneva	**2,816,331**	**4.2**	**7.0**	**20.3**	**12.8**	**24.9**	**-**	**-**	**-**	**-**	**24.0**	**-**	**-**	**-**	**-**	**-**	**1-Aug-16**
Benchmark: Russell 2000 Growth			*6.2*	*16.8*	*10.9*	*21.0*	*-*	*-*	*-*	*-*	*20.2*	*-*	*-*	*-*	*-*	*-*	
Ranking: IM U.S. Small Cap Growth Equity			*30*	*30*	*27*	*23*	*-*	*-*	*-*	*-*	*25*	*-*	*-*	*-*	*-*	*-*	
INTERNATIONAL EQUITY																	
Total Pool	**11,969,972**	**17.8**	**5.1**	**20.0**	**11.5**	**14.3**	**3.4**	**7.2**	**5.7**	**-**	**6.4**	**-1.4**	**-2.7**	**-4.4**	**19.2**	**21.7**	**1-Nov-09**
Benchmark: MSCI AC World x US Net			*6.2*	*21.1*	*12.3*	*19.6*	*4.7*	*7.0*	*5.2*	*-*	*5.8*	*4.5*	*-5.7*	*-3.9*	*15.3*	*16.8*	

Lazard Emerging Markets and Cushing were retained during the quarter. Performance is included in the composite.
As of 8/1/2017 the policy index is conprised of 8% S&P 500, 14% Russell 1000 Growth, 9% Russell 1000 Value, 5% Russell 2000 Growth, 5% Russell 2000 Value, 7% MSCI EAFE Net, 7% MSCI AC World ex US Net, 4% MSCI EM Net, 5% Alerian MLP, and 36% Barclays Aggregate Bond indices.
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MICHIGAN COUNTY ROAD COMMISSION SELF-INSURANCE POOL

Asset Allocation and Performance

As of September 30, 2017

	Allocation		Performance(%)															
	Market Value ($)	%	Current Quarter	YTD	Fiscal YTD 4/1 - 9/30	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incept.	2016	2015	2014	2013	2012	Inception Date
INTERNATIONAL GROWTH EQUITY																	
Invesco	**5,014,024**	**7.5**	**2.9**	**16.6**	**8.4**	**11.4**	**-**	**-**	**-**	**-**	**2.7**	**-2.1**	**-2.6**	**-**	**-**	**-**	**1-Dec-14**
Benchmark: MSCI AC World x US Net			*6.2*	*21.1*	*12.3*	*19.6*	*-*	*-*	*-*	*-*	*5.1*	*4.5*	*-5.7*	*-*	*-*	*-*	
Ranking: IM International Equity Developed Mkts			*97*	*94*	*95*	*99*	*-*	*-*	*-*	*-*	*99*	*84*	*76*	*-*	*-*	*-*	
INTERNATIONAL VALUE EQUITY																	
Lazard	**5,252,774**	**7.8**	**6.3**	**22.2**	**13.4**	**16.0**	**4.2**	**7.2**	**-**	**-**	**8.9**	**-0.6**	**-2.8**	**-4.2**	**16.4**	**24.0**	**1-Jan-12**
Benchmark: MSCI AC World x US Net			*6.2*	*21.1*	*12.3*	*19.6*	*4.7*	*7.0*	*-*	*-*	*7.9*	*4.5*	*-5.7*	*-3.9*	*15.3*	*16.8*	
Ranking: IM International Equity Developed Mkts			*46*	*56*	*55*	*88*	*92*	*93*	*-*	*-*	*87*	*74*	*77*	*59*	*83*	*18*	
EMERGING MARKETS																	
Lazard	**1,703,174**	**2.5**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2.5**	**-**	**-**	**-**	**-**	**-**	**1-Aug-17**
Benchmark: MSCI EM Net			*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*1.8*	*-*	*-*	*-*	*-*	*-*	
Ranking: IM Emerging Markets Equity			*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*45*	*-*	*-*	*-*	*-*	*-*	
ALTERNATIVES																	
Total Pool	**3,296,728**	**4.9**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-1.9**	**-**	**-**	**-**	**-**	**-**	**1-Aug-17**
Benchmark: Alerian MLP Index			*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-4.3*	*-*	*-*	*-*	*-*	*-*	
Cushing MLP	**3,296,728**	**4.9**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-1.9**	**-**	**-**	**-**	**-**	**-**	**1-Aug-17**
Benchmark: Alerian MLP Index			*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-4.3*	*-*	*-*	*-*	*-*	*-*	
Ranking: IM U.S. Other Equity			*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*63*	*-*	*-*	*-*	*-*	*-*	

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Performance Appendix

Portfolio Name	QTD	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
AMI	1.68	14.85	12.57	--	--	--	4.59	11/01/2014
Cushing MLP	0.24	--	--	--	--	--	0.24	07/01/2017
Delaware	4.28	6.89	10.03	--	--	--	10.03	10/01/2016
Henderson Geneva	6.51	18.81	22.81	--	--	--	9.61	11/01/2014
Invesco	2.48	15.31	9.82	--	--	--	1.39	11/01/2014
Lazard	5.96	20.86	14.34	--	--	--	3.06	11/01/2014
Lazard Emerging Markets	7.89	--	--	--	--	--	7.89	07/01/2017
London Company	1.44	7.04	10.60	--	--	--	2.92	11/01/2014
Loomis Sayles/Natixis	6.14	25.59	19.91	--	--	--	15.16	11/01/2014
NWQ Investment Management	6.08	7.57	18.71	--	--	--	9.95	11/01/2014
Wedge Capital Management	0.77	3.34	0.37	2.98	--	--	2.98	10/01/2014
Western Asset - Core Plus -SMASH	1.26	4.35	1.71	--	--	--	3.35	11/01/2014

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Glossary of Terms

Active Contribution Return: The gain or loss percentage of an investment relative to the performance of the investment benchmark.

Active Exposure: The percentage difference in weight of the portfolio compared to its policy benchmark.

Active Return: Arithmetic difference between the manager's return and the benchmark's return over a specified time period.

Actual Correlation: A measure of the correlation (linear dependence) between two variables X and Y, with a value between +1 and -1 inclusive. This is also referred to as coefficient of correlation.

Alpha: A measure of a portfolio's time weighted return in excess of the market's return, both adjusted for risk. A positive alpha indicates that the portfolio outperformed the market on a risk-adjusted basis, and a negative alpha indicates the portfolio did worse than the market.

Best Quarter: The highest quarterly return for a certain time period.

Beta: A measure of the sensitivity of a portfolio's time weighted return (net of fees) against that of the market. A beta greater than 1.00 indicates volatility greater than the market.

Consistency: The percentage of quarters that a product achieved a rate of return higher than that of its benchmark. The higher the consistency figure, the more value a manager has contributed to the product's performance.

Core: Refers to an investment strategy mandate that is blend of growth and value styles without a pronounced tilt toward either style.

Cumulative Selection Return (*Cumulative Return*): Cumulative investment performance over a specified period of time.

Distribution Rate: The most recent distribution paid, annualized, and then divided by the current market price. Distribution rate may consist of investment income, short-term capital gains, long-term capital gains, and/or return of capital.

Down Market Capture: The ratio of average portfolio returns over the benchmark during periods of negative benchmark return. Lower values indicate better product performance.

Downside Risk: A measure similar to standard deviation, but focuses only on the negative movements of the return series. It is calculated by taking the standard deviation of the negative quarterly set of returns. The higher the value, the more risk the product has.

Downside Semi Deviation: A statistical calculation that measures the volatility of returns below a minimum acceptable return. This return measure isolates the negative portion of volatility: the larger the number, the greater the volatility.

Drawdown: A drawdown is the peak-to-trough decline during a specific period of an investment, fund or commodity.

Excess over Benchmark: The percentage gain or loss of an investment relative to the investment's benchmark.

Excess Return: Arithmetic difference between the manager's return and the risk-free return over a specified time period.

Growth: A diversified investment strategy which includes investment selections that have capital appreciation as the primary goal, with little or no dividend payouts. These strategies can include reinvestment in expansion, acquisitions, and/or research and development opportunities.

Growth of Dollar: The aggregate amount an investment has gained or lost over a certain time period, also referred to as Cumulative Return, stated in terms of the amount to which an initial dollar investment would have grown over the given time period.

Investment Decision Process (IDP): A model for structuring the investment process and implementing the correct attribution methodologies. The IDP includes every decision made concerning the division of the assets under management over the various asset categories. To analyze each decision's contribution to the total return, a modeling approach must measure the marginal value of every individual decision. In this respect, the hierarchy of the decisions becomes very important. We therefore use the IDP model, which serves as a proper foundation for registering the decisions and relating them to each other.

Information Ratio: Measured by dividing the active rate of return by the tracking error. The higher the Information Ratio, the more value-added contribution by the manager.

Jensen's Alpha: The Jensen's alpha measure is a risk-adjusted performance measure that represents the average return on a portfolio or investment above or below that predicted by the capital asset pricing model (CAPM) given the portfolio's or investment's beta and the average market return. This metric is also commonly referred to as alpha..

Kurtosis: A statistical measure that is used to describe the distribution, or skewness, of observed data around the mean, sometimes referred to as the volatility of volatility.

Maximum Drawdown: The drawdown is defined as the percent retrenchment from a fund's peak to the fund's trough value. It is in effect from the time the fund's retrenchment begins until a new fund high is reached. The maximum drawdown encompasses both the period from the fund's peak to the fund's valley (length), and the time from the fund's valley to a new fund high (recovery). It measures the largest percentage drawdown that has occurred in any fund's data record.

Modern Portfolio Theory (MPT): An investment analysis theory on how risk-averse investors can construct portfolios to optimize or maximize expected return based on a given level of market risk, emphasizing that risk is an inherent part of higher reward.

Mutual Fund (MF): An investment program funded by shareholders that trade in diversified holdings and is professionally managed.

Peer Group: A combination of funds that share the same investment style combined as a group for comparison purposes.

Peer/ Plan Sponsor Universe: A combination of asset pools of total plan investments by specific sponsor and plan types for comparison purposes.

Performance Ineligible Assets: Performance returns are not calculated for certain assets because accurate valuations and transaction data for these assets are not processed or mai

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these include life insurance, some annuities and some assets held externally.

Performance Statistics: A generic term for various measures of investment performance measurement terms.

Portfolio Characteristics: A generic term for various measures of investment portfolio characteristics.

Preferred Return: A term used in the private equity (PE) world, and also referred to as a "Hurdle Rate." It refers to the threshold return that the limited partners of a private equity fund must receive, prior to the PE firm receiving its carried interest or "carry."

Ratio of Cumulative Wealth: A defined ratio of the Cumulative Return of the portfolio divided by the Cumulative Return of the benchmark for a certain time period.

Regression Based Analysis: A statistical process for estimating the relationships among variables. It includes many techniques for modeling and analyzing several variables, when the focus is on the relationship between a dependent variable and one or more independent variables

Residual Correlation: Within returns-based style analysis, residual correlation refers to the portion of a strategy's return pattern that cannot be explained by its correlation to the asset-class benchmarks to which it is being compared.

Return: A rate of investment performance for the specified period.

Rolling Percentile Ranking: A measure of an investment portfolio's ranking versus a peer group for a specific rolling time period (i.e. Last 3 Years, Last 5 years, etc.).

R-Squared: The percentage of a portfolio's performance explained by the behavior of the appropriate benchmark. High R-Squared means a higher correlation of the portfolio's performance to the appropriate benchmark.

SA/CF (Separate Account/Comingled Fund): Represents an acronym for Separate Account and Commingled Fund investment vehicles.

Sector Benchmark: A market index that serves as a proxy for a sector within an asset class.

Sharpe Ratio: Represents the excess rate of return over the risk free return divided by the standard deviation of the excess return. The result is the absolute rate of return per unit of risk. The higher the value, the better the product's historical risk-adjusted performance results in.

Standard Deviation: A statistical measure of the range of a portfolio's performance; the variability of a return around its average return over a specified time period.

Total Fund Benchmark: The policy benchmark for a complete asset pool that could consist of multiple investment mandates.

Total Fund Composite: The aggregate of multiple portfolios within an asset pool or household.

Tracking Error: A measure of standard deviation for a portfolio's investment performance, relative to the performance of an appropriate market benchmark.

Treynor Ratio: A ratio that divides the excess return (above the risk free rate) by the portfolio's beta to arrive at a unified measure of risk adjusted return. It is generally used to rank portfolios, funds and benchmarks. A higher ratio is indicative of higher returns per unit of market risk. This measurement can help determine if the portfolio is reaching its goal of increasing returns while managing market risk.

Up Market Capture: The ratio of average portfolio returns over the benchmark during periods of positive benchmark return. Higher values indicate better product performance.

Upside Semi Deviation: A statistical calculation that measures the volatility of returns above an acceptable return. This return measure isolates the positive portion of volatility: the larger the number, the greater the volatility.

Value: A diversified investment strategy that includes investment selections which tend to trade at a lower price relative to its dividends, earnings, and sales. Common attributes are stocks that include high dividend, low price-to-book ratio, and/or low price-to-earnings ratio.

Worst Quarter: The lowest rolling quarterly return for a certain time period.

Information Disclosures

The performance data shown reflects past performance, which does not guarantee future results. Investment return and principal will fluctuate so that an investor's shares when redeemed may be worth more or less than original cost. Please note, current performance may be higher or lower than the performance data shown. For up to date month-end performance information, please contact your Financial Advisor or visit the funds' company website.

Investors should carefully consider the fund's investment objectives, risks, charges and expenses before investing. The prospectus and, if available the summary prospectus, contains this and other information that should be read carefully before investing. Investors should review the information in the prospectus carefully. To obtain a prospectus, please contact your Financial Advisor or visit the funds' company website.

Past performance is no guarantee of future results.

Investing involves market risk, including possible loss of principal. **Growth investing** does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations. **Value investing** involves the risk that the market may not recognize that securities are undervalued and they may not appreciate as anticipated. **Small and mid-capitalization companies** may lack the financial resources, product diversification and competitive strengths of larger companies. The securities of small capitalization companies may not trade as readily as, and be subject to higher volatility than those of larger, more established companies. **Bond funds** and bond holdings have the same interest rate, inflation and credit risks that are associated with the underlying bonds owned by the funds. The return of principal in bond funds, and in funds with significant bond holdings, is not guaranteed. **International securities'** prices may carry additional risks, including foreign economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes and differences in financial and accounting standards. International investing may not be for everyone. These risks may be magnified in emerging markets. **Alternative investments**, including private equity funds, real estate funds, hedge funds, managed futures funds, and funds of hedge funds, private equity, and managed futures funds, are speculative and entail significant risks that can include losses due to leveraging or\other speculative investment practices, lack of liquidity, volatility of returns, restrictions on transferring interests in a fund, potential lack of diversification, absence and/or delay of information regarding valuations and pricing, complex tax structures and delays in tax reporting, less regulation and higher fees than mutual funds and risks associated with the operations, personnel and processes of the advisor. **Master Limited Partnerships** (MLPs) are limited partnerships or limited liability companies that are taxed as partnerships and whose interests (limited partnership units or limited liability company units) are traded on securities exchanges like shares of common stock. Currently, most MLPs operate in the energy, natural resources or real estate sectors. Investments in MLP interests are subject to the risks generally applicable to companies in the energy and natural resources sectors, including commodity pricing risk, supply and demand risk, depletion risk and exploration risk; and MLP interests in the real estate sector are subject to special risks, including interest rate and property value fluctuations, as well as risks related to general and economic conditions. Because of their narrow focus, MLPs maintain exposure to price volatility of commodities and/or underlying assets and tend to be more volatile than investments that diversify across many sectors and companies. MLPs are also subject to additional risks including: investors having limited control and rights to vote on matters affecting the MLP, limited access to capital, cash flow risk, lack of liquidity, dilution risk, conflict of interests, and limited call rights related to acquisitions.

Mortgage backed securities also involve prepayment risk, in that faster or slower prepayments than expected on underlying mortgage loans can dramatically alter the yield-to-maturity of a mortgage-backed security and prepayment risk includes the possibility that a fund may invest the proceeds at generally lower interest rates.

Tax managed funds may not meet their objective of being tax-efficient.

Real estate investments are subject to special risks, including interest rate and property value fluctuations, as well as risks related to general and economic conditions. **High yield** fixed income securities, also known as "junk bonds", are considered speculative, involve greater risk of default and tend to be more volatile than investment grade fixed income securities.

Credit quality is a measure of a bond issuer's creditworthiness, or ability to repay interest and principal to bondholders in a timely manner. The credit ratings shown are based on security rating as provided by Standard & Poor's, Moody's and/or Fitch, as applicable. Credit ratings are issued by the rating agencies for the underlying securities in the fund and not the fund itself, and the credit quality of the securities in the fund does not represent the stability or safety of the fund. Credit ratings shown range from AAA, being the highest, to D, being the lowest based on S&P and Fitch's classification (the equivalent of Aaa and C, respectively, by Moody(s). Ratings of BBB or higher by S&P and Fitch (Baa or higher by Moody's) are considered to be investment grade-quality securities. If two or more of the agencies have assigned different ratings to a security, the highest rating is applied. Securities that are not rated by all three agencies are listed as "NR".

"**Alpha tilt strategies** comprise a core holding of stocks that mimic a benchmark type index such as the S&P 500 to which additional securities are added to help tilt the fund toward potentially outperforming the market in an effort to enhance overall investment returns. Tilt strategies are subject to significant timing risk and could potentially expose investors to extended periods of underperformance."

Custom Account Index: The Custom Account Index is an investment benchmark based on your historical target allocations and/or manager selection that you may use to evaluate the performance of your account. The Custom Account index does take into consideration certain changes that may have occurred in your portfolio since the inception of your account, i.e., asset class and/or manager changes. However, in some circumstances, it may not be an appropriate benchmark for use with your specific account composition. For detailed report of the historical composition of this blend please contact your Financial Advisor.

Peer Groups

Peer Groups are a collection of similar investment strategies that essentially group investment products that share the same investment approach. Peer Groups are used for comparison purposes to compare and illustrate a clients investment portfolio versus its peer across various quantitative metrics like performance and risk. Peer Group comparison is conceptually another form of benchmark comparison whereby the actual investment can be ranked versus its peer across various quantitative metrics.

All Peer Group data are provided by Investment Metrics, LLC.

The URL below provides all the definitions and methodology about the various Peer Groups

https://www.invmetrics.com/style-peer-groups

Peer Group Ranking Methodology

A percentile rank denotes the value of a product in which a certain percent of observations fall within a peer group. The range of percentile rankings is between 1 and 100, where 1 represents a high statistical value and 100 represents a low statistical value.

The 30th percentile, for example, is the value in which 30% of the highest observations may be found, the 65th percentile is the value in which 65% of the highest observations may be found, and so on.

Percentile rankings are calculated based on a normalized distribution ranging from 1 to 100 for all products in each peer group, where a ranking of 1 denotes a high statistical value and a ranking of 100 denotes a low statistical value. It is important to note that the same ranking methodology applies to all statistics, implying that a ranking of 1 will always mean highest value across all statistics.

For example, consider a risk/return assessment using standard deviation as a measure of risk. A percentile ranking equal to 1 for return denotes highest return, whereas a percentile ranking of 1 for standard deviation denotes highest risk among peers.

In addition, values may be used to demonstrate quartile rankings. For example, the third quartile is also known as the 75th percentile, and the median is the 50th percentile.

Alternatives

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Alternative Investments are illiquid and may not be valued daily. The estimated valuation provided will be as of the most recent date available and will be included in summaries of your assets. Such valuation may not be the most recent provided by the fund in which you are invested. No representation is made that the valuation is a market value or that the interest could be liquidated at this value. We are not required to take any action with respect to your investment unless valid instructions are received from you in a timely manner. Some positions reflected herein may not represent interests in the fund, but rather redemption proceeds withheld by the issuer pending final valuations which are not subject to the investment performance of the fund and may or may not accrue interest for the length of the withholding.

Alternative investments often are speculative and include a high degree of risk. Investors could lose all or a substantial amount of their investment. Alternative investments are suitable only for eligible, long-term investors who are willing to forgo liquidity and put capital at risk for an indefinite period of time. They may be highly illiquid and can engage in leverage and other speculative practices that may increase the volatility and risk of loss. Alternative Investments typically have higher fees than traditional investments. Investors should carefully review and consider potential risks before investing. Certain of these risks may include but are not limited to:• Loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative practices;• Lack of liquidity in that there may be no secondary market for a fund;• Volatility of returns;• Restrictions on transferring interests in a fund;• Potential lack of diversification and resulting higher risk due to concentration of trading authority when a single advisor is utilized;• Absence of information regarding valuations and pricing;• Complex tax structures and delays in tax reporting;• Less regulation and higher fees than mutual funds; and• Risks associated with the operations, personnel, and processes of the manager.As a diversified global financial services firm, Morgan Stanley Wealth Management engages in a broad spectrum of activities including financial advisory services, investment management activities, sponsoring and managing private investment funds, engaging in broker-dealer transactions and principal securities, commodities and foreign exchange transactions, research publication, and other activities. In the ordinary course of its business, Morgan Stanley Wealth Management therefore engages in activities where Morgan Stanley Wealth Management's interests may conflict with the interests of its clients, including the private investment funds it manages. Morgan Stanley Wealth Management can give no assurance that conflicts of interest will be resolved in favor of its clients or any such fund.

Indices are unmanaged and investors cannot directly invest in them. Composite index results are shown for illustrative purposes and do not represent the performance of a specific investment.

Past performance is no guarantee of future results. Actual results may vary. Diversification does not assure a profit or protect against loss in a declining market.

Any performance or related information presented has not been adjusted to reflect the impact of the additional fees paid to a placement agent by an investor (for Morgan Stanley placement clients, a one-time upfront Placement Fee of up to 3%, and for Morgan Stanley investment advisory clients, an annual advisory fee of up to 2.5%), which would result in a substantial reduction in the returns if such fees were incorporated.

For most investment advisory clients, the program account will be charged an asset-based wrap fee every quarter ("the Fee"). In general, the Fee covers investment advisory services and reporting. In addition to the Fee, clients will pay the fees and expenses of any funds in which their account is invested. Fund fees and expenses are charged directly to the pool of assets the fund invests in and impact the valuations. Clients must understand that these fees and expenses are an additional cost and will not be included in the Fee amount in the account statements.

As fees are deducted quarterly, the compounding effect will be to increase the impact of the fees by an amount directly related to the gross account performance. For example, for an account with an initial value of $100,000 and a 2.5% annual fee, if the gross performance is 5% per year over a three year period, the compounding effect of the fees will result in a net annual compound rate of return of approximately 2.40% per year over a three year period, and the total value of the client's portfolio at the end of the three year period would be approximately $115,762.50 without the fees and $107,372.63 with the fees.

Please see the applicable Morgan Stanley Smith Barney LLC Form ADV Part 2A for more information including a description of the fee schedule. It is available at www.morganstanley.com/ADV <http://www.morganstanley.com/ADV> or from your Financial Advisor/Private Wealth Advisor.

Alternative investments involve complex tax structures, tax inefficient investing, and delays in distributing important tax information. Individual funds have specific risks related to their investment programs that will vary from fund to fund. Clients should consult their own tax and legal advisors as Morgan Stanley does not provide tax or legal advice. Interests in alternative investment products are offered pursuant to the terms of the applicable offering memorandum, are distributed by Morgan Stanley Smith Barney LLC and certain of its affiliates, and (1) are not FDIC-insured, (2) are not deposits or other obligations of Morgan Stanley or any of its affiliates, (3) are not guaranteed by Morgan Stanley and its affiliates, and (4) involve investment risks, including possible loss of principal. Morgan Stanley Smith Barney LLC is a registered broker-dealer, not a bank.

SIPC insurance does not apply to precious metals, other commodities, or traditional alternative investments.

Michigan County Road Commission Self-Insurance Pool

November 24, 2017

Asset Class	Mandate	Current Value	% of Portfolio	Policy Target	Value at Policy Target	Recommended Rebalance	Value after Rebalance	% After Rebalance	% Over (Under) vs. Policy	$ Value Over (Under) vs. Policy
Domestic Equities (39 -69%)		**$26,962,643.58**	**41.00%**	**41.00%**	**$26,996,177.06**	**$0.00**	**$26,962,643.58**	**40.95%**	**-0.05%**	**($33,533.48)**
Domestic Large Cap Core		**$5,207,693.34**	**7.91%**	**8.00%**	**$5,267,546.74**	**$0.00**	**$5,207,693.34**	**7.91%**	**-0.09%**	**($59,853.40)**
The London Company	Large Cap Core	$5,207,693.34	7.91%	8.00%	$5,267,546.74	$0.00	$5,207,693.34	7.91%		
Domestic Large Cap Growth		**$10,398,501.80**	**15.79%**	**14.00%**	**$9,218,206.80**	**$0.00**	**$10,398,501.80**	**15.79%**	**1.79%**	**$1,180,295.00**
Loomis Sayles	Large Cap Growth	$6,200,066.33	9.42%	7.00%	$4,609,103.40	$0.00	$6,200,066.33	9.42%		
AMI	Large Cap Growth	$4,198,435.47	6.38%	7.00%	$4,609,103.40	$0.00	$4,198,435.47	6.38%		
Domestic Large Cap Value		**$5,855,974.97**	**8.89%**	**9.00%**	**$5,925,990.09**	**$0.00**	**$5,855,974.97**	**8.89%**	**-0.11%**	**($70,015.12)**
Delaware	Large Cap Value	$5,855,974.97	8.89%	9.00%	$5,925,990.09	$0.00	$5,855,974.97	8.89%		
Domestic Small Cap Growth		**$2,767,031.39**	**4.20%**	**5.00%**	**$3,292,216.71**	**$0.00**	**$2,767,031.39**	**4.20%**	**-0.80%**	**($525,185.32)**
Henderdon Geneva	Small Cap Growth	$2,767,031.39	4.20%	5.00%	$3,292,216.71	$0.00	$2,767,031.39	4.20%		
Domestic Small Cap Value		**$2,733,442.08**	**4.15%**	**5.00%**	**$3,292,216.71**	**$0.00**	**$2,733,442.08**	**4.15%**	**-0.85%**	**($558,774.63)**
NWQ	Small Cap Value	$2,733,442.08	4.15%	5.00%	$3,292,216.71	$0.00	$2,733,442.08	4.15%		
International Equities (0 - 20%)		**$8,509,605.58**	**12.92%**	**14.00%**	**$9,218,206.80**	**$0.00**	**$8,509,605.58**	**12.92%**	**-1.08%**	**($708,601.22)**
Invesco	International Growth	$4,209,360.91	6.39%	7.00%	$4,609,103.40	$0.00	$4,209,360.91	6.39%		
Lazard w/Emerging	International Value	$4,300,244.67	6.53%	7.00%	$4,609,103.40	$0.00	$4,300,244.67	6.53%		
Emerging Markets (0 - 8%)		**$3,412,057.51**	**5.18%**	**4.00%**	**$2,633,773.37**	**$0.00**	**$3,412,057.51**	**5.18%**	**1.18%**	**$778,284.14**
Lazard	Emerging Markets	$1,666,212.34	2.53%	4.00%	$2,633,773.37	$0.00	$1,666,212.34	2.53%		
Invesco	Emerging Markets	$770,363.34	1.17%	7.00%	$4,609,103.40	$0.00	$770,363.34	1.17%		
Lazard w/Emerging	Emerging Markets	$975,481.83	1.48%	7.00%	$4,609,103.40	$0.00	$975,481.83	1.48%		
Fixed Income (26 - 56%)		**$23,978,067.80**	**36.42%**	**36.00%**	**$23,703,960.34**	**$0.00**	**$23,978,067.80**	**36.42%**	**0.42%**	**$274,107.46**
Wedge	Fixed Income	$11,773,392.06	17.88%	18.00%	$11,851,980.17	$0.00	$11,773,392.06	17.88%		
WAMCO	Fixed Income	$12,204,675.74	18.54%	18.00%	$11,851,980.17	$0.00	$12,204,675.74	18.54%		
Alternative Investments (0- 10%)		**$2,981,759.43**	**4.53%**	**5.00%**	**$3,292,216.71**	**$0.00**	**$2,981,759.43**	**4.53%**	**-0.47%**	**($310,457.28)**
Cushing - MLPs	MLPs	$2,981,759.43	4.53%	5.00%	$3,292,216.71	$0.00	$2,981,759.43	4.53%		
Cash (0 - 10%)	**Cash**	**$200.39**	**0.00%**	**0.00%**	$0.00	**$0.00**	**$200.39**	**0.00%**	**0.00%**	**$200.39**
Combined Accounts		**$65,844,334.29**	**100.00%**	**100.00%**	**$65,844,334.29**	**$0.00**	**$65,844,334.29**	**100.00%**		

Source: Morgan Stanley

GLOBAL INVESTMENT MANAGER ANALYSIS

Western Asset Management Core Fixed Income Plus

Status: Focus List
Analyst: James Szestowicki
Phone: 302-888-4116 Email: James.W.Szestowicki@ms.com

Benchmark: Benchmark Holdings NA
September 30, 2017 (Q3)

Trailing Returns

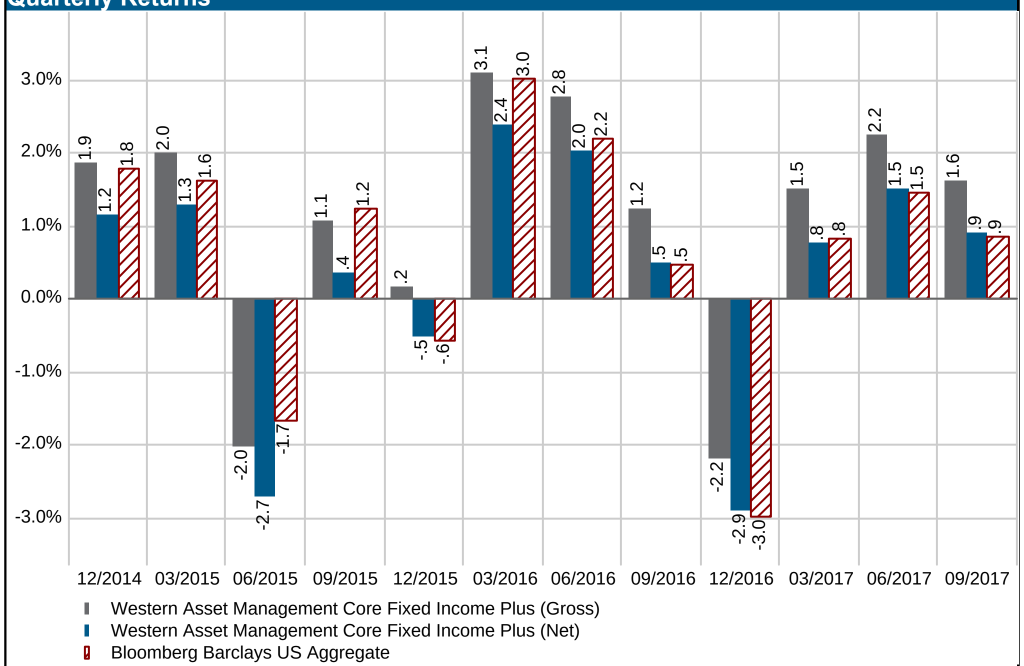
	QTR	YTD	1 Yr	3 Yr	5 Yr	7 Yr	10 Yr	2016	2015	2014	2013	2012	2011
Western Asset Management Core Fixed Income Plus (Gross)	1.62%	5.47%	3.17%	4.48%	3.80%	4.57%	5.91%	4.94%	1.18%	7.91%	-0.94%	7.08%	7.46%
Western Asset Management Core Fixed Income Plus (Net)	0.90%	3.22%	0.24%	1.55%	0.89%	1.65%	2.96%	1.97%	-1.63%	4.92%	-3.73%	4.13%	4.51%
Bloomberg Barclays US Aggregate	0.85%	3.14%	0.07%	2.71%	2.06%	2.95%	4.27%	2.65%	0.55%	5.97%	-2.02%	4.21%	7.84%
Excess Return (Gross)	**0.77%**	**2.32%**	**3.09%**	**1.77%**	**1.73%**	**1.61%**	**1.64%**	**2.29%**	**0.63%**	**1.94%**	**1.08%**	**2.86%**	**-0.39%**

Past performance is no guarantee of future results. This report is not complete without pages 3, 4 and 5, which contain important notes, including disclosures about the Focus List and the Approved List, index descriptions and a glossary of terms. Information shown is as of the date of most recent quarter end unless otherwise noted. All data are subject to change.

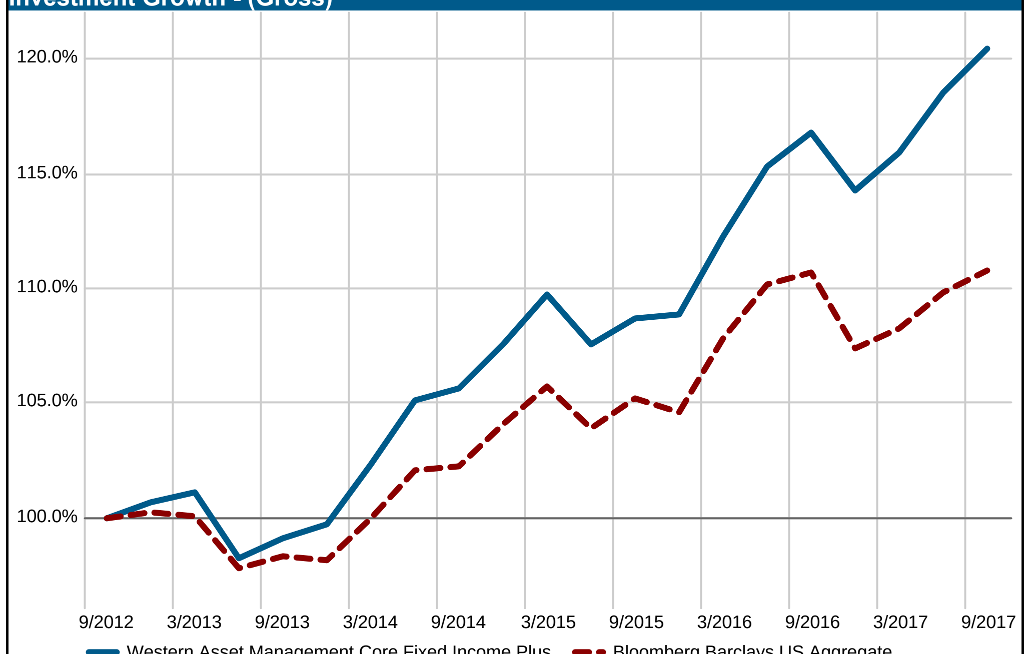
Strategy Description

Western applies the same managed duration, relative value sector rotation and security selection style to the management of all of its fixed income mandates. The investment process uses a combination of top-down macroeconomic analysis and bottom-up research and seeks to add value through issue selection, sector allocation, duration management and yield curve positioning.

Quarterly Returns



Investment Growth - (Gross)



INVESTMENT PRODUCTS: NOT FDIC INSURED * NO BANK GUARANTEE * MAY LOSE VALUE

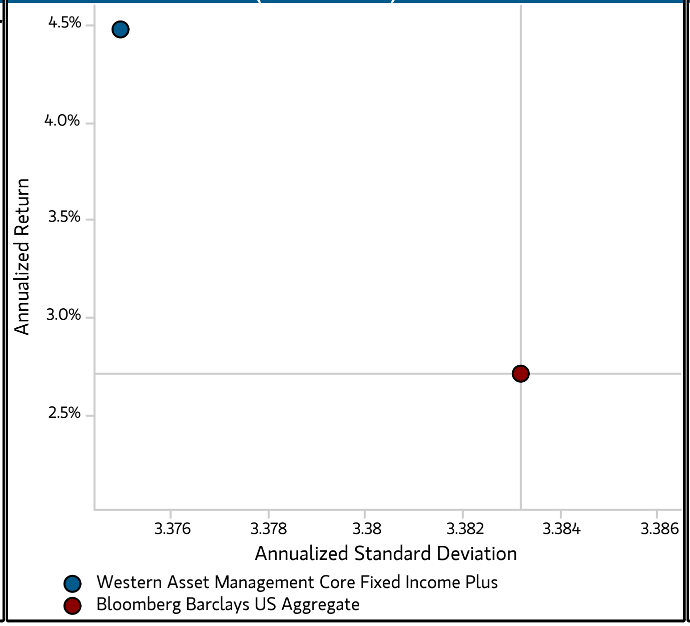
This report is only to be used in connection with investment advisory programs and not brokerage accounts.
Please use this report in tandem with the associated Manager Profile which contains additional information about this strategy.

Portfolio Performance and Risk Statistics (Gross of Fees)

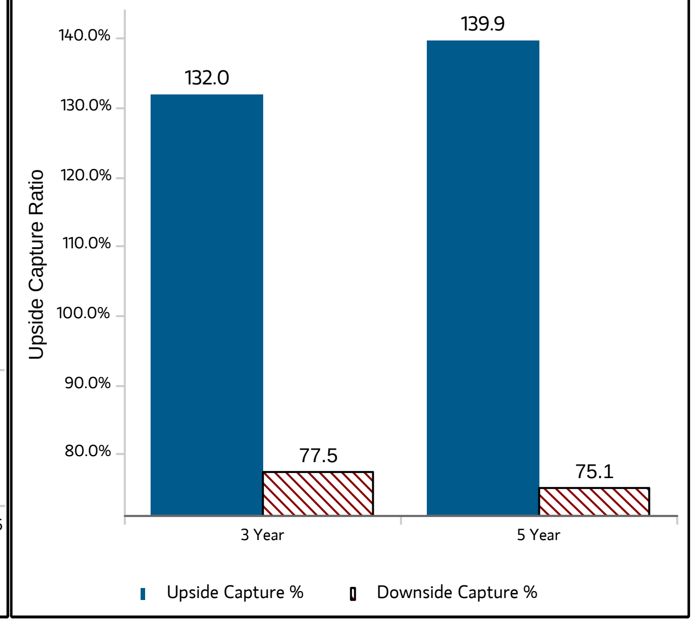
Risk Statistics vs. Benchmark

	3-Year	5-Year
Alpha	1.8%	1.6%
Beta	1.0	1.0
R2	94.1%	94.4%
Tracking Error	0.8%	0.8%
Information Ratio	2.2	2.2
Batting Average	83.3%	85.0%
Up Capture Ratio	132.0%	139.9%
Down Capture Ratio	77.5%	75.1%
Standard Deviation	3.4	3.3
Standard Deviation (Bmk)	3.4	3.1
Sharpe Ratio	1.3	1.1

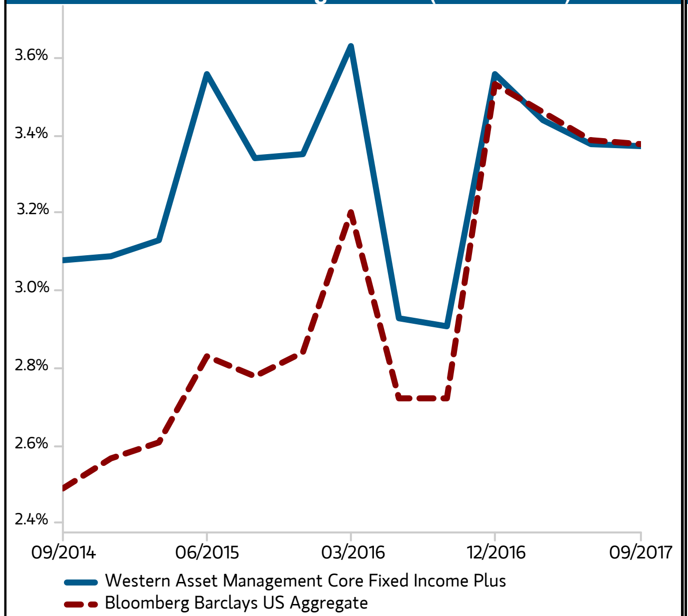
Risk-Reward - 3 Year (Annualized)



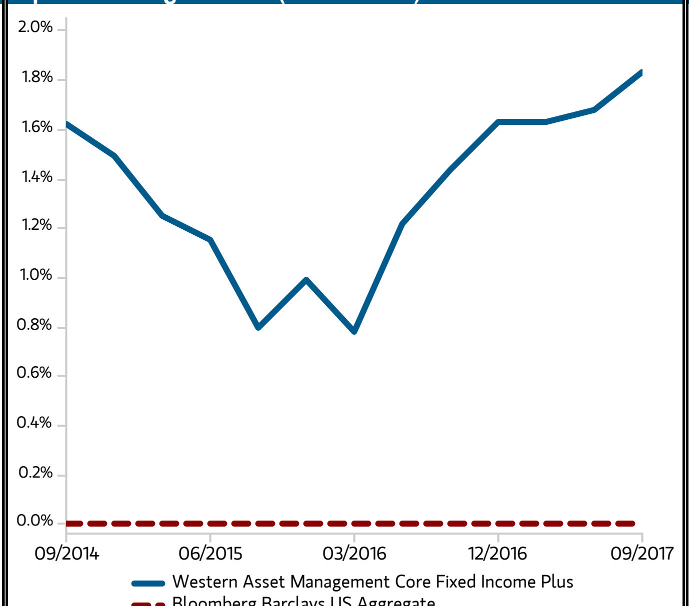
Up/Down Capture Ratio vs. the Benchmark



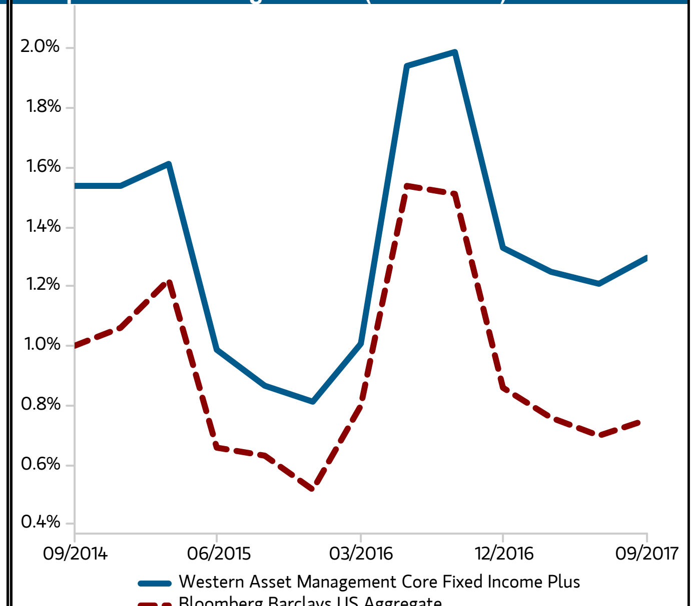
Standard Deviation - Rolling - 3 Year (Annualized)



Alpha - Rolling - 3 Year (Annualized)



Sharpe Ratio - Rolling - 3 Year (Annualized)



Glossary of Terms

Active Share - is a measure of the percentage of stock holdings in a manager's portfolio that differ from the benchmark index. Active Share is calculated by taking the sum of the absolute value of the differences of the weight of each holding in the manager's portfolio versus the weight of each holding in the benchmark index and dividing by two.
Adjusted P/E - Trailing 12 Mo. - is a P/E calculation that excludes outliers (both high and low) from an aggregate P/E calculation. If a company's P/E falls outside the range, that P/E is considered NA. The weighted average is then calculated including only the P/E's of the companies within the range. P/E ratios that are exceedingly high or low (even negative) may potentially distort an unadjusted P/E ratio.
ADRs - American Depositary Receipts are U.S. dollar denominated forms of equity ownership in non-U.S. companies. These shares are issued against the local market shares held in the home market.
Allocation Effect - is the portion of portfolio excess return attributed to taking different group bets from the benchmark. (If either the portfolio or the benchmark has no position in a given group, allocation effect is the lone effect.) A group's allocation effect equals the weight of the portfolio's group minus the weight of the benchmark's group times the total return of the benchmark group minus the total return of the benchmark in aggregate.
Alpha - measures the difference between a portfolio's actual returns and its expected performance, given its level of risk as measured by Beta. A positive Alpha figure indicates the portfolio has performed better than its Beta would predict. A negative Alpha indicates the portfolio's underperformance given the expectations established by the Beta. The accuracy of the Alpha is therefore dependent on the accuracy of the Beta. Alpha is often viewed as a measurement of the value added or subtracted by a portfolio's manager.
Batting Average - measures how frequently a portfolio outperforms its benchmark on a quarterly basis. The statistic is obtained by dividing the number of quarters in which the portfolio outperformed the total return of the benchmark by the total number of quarters. For example, a portfolio with a batting average of 60% has outperformed the index more than it has underperformed.
Beta - measures a portfolio's volatility relative to its benchmark. A portfolio with a Beta higher than 1.0 has historically been more volatile than the benchmark, while a portfolio with a Beta lower than 1.0 has been less volatile. The accuracy of the Beta is dependent on R-Squared.
Correlation - a statistical measure of how two securities move in relation to each other. This measure is often converted into what is known as correlation coefficient, which ranges between -1 and +1. Perfect positive correlation (a correlation coefficient of +1) implies that as one security moves, either up or down, the other security will move in lockstep, in the same direction. Alternatively, perfect negative correlation means that if one security moves in either direction the security that is perfectly negatively correlated will move in the opposite direction. If the correlation is 0, the movements of the securities are said to have no correlation; they are completely random.
Dividend Yield - annual dividend per share divided by price per share. Dividend Yield for the portfolio is a weighted average of the results for the individual stocks in the portfolio.
Down Capture Ratio - the ratio of the portfolio's overall performance to the benchmark's overall performance, considering only periods that are negative in the benchmark. A Down Capture Ratio of less than 100% indicates a portfolio that outperforms the relative benchmark in the benchmark's negative quarters and preserves more of the portfolio's value during down markets.
Duration - quantifies the effect of changes in interest rates on the price of a bond or bond portfolio. The longer the duration, the more sensitive the bond or portfolio would be to changes in interest rates. Generally, if interest rates rise, bond prices fall and vice versa. Longer-term bonds carry a longer or higher duration than shorter-term bonds; as such, they would be affected by changing interest rates for a greater period of time if interest rates were to increase. Consequently, the price of a long-term bond would drop significantly as compared to the price of a short-term bond.
EPS Growth - Forecast - a measure of one year earnings (cash flow or dividends) per share growth from the prior fiscal year (FY0) to the current fiscal year (FY1) using analyst consensus forecasts. Growth is expressed as a percent. The FY1 EPS (earnings per share) growth rate for the portfolio is a weighted average of the forecasts for the individual stocks in the portfolio.
EPS Growth - 5 Year Forecast - the weighted average annualized earnings per share growth for a portfolio over the past five years.
Excess Return - represents the average quarterly total return of the portfolio relative to its benchmark. A portfolio with a positive Excess Return has on average outperformed its benchmark on a quarterly basis. This statistic is obtained by subtracting the benchmark return from the portfolio's return.
Information Ratio - represents the Excess Return divided by the Tracking Error. It provides a measure of the historical consistency of the portfolio's outperformance or underperformance relative to its benchmark. A higher, positive Information Ratio suggests that the portfolio's excess returns may have been the result of making measured or moderate bets against the relevant benchmark's risk exposures.
Market Cap ($M) - the average portfolio market capitalization (market price multiplied by shares outstanding), weighted by the proportion of the portfolio's assets invested in each stock.
Maturity - the weighted average portfolio length of time until the principal amount of a bond must be repaid.
Mortgage-backed securities (MBS) - securities backed by a mortgage loan or a pool of mortgage loans secured by real property. Investors receive payments of interest and principal that are derived from payments received on the underlying mortgage loans.
P/E - Trailing 12-Mo. - the current price of a stock divided by the most recent 12 months trailing earnings per share. P/E for the portfolio is a weighted average of the results for the individual stocks in the portfolio.
Price-to-Book - price per share divided by book value per share. Price-to-Book for the portfolio is a weighted average of the results for the individual stocks in the portfolio.
Quality - based upon per-share earnings and dividend records of the most recent 10 years, this ranking system attempts to capture the growth and stability of earnings and dividends for individual stocks. For a portfolio, the quality ranking is a weighted average. The quality rankings classification is as follows: A+ (highest), A (high), A- (above avg.), B+ (average), B- (lower), C (lowest), D (in reorganization), and LIQ (liquidation).
R-Squared (R^2) - represents the percentage of the volatility of returns that is attributable to movements of the benchmark. It is a measure of "co-movement" between portfolio returns and benchmark returns. The closer the portfolio's R^2 is to 100%, the more closely the portfolio correlates to, or follows, the benchmark. Generally, highly diversified portfolios have higher R^2 percentages.
Return on Equity (ROE) - is another profitability ratio which gauges return on investment by measuring how effectually stockholder money is being employed by the company. ROE is calculated by dividing a company's net income by average total equity. Unlike Return on Assets (ROA), ROE considers the degree to which a company uses leveraging, as interest expense paid to creditors is generally deducted from earnings to arrive at net income. ROE for the portfolio is a weighted average of the results for the individual stocks in the portfolio.**Rolling Annualized Performance -** measures the consistency of a portfolio's performance. For example, with three-year annualized returns rolled annually, the return shown for a given period is actually an annualized return for a particular year and the previous two years. Since performance is assessed over longer periods, the returns rolled annually give a better indication of trends.
Stock Selection Effect - is the portion of portfolio excess return attributable to choosing different securities within groups from the benchmark. A group's selection effect equals the weight of the benchmark's group multiplied by the total return of the portfolio's group minus the total return of the benchmark's group.
Sharpe Ratio - measures a portfolio's rate of return based on the risk it assumed and is often referred to as its risk-adjusted performance. Using Standard Deviation and returns in excess of the returns of T-bills, it determines reward per unit of risk. This measurement can help determine if the portfolio is reaching its goal of increasing returns while managing risk.
Standard Deviation - quantifies the volatility associated with a portfolio's returns. The statistic measures the variation in returns around the mean return. Unlike Beta, which measures volatility relative to the aggregate market, Standard Deviation measures the absolute volatility of a portfolio's return.
Total Effect - is the sum of all effects.
Tracking Error - represents the Standard Deviation of the Excess Return. This provides a historical measure of the variability of the portfolio's returns relative to its benchmark. A portfolio with a low Tracking Error would have quarterly Excess Returns that have exhibited very low volatility.
Up Capture Ratio - measures the portfolio's overall performance to the benchmark's overall performance, considering only periods that are positive in the benchmark. An Up Capture Ratio of more than 100% indicates a portfolio that outperforms the relative benchmark in the benchmark's positive quarters.

Index Descriptions and Disclosures

Depending on the composition of your account and your investment objectives any indices shown in this report may not be an appropriate measure for comparison purposes and are presented for illustration only. The strategy shown in this report does not necessarily seek to track the index, is not restricted to securities in the index and may be more volatile than the index. The benchmark below may differ from the benchmark assigned by the manager, please refer to the GIMA manager report for more details.

Indices are unmanaged. They do not reflect any management, custody, transaction or other expenses, and generally assume reinvestment of dividends, accrued income and capital gains. Past performance of indices does not guarantee future results. You cannot invest directly in an index.

The U.S. Aggregate Index covers the dollar-denominated investment-grade fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS passthrough securities, asset-backed securities, and commercial mortgage-based securities. These major sectors are subdivided into more specific subindices that are calculated and published on an ongoing basis. Total return comprises price appreciation/depreciation and income as a percentage of the original investment. This index is rebalanced monthly by market capitalization.

Important Disclosures

REPORT FOR USE ONLY IN INVESTMENT ADVISORY PROGRAMS

This report is only to be used in Morgan Stanley Smith Barney LLC ("Morgan Stanley") investment advisory programs and not in connection with brokerage accounts.

THE GLOBAL INVESTMENT MANAGER ANALYSIS (GIMA) SERVICES ONLY APPLY TO CERTAIN INVESTMENT ADVISORY PROGRAMS

Global Investment Manager Analysis (GIMA) evaluates certain investment products for the purposes of some - but not all - of Morgan Stanley Smith Barney LLC's investment advisory programs (as described in more detail in the applicable Form ADV Disclosure Document for Morgan Stanley). If you do not invest through one of these investment advisory programs, Morgan Stanley is not obligated to provide you notice of any GIMA status changes even though it may give notice to clients in other programs.

FOCUS LIST, APPROVED LIST AND TACTICAL OPPORTUNITIES LIST; WATCH POLICY

GIMA uses two methods to evaluate investment products in applicable advisory programs: Focus (and investment products meeting this standard are described as being on the Focus List) and Approved (and investment products meeting this standard are described as being on the Approved List). In general, Focus entails a more thorough evaluation of an investment product than Approved. Sometimes an investment product may be evaluated using the Focus List process but then placed on the Approved List instead of the Focus List.

Investment products may move from the Focus List to the Approved List, or vice versa. GIMA may also determine that an investment product no longer meets the criteria under either process and will no longer be recommended in investment advisory programs (in which case the investment product is given a "Not Approved" status).

GIMA has a "Watch" policy and may describe a Focus List or Approved List investment product as being on "Watch" if GIMA identifies specific areas that (a) merit further evaluation by GIMA and (b) may, but are not certain to, result in the investment product becoming "Not Approved." The Watch period depends on the length of time needed for GIMA to conduct its evaluation and for the investment manager or fund to address any concerns. GIMA may, but is not obligated to, note the Watch status in this report with a "W" or "Watch" next to the "Status" on the cover page.

Certain investment products on either the Focus List or Approved List may also be recommended for the Tactical Opportunities List based in part on tactical opportunities existing at a given time. The investment products on the Tactical Opportunities List change over time.

For more information on the Focus List, Approved List, Tactical Opportunities List and Watch processes, please see the applicable Form ADV Disclosure Document for Morgan Stanley. Your Financial Advisor or Private Wealth Advisor can also provide upon request a copy of a publication entitled "GIMA At A Glance."

NO OBLIGATION TO UPDATE

Morgan Stanley has no obligation to update you when any information or opinion in this report changes.

STRATEGY MAY BE AVAILABLE AS A SEPARATELY MANAGED ACCOUNT OR MUTUAL FUND

Strategies are sometimes available in Morgan Stanley investment advisory programs both in the form of a separately managed account ("SMA") and a mutual fund. These may have different expenses and investment minimums. Your Financial Advisor or Private Wealth Advisor can provide more information on whether any particular strategy is available in more than one form in a particular investment advisory program.

CONSIDER YOUR OWN INVESTMENT NEEDS

This report is not intended to be a client-specific suitability analysis or recommendation, an offer to participate in any investment, or a recommendation to buy, hold or sell securities (includes securities of Morgan Stanley, and/or their affiliates if shown in this report). Do not use this report as the sole basis for investment decisions. Do not select an asset class or investment product based on performance alone. Consider all relevant information, including your existing portfolio, investment objectives, risk tolerance, liquidity needs and investment time horizon.

PERFORMANCE AND OTHER PORTFOLIO INFORMATION

General

Past performance does not guarantee future results. There is no guarantee that this investment strategy will work under all market conditions. As a result of recent market activity, current performance may vary from the performance shown in this report.

Performance results are time weighted and include all cash and cash equivalents, realized and unrealized capital gains and losses, and reinvestment of dividends, interest and other income. Performance results are annualized for periods greater than one year. Returns for periods of less than a calendar year show the total return for the period and are not annualized.

Performance results may be presented in a currency other than the currency of the country in which you live. Your actual return on this investment product may increase or decrease with fluctuations between currencies.

Sources of Performance Results and Other Data

The performance data and certain other information for this strategy (including the data on page 1 of this report) reflect the investment manager's results in managing Morgan Stanley program accounts, or the investment manager's results in managing accounts and investment products, in the same or a substantially similar investment discipline. (For periods through June 2012, the Fiduciary Services program operated through two channels   Morgan Stanley channel and the Smith Barney channel   and any performance and other data relating to Fiduciary Services accounts shown here for these periods is calculated using accounts in only one of the these channels.) This information for the investment manager is presented solely to provide information about accounts that were managed according to investment objectives and strategies the same or substantially similar to the corresponding investment discipline in the Select UMA program. Although the Fiduciary Services and Select UMA programs are both Morgan Stanley managed account programs, the performance results and other features of similar investment disciplines in the two programs may differ due to investment and operational differences. For example, the individual investment disciplines in the Select UMA accounts may contain fewer securities, which would lead to a more concentrated portfolio. The automatic rebalancing, wash sale loss and tax harvesting features of the Select UMA program, which are not available in Fiduciary Services, also could cause differences in performance. Accordingly, the performance of the accounts in the Fiduciary Services program is not, and may differ significantly from, the performance of the accounts in the Select UMA program and should not be considered indicative of or a substitute for Select UMA performance. Similarly, performance results of the investment manager's composites may differ from those of Select UMA accounts managed in the same or a substantially similar investment discipline.

Net performance information

Net performance results reflect a deduction from the gross performance of three components: 0.625% maximum quarterly (2.5% maximum annual) MS Advisory Fee and 0.0175% maximum quarterly (0.07% maximum annual) Program Overlay Fee (which, together cover the services provided by Morgan Stanley), plus the quarterly SMA Manager Fee currently charged by this investment manager to new clients for managing their assets in this strategy in the Select UMA program. The SMA Manager Fees range from 0.025% to 0.1875% per Quarter (0.10% to 0.75% per year) and may differ from manager to manager, and managers may change their fee to new clients from time to time.

The maximum total annual fee chargeable in a Morgan Stanley investment advisory program is generally no more than 3%. If you invest through a program in which your program fee is higher than 3%, then the net results would be lower.

Please see the Select UMA Manager Profile for this investment manager and strategy, for more details on the SMA Manager Fee for this strategy and performance and other information. The Profiles are available from your Financial Advisor and at www.morganstanley.com/ADV. Also, if you select this manager for your account, check the SMA Manager Fees specified in the written confirmation you receive when you open your investment advisory account, in case these have changed since you received the Select UMA Manager Profile. Historical net fees reflect the Advisory Fee Schedule as of March 31, 2014.

Benchmark index

Depending on the composition of your account and your investment objectives, any indices shown in this report may not be an appropriate measure for comparison purposes and are therefore presented for illustration only. Indices are unmanaged. They do not reflect any management, custody, transaction or other expenses, and generally assume reinvestment of dividends, accrued income and capital gains. Past performance of indices does not guarantee future results. You cannot invest directly in an index.

Performance of indices may be more or less volatile than any investment product. The risk of loss in value of a specific investment (such as with an investment manager or in a fund) is not the same as the risk of loss in a broad market index. Therefore, the historical returns of an index will not be the same as the historical returns of a particular investment product.

Other data

Portfolio analysis may be based on information on less than all of the securities held in the portfolio. For equity portfolios, the analysis typically reflects securities representing at least 95% of portfolio assets. This may differ for other strategies, including those in the fixed income and specialty asset classes, due to availability of portfolio information.

Economic Sector Allocations and 10 Largest Holdings are accurate as of the most recent quarter end for which information was available when this report was prepared, and are subject to change at any time. 10 Largest Holdings lists indicate the largest security holdings in the portfolio, and Economic Sector Allocations are based on industry standard sector identification codes. Both are measured as a percentage of the total portfolio in terms of asset value as of the date indicated above.

Other data in this report is accurate as of the date this report was prepared unless stated otherwise. Data in this report may be calculated by the fund's investment manager, Morgan Stanley or a third party service provider.

Important Disclosures

ASSET CLASS AND OTHER RISKS
Investing in ***stocks, mutual funds*** and ***exchange-traded funds ("ETFs")*** entails the risks of market volatility. The value of all types of investments may increase or decrease over varying time periods.

Nondiversification: For a portfolio that holds a concentrated or limited number of securities, a decline in the value of these investments would cause the portfolio's overall value to decline to a greater degree than a less concentrated portfolio. Portfolios that invest a large percentage of assets in only one industry sector (or in only a few sectors) are more vulnerable to price fluctuation than those that diversify among a broad range of sectors.

Value and ***growth investing*** also carry risks. Value investing involves the risk that the market may not recognize that securities are undervalued and they may not appreciate as anticipated. Growth investing does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations.

International securities may carry additional risks, including foreign economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes and differences in financial and accounting standards. International investing may not be for everyone. These risks may be magnified in ***emerging markets.***

Small- and mid- capitalization companies may lack the financial resources, product diversification and competitive strengths of larger companies. The securities of small capitalization companies may not trade as readily as, and be subject to higher volatility than, those of larger, more established companies.

Bonds are subject to interest rate risk. When interest rates rise, bond prices fall; generally the longer a bond's maturity, the more sensitive it is to this risk. Bonds may also be subject to call risk, which allows the issuer to retain the right to redeem the debt, fully or partially, before the scheduled maturity date. Proceeds from sales prior to maturity may be more or less than originally invested due to changes in market conditions or changes in the credit quality of the issuer.

Ultra-short bond funds generally invest in fixed income securities with very short maturities, typically less than one year. They are not money market funds. While money market funds attempt to maintain a stable net asset value, an ultra-short bond fund's net asset value will fluctuate, which may result in the loss of the principal amount invested. They are therefore subject to the risks associated with debt securities such as credit and interest rate risk.

High yield bonds are subject to additional risks such as increased risk of default and greater volatility because of the lower credit quality of the issues.***Real estate investments:*** property values can fall due to environmental, economic or other reasons, and changes in interest rates can negatively impact the performance of real estate companies.

Derivatives, in general, involve special risks and costs that may result in losses. The successful use of derivatives requires sophisticated management, in order to manage and analyze derivatives transactions. The prices of derivatives may move in unexpected ways, especially in abnormal market conditions. In addition, correlation between the particular derivative and an asset or liability of the manager may not be what the investment manager expected. Some derivatives are "leveraged" and therefore may magnify or otherwise increase investment losses. Other risks include the potential inability to terminate or sell derivative positions, as a result of counterparty failure to settle or other reasons.

Mortgage-backed securities ("MBS"), which include collateralized mortgage obligations ("CMOs"), also referred to as real estate mortgage investment conduits ("REMICs"), may not be suitable for all investors. There is the possibility of early return of principal due to mortgage prepayments, which can reduce expected yield and result in reinvestment risk. Conversely, return of principal may be slower than initial prepayment speed assumptions, extending the average life of the security up to its listed maturity date (also referred to as extension risk). Additionally, the underlying collateral supporting MBS may default on principal and interest payments. Investments in subordinated MBS involve greater credit risk of default than the senior classes of the same issue. MBS are also sensitive to interest rate changes which can negatively impact the market value of the security. During times of heightened volatility, MBS can experience greater levels of illiquidity and larger price movements.

Commodities: The commodities markets may fluctuate widely based on a variety of factors including, but not limited to, changes in supply and demand relationships; governmental programs and policies; national and international political and economic events, war and terrorist events; changes in interest and exchange rates; trading activities in commodities and related contracts; pestilence, technological change and weather; and the price volatility of a commodity.

Alternative/hedged strategies may use various investment strategies and techniques for both hedging and more speculative purposes such as short selling, leverage, derivatives and options, which can increase volatility and the risk of investment loss. Alternative/hedged strategies are not appropriate for all investors. A short sales strategy includes the risk of loss due to an increase in the market value of borrowed securities. Such a strategy may be combined with purchasing long positions in an attempt to improve portfolio performance. A short sales strategy may result in greater losses or lower positive returns than if the portfolio held only long positions, and the portfolio's loss on a short sale is potentially unlimited. The use of leverage can magnify the impact of adverse issuer, political, regulatory, market, or economic developments on a company. A decrease in the credit quality of a highly leveraged company can lead to a significant decrease in the value of the company's securities. In a liquidation or bankruptcy, a company's creditors take precedence over the company's stockholders.

MLPs involve risks that differ from an investment in common stock. MLPs are controlled by their general partners, which generally have conflicts of interest and limited fiduciary duties to the MLP, which may permit the general partner to favor its own interests over the MLPs. The potential return of MLPs depends largely on the MLPs being treated as partnerships for federal income tax purposes. As a partnership, an MLP has no federal income tax liability at the entity level. Therefore, treatment of one or more MLPs as a corporation for federal income tax purposes could affect the portfolio's ability to meet its investment objective and would reduce the amount of cash available to pay or distribute to you. Legislative, judicial, or administrative changes and differing interpretations, possibly on a retroactive basis, could negatively impact the value of an investment in MLPs and therefore the value of your investment.

The current yield of ***preferred securities*** is calculated by multiplying the coupon by par value divided by the market price. The majority of $25 and $1000 par preferred securities are "callable" meaning that the issuer may retire the securities at specific prices and dates prior to maturity. Interest/dividend payments on certain preferred issues may be deferred by the issuer for periods of up to 5 to 10 years, depending on the particular issue. The investor would still have income tax liability even though payments would not have been received. Price quoted is per $25 or $1,000 share, unless otherwise specified. The initial rate on a floating rate or index-linked preferred security may be lower than that of a fixed-rate security of the same maturity because investors expect to receive additional income due to future increases in the floating/linked index. However, there can be no assurance that these increases will occur.

Convertible securities are convertible to equity at the option of the holder. The market value of the securities, and the underlying common stock into which they are convertible, will fluctuate. In particular, securities whose value depends on the performance of an underlying security entail potentially higher volatility and risk of loss compared to traditional bond investments. You should be aware that the market value of convertible bonds may not correspond directly to increases or decreases in the underlying stock.

NO TAX ADVICE
Tax laws are complex and subject to change. Morgan Stanley Smith Barney LLC ("Morgan Stanley"), its affiliates and Morgan Stanley Financial Advisors and Private Wealth Advisors do not provide tax or legal advice and are not "fiduciaries" (under ERISA, the Internal Revenue Code or otherwise) with respect to the services or activities described herein except as otherwise provided in writing by Morgan Stanley. Individuals are encouraged to consult their tax and legal advisors (a) before establishing a retirement plan or account, and (b) regarding any potential tax, ERISA and related consequences of any investments made under such plan or account.

If any investments in this report are described as "tax free", the income from these investments may be subject to state and local taxes and (if applicable) the federal Alternative Minimum Tax. Realized capital gains on these investments may be subject to federal, state and local capital gains tax.

GLOBAL INVESTMENT MANAGER ANALYSIS

AMI Large Cap Growth

Benchmark: Russell 1000 Growth
September 30, 2017 (Q3)

Status: Focus List
Analyst: Bill Bridge
Phone: 212-296-1177 Email: Bill.Bridge@morganstanley.com

Trailing Returns

	QTR	YTD	1 Yr	3 Yr	5 Yr	7 Yr	10 Yr	2016	2015	2014	2013	2012	2011
AMI Large Cap Growth (Gross)	1.83%	15.63%	14.11%	9.01%	12.13%	13.78%	9.99%	0.92%	3.83%	14.28%	31.10%	17.95%	7.03%
AMI Large Cap Growth (Net)	1.10%	13.19%	10.85%	5.82%	8.84%	10.45%	6.75%	-2.13%	0.79%	10.88%	27.35%	14.45%	3.93%
Russell 1000 Growth	5.90%	20.72%	21.94%	12.69%	15.26%	15.41%	9.08%	7.08%	5.67%	13.05%	33.48%	15.26%	2.64%
Excess Return (Gross)	**-4.07%**	**-5.09%**	**-7.83%**	**-3.69%**	**-3.13%**	**-1.63%**	**0.91%**	**-6.16%**	**-1.84%**	**1.23%**	**-2.38%**	**2.69%**	**4.39%**

Past performance is no guarantee of future results. This report is not complete without pages 5, 6 and 7, which contain important notes, including disclosures about the Focus List and the Approved List, index descriptions and a glossary of terms. Information shown is as of the date of most recent quarter end unless otherwise noted. All data are subject to change.

Strategy Description

AMI manages a bottom-up large cap growth strategy focusing on companies which have recurring revenue business models along with strong cash flow and balance sheets. Recurring revenue is defined as a company with a product that has a lifespan less than two years. Valuation is also an important component of their investment process.

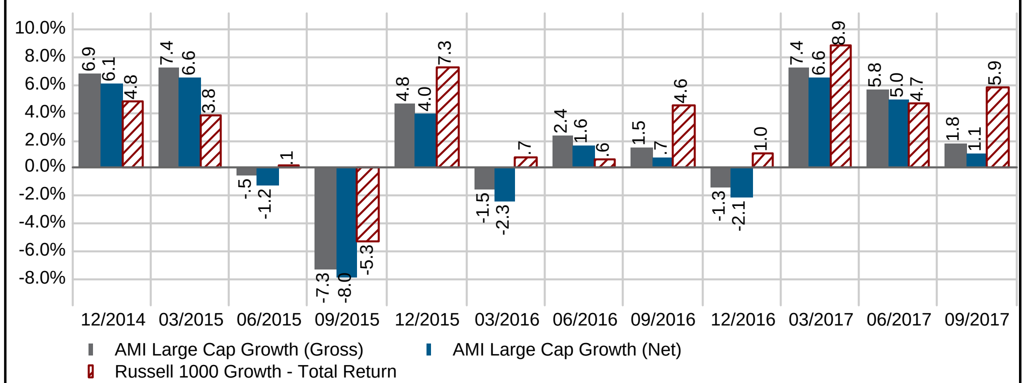
Performance Commentary

• The portfolio underperformed the Russell 1000 Growth for the quarter. Stock selection was negative and sector positioning was negative.

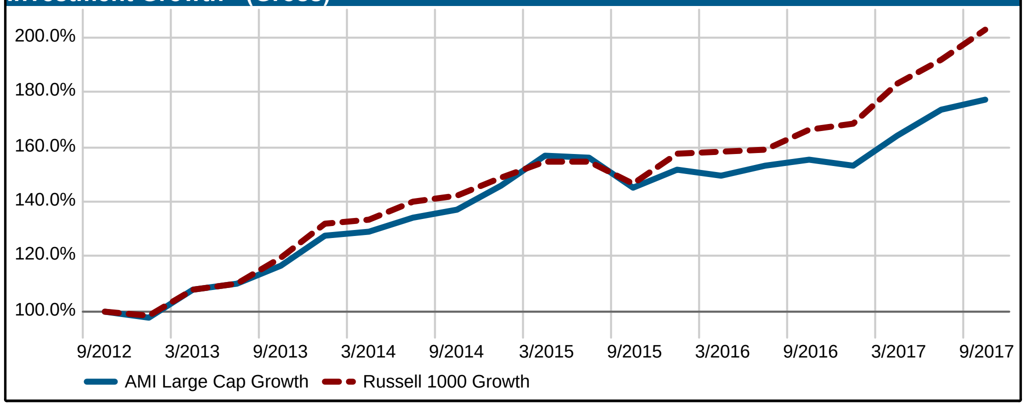
• The top contributing sectors were Energy, Real Estate, and Telecommunication Services. The top detracting sectors were Health Care, Consumer Staples, and Information Technology. From an industry perspective, Commercial Services & Supplies, Tobacco, and Internet & Direct Marketing Retail added value, while Pharmaceuticals, Household Products, and Health Care Providers & Services detracted.

• Within the portfolio, companies with a price/earnings greater than 20.0x detracted from returns. And finally, companies with moderate beta tended to do better than companies with low beta during the quarter.

Quarterly Returns



Investment Growth - (Gross)



Portfolio Characteristics

Portfolio Characteristics

	Strategy	Bmk
# of Securities	33	550
Market Cap ($M)	116,445	203,150
P/E - Trailing 12-Mo.	25.0	26.4
Adj. P/E - trailing 12-Mo.	25.0	24.6
P/E - Forecast FY1*	22.4	22.7
Price-to- Book	4.6	6.3
Dividend Yield	1.07	1.33
Return on Equity	26.0	24.2
EPS Growth - Forecast*	12.8	15.0
EPS Growth - Hist. 5 Year	13.9	13.2
Quality	B+	B+
Active Share	80.75	--

Economic Sector Allocation

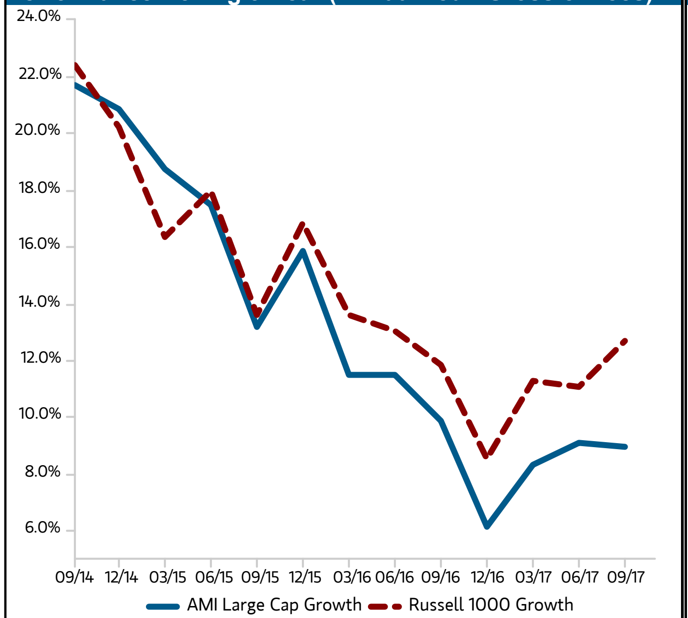
	Strategy	Bmk	Rel.
Consumer Discretionary	8.98	17.74	-8.76
Consumer Staples	18.04	6.74	11.30
Energy	2.90	0.90	2.00
Financials	4.01	3.42	0.59
Health Care	24.51	13.76	10.75
Industrials	9.41	12.49	-3.07
Information Technology	23.95	37.56	-13.61
Materials	6.87	3.82	3.05
Real Estate	--	2.56	-2.56
Telecommunication Services	1.32	0.99	0.33
Utilities	--	0.01	-0.01

Top 10 Holdings

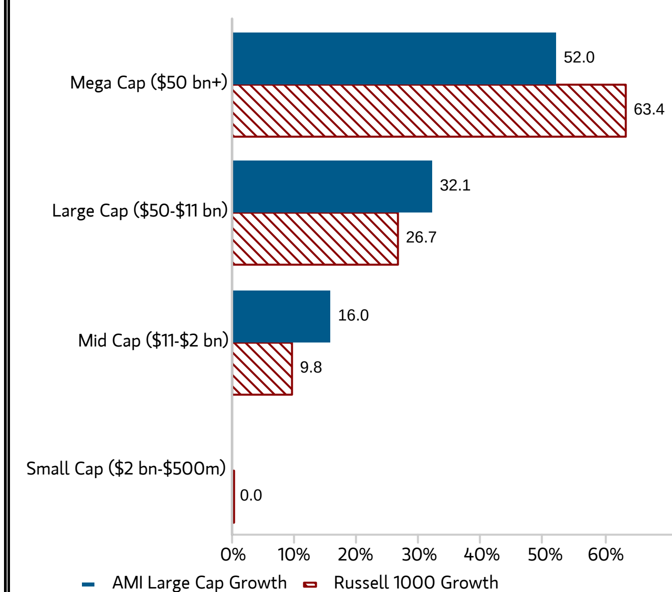
	% of Equity
Church & Dwight Co., Inc.	5.07
Becton, Dickinson and Company	4.32
FedEx Corporation	4.06
Charles Schwab Corporation	4.01
Zoetis, Inc. Class A	3.95
Laboratory Corporation of America Holdings	3.83
Ecolab Inc.	3.70
Mastercard Incorporated Class A	3.70
Alphabet Inc. Class A	3.70
Apple Inc.	3.62
Total	**39.97**

* Forecasts based on analysts' consensus

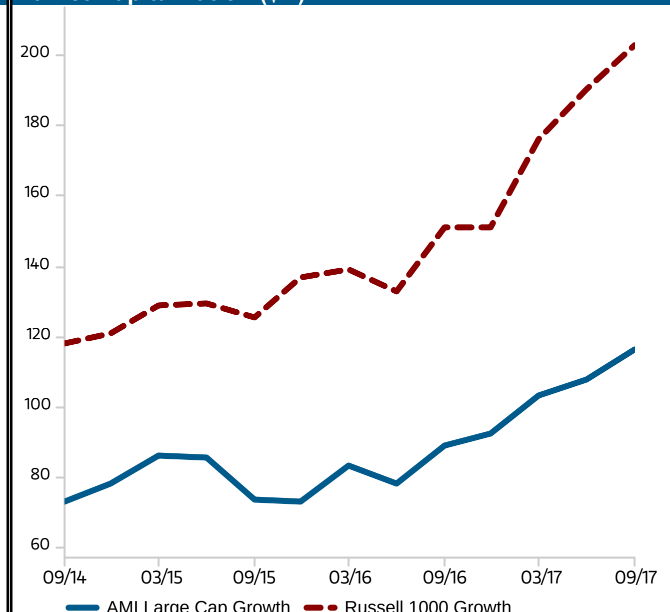
Performance Rolling 3-Year (Annualized - Gross of Fees)



Market Capitalization Distribution



Market Capitalization ($B)



Portfolio Attribution (Gross of Fees)

Economic Sector Attribution - Current Quarter

	Relative Weights	Allocation Effect	Stock Selection	Total Effect
Consumer Discretionary	-8.76	0.43	-0.57	-0.13
Consumer Staples	11.30	-0.89	-0.18	-1.07
Energy	2.00	-0.00	0.08	0.08
Financials	0.59	-0.00	-0.21	-0.21
Health Care	10.75	0.10	-1.98	-1.88
Industrials	-3.07	-0.06	-0.00	-0.06
Information Technology	-13.61	-0.37	-0.25	-0.62
Materials	3.05	-0.05	-0.06	-0.11
Real Estate	-2.56	0.06	--	0.06
Telecommunication Services	0.33	0.01	0.01	0.01
Utilities	-0.01	-0.01	--	-0.01
Total	--	-0.78	-3.16	-3.94

Economic Sector Attribution - Year to Date

	Relative Weight	Allocation Effect	Stock Selection	Total Effect
Consumer Discretionary	-8.76	0.57	-1.09	-0.52
Consumer Staples	11.30	-1.79	0.33	-1.46
Energy	2.00	-0.97	0.41	-0.56
Financials	0.59	-0.04	-0.43	-0.47
Health Care	10.75	0.19	-1.25	-1.06
Industrials	-3.07	0.03	0.59	0.61
Information Technology	-13.61	-0.75	-0.36	-1.11
Materials	3.05	-0.18	0.37	0.19
Real Estate	-2.56	0.17	--	0.17
Telecommunication Services	0.33	-0.12	-0.05	-0.17
Utilities	-0.01	-0.03	--	-0.03
Total	--	-2.92	-1.50	-4.42

Top Contributors to Performance

Current Quarter

	Avg. Weight	Wtd. Contrib.
Mastercard Incorporated C...	4.02	0.62
PayPal Holdings Inc	3.08	0.54
Healthcare Services Group...	2.99	0.47
Biogen Inc.	2.72	0.39
Avery Dennison Corporation	3.01	0.34

Current Quarter

	Avg. Weight	Wtd. Contrib.
Information Technology	25.59	2.09
Industrials	9.04	0.67
Energy	2.68	0.24
Materials	6.80	0.23
Telecommunication Services	1.25	0.14

Year to Date

	Avg. Weight	Wtd. Contrib.
PayPal Holdings Inc	2.65	1.34
Mastercard Incorporated C...	3.76	1.26
Akorn, Inc.	1.49	1.21
Apple Inc.	3.56	1.13
Healthcare Services Group...	3.03	1.08

Year to Date

	Avg. Weight	Wtd. Contrib.
Information Technology	24.95	6.67
Health Care	24.75	4.60
Industrials	8.37	2.15
Materials	6.56	1.46
Consumer Staples	18.62	1.07

Bottom Contributors to Performance

Current Quarter

	Avg. Weight	Wtd. Contrib.
Allergan plc	3.92	-0.63
Sabre Corp.	1.03	-0.40
Church & Dwight Co., Inc.	5.31	-0.33
Henry Schein, Inc.	2.57	-0.27
Starbucks Corporation	3.19	-0.24

Current Quarter

	Avg. Weight	Wtd. Contrib.
Consumer Staples	17.78	-0.64
Consumer Discretionary	9.17	-0.47
Health Care	23.88	-0.38
Financials	3.80	0.07
Telecommunication Services	1.25	0.14

Year to Date

	Avg. Weight	Wtd. Contrib.
Sabre Corp.	1.86	-0.74
J. M. Smucker Company	2.03	-0.30
Express Scripts Holding C...	1.15	-0.29
Walgreens Boots Alliance Inc	3.19	-0.21
Henry Schein, Inc.	1.50	-0.12

Year to Date

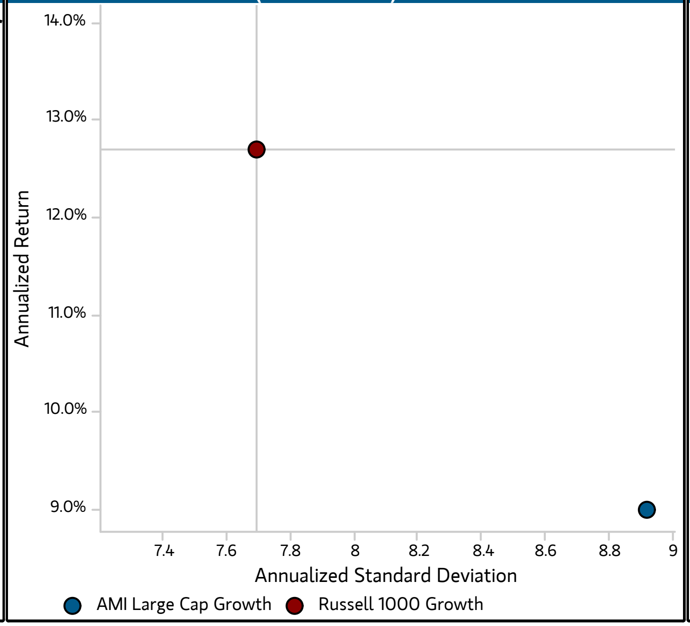
	Avg. Weight	Wtd. Contrib.
Telecommunication Services	1.32	-0.09
Energy	2.92	-0.05
Consumer Discretionary	8.65	0.08
Financials	3.85	0.43
Consumer Staples	18.62	1.07

Portfolio Performance and Risk Statistics (Gross of Fees)

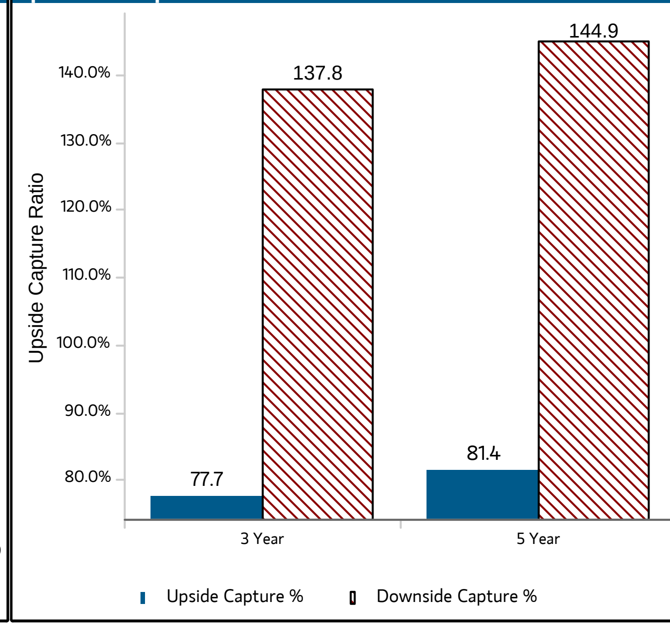
Risk Statistics vs. Benchmark

	3-Year	5-Year
Alpha	-3.0%	-2.4%
Beta	1.0	1.0
R2	71.2%	80.2%
Tracking Error	4.8%	3.9%
Information Ratio	-0.8	-0.8
Batting Average	33.3%	35.0%
Up Capture Ratio	77.7%	81.4%
Down Capture Ratio	137.8%	144.9%
Standard Deviation	8.9	8.7
Standard Deviation (Bmk)	7.7	8.0
Sharpe Ratio	1.0	1.4

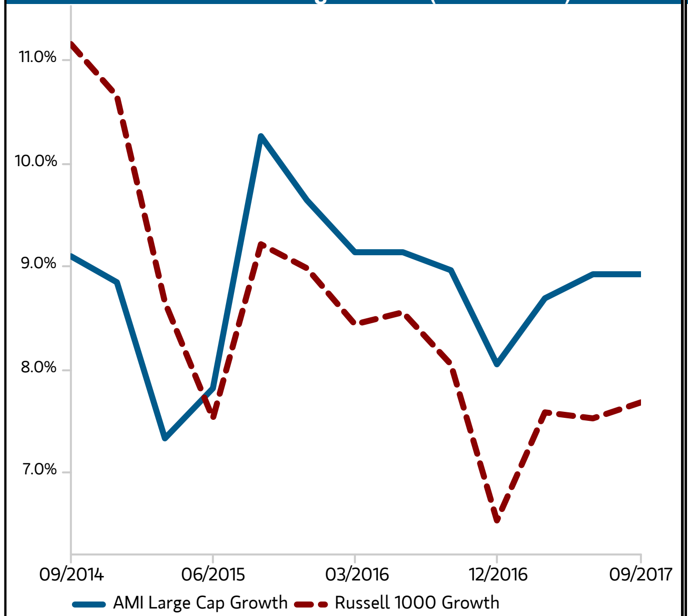
Risk-Reward - 3 Year (Annualized)



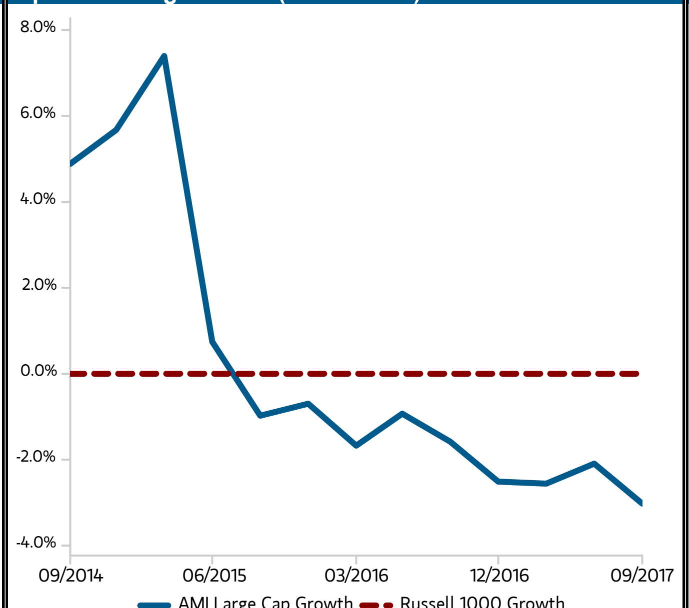
Up/Down Capture Ratio vs. the Benchmark



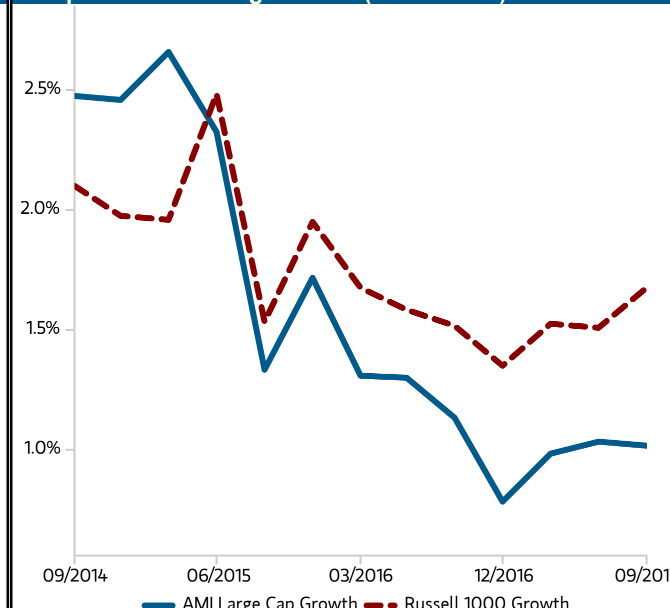
Standard Deviation - Rolling - 3 Year (Annualized)



Alpha - Rolling - 3 Year (Annualized)



Sharpe Ratio - Rolling - 3 Year (Annualized)



Glossary of Terms

Active Share - is a measure of the percentage of stock holdings in a manager's portfolio that differ from the benchmark index. Active Share is calculated by taking the sum of the absolute value of the differences of the weight of each holding in the manager's portfolio versus the weight of each holding in the benchmark index and dividing by two.
Adjusted P/E - Trailing 12 Mo. - is a P/E calculation that excludes outliers (both high and low) from an aggregate P/E calculation. If a company's P/E falls outside the range, that P/E is considered NA. The weighted average is then calculated including only the P/E's of the companies within the range. P/E ratios that are exceedingly high or low (even negative) may potentially distort an unadjusted P/E ratio.
ADRs - American Depositary Receipts are U.S. dollar denominated forms of equity ownership in non-U.S. companies. These shares are issued against the local market shares held in the home market.
Allocation Effect - is the portion of portfolio excess return attributed to taking different group bets from the benchmark. (If either the portfolio or the benchmark has no position in a given group, allocation effect is the lone effect.) A group's allocation effect equals the weight of the portfolio's group minus the weight of the benchmark's group times the total return of the benchmark group minus the total return of the benchmark in aggregate.
Alpha - measures the difference between a portfolio's actual returns and its expected performance, given its level of risk as measured by Beta. A positive Alpha figure indicates the portfolio has performed better than its Beta would predict. A negative Alpha indicates the portfolio's underperformance given the expectations established by the Beta. The accuracy of the Alpha is therefore dependent on the accuracy of the Beta. Alpha is often viewed as a measurement of the value added or subtracted by a portfolio's manager.
Batting Average - measures how frequently a portfolio outperforms its benchmark on a quarterly basis. The statistic is obtained by dividing the number of quarters in which the portfolio outperformed the total return of the benchmark by the total number of quarters. For example, a portfolio with a batting average of 60% has outperformed the index more than it has underperformed.
Beta - measures a portfolio's volatility relative to its benchmark. A portfolio with a Beta higher than 1.0 has historically been more volatile than the benchmark, while a portfolio with a Beta lower than 1.0 has been less volatile. The accuracy of the Beta is dependent on R-Squared.
Dividend Yield - annual dividend per share divided by price per share. Dividend Yield for the portfolio is a weighted average of the results for the individual stocks in the portfolio.
Down Capture Ratio - the ratio of the portfolio's overall performance to the benchmark's overall performance, considering only periods that are negative in the benchmark. A Down Capture Ratio of less than 100% indicates a portfolio that outperforms the relative benchmark in the benchmark's negative quarters and preserves more of the portfolio's value during down markets.
Excess Return - represents the average quarterly total return of the portfolio relative to its benchmark. A portfolio with a positive Excess Return has on average outperformed its benchmark on a quarterly basis. This statistic is obtained by subtracting the benchmark return from the portfolio's return.
Information Ratio - represents the Excess Return divided by the Tracking Error. It provides a measure of the historical consistency of the portfolio's outperformance or underperformance relative to its benchmark. A higher, positive Information Ratio suggests that the portfolio's excess returns may have been the result of making measured or moderate bets against the relevant benchmark's risk exposures.
Market Cap ($M) - the average portfolio market capitalization (market price multiplied by shares outstanding), weighted by the proportion of the portfolio's assets invested in each stock.
P/E - Trailing 12-Mo. - the current price of a stock divided by the most recent 12 months trailing earnings per share. P/E for the portfolio is a weighted average of the results for the individual stocks in the portfolio.
Price-to-Book - price per share divided by book value per share. Price-to-Book for the portfolio is a weighted average of the results for the individual stocks in the portfolio.
Quality Rank Based upon per-share earnings and dividend records of the most recent 10 years, this ranking system attempts to capture the growth and stability of earnings and dividends for individual stocks. For a portfolio, the quality ranking is a weighted average. The quality rankings classification is as follows: A+ (highest), A (high), A- (above avg.), B+ (average), B (below avg.), B- (lower), C (lowest), D (in reorganization), and LIQ (liquidation).
R-Squared (R^2) - represents the percentage of the volatility of returns that is attributable to movements of the benchmark. It is a measure of "co-movement" between portfolio returns and benchmark returns. The closer the portfolio's R^2 is to 100%, the more closely the portfolio correlates to, or follows, the benchmark. Generally, highly diversified portfolios have higher R^2 percentages.
Return on Equity (ROE) - is another profitability ratio which gauges return on investment by measuring how effectually stockholder money is being employed by the company. ROE is calculated by dividing a company's net income by average total equity. Unlike Return on Assets (ROA), ROE considers the degree to which a company uses leveraging, as interest expense paid to creditors is generally deducted from earnings to arrive at net income. ROE for the portfolio is a weighted average of the results for the individual stocks in the portfolio.
Rolling Annualized Performance - measures the consistency of a portfolio's performance. For example, with three-year annualized returns rolled annually, the return shown for a given period is actually an annualized return for a particular year and the previous two years. Since performance is assessed over longer periods, the returns rolled annually give a better indication of trends.
Stock Selection Effect - is the portion of portfolio excess return attributable to choosing different securities within groups from the benchmark. A group's selection effect equals the weight of the benchmark's group multiplied by the total return of the portfolio's group minus the total return of the benchmark's group.
Sharpe Ratio - measures a portfolio's rate of return based on the risk it assumed and is often referred to as its risk-adjusted performance. Using Standard Deviation and returns in excess of the returns of T-bills, it determines reward per unit of risk. This measurement can help determine if the portfolio is reaching its goal of increasing returns while managing risk.
Standard Deviation - quantifies the volatility associated with a portfolio's returns. The statistic measures the variation in returns around the mean return. Unlike Beta, which measures volatility relative to the aggregate market, Standard Deviation measures the absolute volatility of a portfolio's return.
Total Effect - is the sum of all effects.
Tracking Error - represents the Standard Deviation of the Excess Return. This provides a historical measure of the variability of the portfolio's returns relative to its benchmark. A portfolio with a low Tracking Error would have quarterly Excess Returns that have exhibited very low volatility.
Up Capture Ratio - measures the portfolio's overall performance to the benchmark's overall performance, considering only periods that are positive in the benchmark. An Up Capture Ratio of more than 100% indicates a portfolio that outperforms the relative benchmark in the benchmark's positive quarters.

Index Descriptions and Disclosures

Depending on the composition of your account and your investment objectives any indices shown in this report may not be an appropriate measure for comparison purposes and are presented for illustration only. The strategy shown in this report does not necessarily seek to track the index, is not restricted to securities in the index and may be more volatile than the index. The benchmark below may differ from the benchmark assigned by the manager, please refer to the GIMA manager report for more details.

Indices are unmanaged. They do not reflect any management, custody, transaction or other expenses, and generally assume reinvestment of dividends, accrued income and capital gains. Past performance of indices does not guarantee future results. You cannot invest directly in an index.

Russell 1000 Growth Index measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

Important Disclosures

REPORT FOR USE ONLY IN INVESTMENT ADVISORY PROGRAMS

This report is only to be used in Morgan Stanley Smith Barney LLC ("Morgan Stanley") investment advisory programs and not in connection with brokerage accounts.

THE GLOBAL INVESTMENT MANAGER ANALYSIS (GIMA) SERVICES ONLY APPLY TO CERTAIN INVESTMENT ADVISORY PROGRAMS

Global Investment Manager Analysis (GIMA) evaluates certain investment products for the purposes of some - but not all - of Morgan Stanley Smith Barney LLC's investment advisory programs (as described in more detail in the applicable Form ADV Disclosure Document for Morgan Stanley). If you do not invest through one of these investment advisory programs, Morgan Stanley is not obligated to provide you notice of any GIMA status changes even though it may give notice to clients in other programs.

FOCUS LIST, APPROVED LIST AND TACTICAL OPPORTUNITIES LIST; WATCH POLICY

GIMA uses two methods to evaluate investment products in applicable advisory programs: Focus (and investment products meeting this standard are described as being on the Focus List) and Approved (and investment products meeting this standard are described as being on the Approved List). In general, Focus entails a more thorough evaluation of an investment product than Approved. Sometimes an investment product may be evaluated using the Focus List process but then placed on the Approved List instead of the Focus List.

Investment products may move from the Focus List to the Approved List, or vice versa. GIMA may also determine that an investment product no longer meets the criteria under either process and will no longer be recommended in investment advisory programs (in which case the investment product is given a "Not Approved" status).

GIMA has a "Watch" policy and may describe a Focus List or Approved List investment product as being on "Watch" if GIMA identifies specific areas that (a) merit further evaluation by GIMA and (b) may, but are not certain to, result in the investment product becoming "Not Approved." The Watch period depends on the length of time needed for GIMA to conduct its evaluation and for the investment manager or fund to address any concerns. GIMA may, but is not obligated to, note the Watch status in this report with a "W" or "Watch" next to the "Status" on the cover page.

Certain investment products on either the Focus List or Approved List may also be recommended for the Tactical Opportunities List based in part on tactical opportunities existing at a given time. The investment products on the Tactical Opportunities List change over time.

For more information on the Focus List, Approved List, Tactical Opportunities List and Watch processes, please see the applicable Form ADV Disclosure Document for Morgan Stanley. Your Financial Advisor or Private Wealth Advisor can also provide upon request a copy of a publication entitled "GIMA At A Glance."

NO OBLIGATION TO UPDATE

Morgan Stanley has no obligation to update you when any information or opinion in this report changes.

STRATEGY MAY BE AVAILABLE AS A SEPARATELY MANAGED ACCOUNT OR MUTUAL FUND

Strategies are sometimes available in Morgan Stanley investment advisory programs both in the form of a separately managed account ("SMA") and a mutual fund. These may have different expenses and investment minimums. Your Financial Advisor or Private Wealth Advisor can provide more information on whether any particular strategy is available in more than one form in a particular investment advisory program.

CONSIDER YOUR OWN INVESTMENT NEEDS

This report is not intended to be a client-specific suitability analysis or recommendation, an offer to participate in any investment, or a recommendation to buy, hold or sell securities (includes securities of Morgan Stanley, and/or their affiliates if shown in this report). Do not use this report as the sole basis for investment decisions. Do not select an asset class or investment product based on performance alone. Consider all relevant information, including your existing portfolio, investment objectives, risk tolerance, liquidity needs and investment time horizon.

PERFORMANCE AND OTHER PORTFOLIO INFORMATION

General

Past performance does not guarantee future results. There is no guarantee that this investment strategy will work under all market conditions. As a result of recent market activity, current performance may vary from the performance shown in this report.

Performance results are time weighted and include all cash and cash equivalents, realized and unrealized capital gains and losses, and reinvestment of dividends, interest and other income. Performance results are annualized for periods greater than one year. Returns for periods of less than a calendar year show the total return for the period and are not annualized.

Performance results may be presented in a currency other than the currency of the country in which you live. Your actual return on this investment product may increase or decrease with fluctuations between currencies.

Sources of Performance Results and Other Data

The performance data and certain other information for this strategy (including the data on page 1 of this report) reflect the investment manager's results in managing Morgan Stanley program accounts, or the investment manager's results in managing accounts and investment products, in the same or a substantially similar investment discipline. (For periods through June 2012, the Fiduciary Services program operated through two channels Morgan Stanley channel and the Smith Barney channel and any performance and other data relating to Fiduciary Services accounts shown here for these periods is calculated using accounts in only one of the these channels.) This information for the investment manager is presented solely to provide information about accounts that were managed according to investment objectives and strategies the same or substantially similar to the corresponding investment discipline in the Select UMA program. Although the Fiduciary Services and Select UMA programs are both Morgan Stanley managed account programs, the performance results and other features of similar investment disciplines in the two programs may differ due to investment and operational differences. For example, the individual investment disciplines in the Select UMA accounts may contain fewer securities, which would lead to a more concentrated portfolio. The automatic rebalancing, wash sale loss and tax harvesting features of the Select UMA program, which are not available in Fiduciary Services, also could cause differences in performance. Accordingly, the performance of the accounts in the Fiduciary Services program is not, and may differ significantly from, the performance of the accounts in the Select UMA program and should not be considered indicative of or a substitute for Select UMA performance. Similarly, performance results of the investment manager's composites may differ from those of Select UMA accounts managed in the same or a substantially similar investment discipline.

Net performance information

Net performance results reflect a deduction from the gross performance of three components: 0.625% maximum quarterly (2.5% maximum annual) MS Advisory Fee and 0.0175% maximum quarterly (0.07% maximum annual) Program Overlay Fee (which, together cover the services provided by Morgan Stanley), plus the quarterly SMA Manager Fee currently charged by this investment manager to new clients for managing their assets in this strategy in the Select UMA program. The SMA Manager Fees range from 0.025% to 0.1875% per Quarter (0.10% to 0.75% per year) and may differ from manager to manager, and managers may change their fee to new clients from time to time.

The maximum total annual fee chargeable in a Morgan Stanley investment advisory program is generally no more than 3%. If you invest through a program in which your program fee is higher than 3%, then the net results would be lower.

Please see the Select UMA Manager Profile for this investment manager and strategy, for more details on the SMA Manager Fee for this strategy and performance and other information. The Profiles are available from your Financial Advisor and at www.morganstanley.com/ADV. Also, if you select this manager for your account, check the SMA Manager Fees specified in the written confirmation you receive when you open your investment advisory account, in case these have changed since you received the Select UMA Manager Profile. Historical net fees reflect the Advisory Fee Schedule as of March 31, 2014.

Benchmark index

Depending on the composition of your account and your investment objectives, any indices shown in this report may not be an appropriate measure for comparison purposes and are therefore presented for illustration only. Indices are unmanaged. They do not reflect any management, custody, transaction or other expenses, and generally assume reinvestment of dividends, accrued income and capital gains. Past performance of indices does not guarantee future results. You cannot invest directly in an index.

Performance of indices may be more or less volatile than any investment product. The risk of loss in value of a specific investment (such as with an investment manager or in a fund) is not the same as the risk of loss in a broad market index. Therefore, the historical returns of an index will not be the same as the historical returns of a particular investment product.

Other data

Portfolio analysis may be based on information on less than all of the securities held in the portfolio. For equity portfolios, the analysis typically reflects securities representing at least 95% of portfolio assets. This may differ for other strategies, including those in the fixed income and specialty asset classes, due to availability of portfolio information.

Economic Sector Allocations and 10 Largest Holdings are accurate as of the most recent quarter end for which information was available when this report was prepared, and are subject to change at any time. 10 Largest Holdings lists indicate the largest security holdings in the portfolio, and Economic Sector Allocations are based on industry standard sector identification codes. Both are measured as a percentage of the total portfolio in terms of asset value as of the date indicated above.

Other data in this report is accurate as of the date this report was prepared unless stated otherwise. Data in this report may be calculated by the fund's investment manager, Morgan Stanley or a third party service provider.

Important Disclosures

ASSET CLASS AND OTHER RISKS

Investing in ***stocks, mutual funds*** and ***exchange-traded funds ("ETFs")*** entails the risks of market volatility. The value of all types of investments may increase or decrease over varying time periods.

Nondiversification: For a portfolio that holds a concentrated or limited number of securities, a decline in the value of these investments would cause the portfolio's overall value to decline to a greater degree than a less concentrated portfolio. Portfolios that invest a large percentage of assets in only one industry sector (or in only a few sectors) are more vulnerable to price fluctuation than those that diversify among a broad range of sectors.

Value and ***growth investing*** also carry risks. Value investing involves the risk that the market may not recognize that securities are undervalued and they may not appreciate as anticipated. Growth investing does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations.

International securities may carry additional risks, including foreign economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes and differences in financial and accounting standards. International investing may not be for everyone. These risks may be magnified in ***emerging markets.***

Small- and mid- capitalization companies may lack the financial resources, product diversification and competitive strengths of larger companies. The securities of small capitalization companies may not trade as readily as, and be subject to higher volatility than, those of larger, more established companies.

Bonds are subject to interest rate risk. When interest rates rise, bond prices fall; generally the longer a bond's maturity, the more sensitive it is to this risk. Bonds may also be subject to call risk, which allows the issuer to retain the right to redeem the debt, fully or partially, before the scheduled maturity date. Proceeds from sales prior to maturity may be more or less than originally invested due to changes in market conditions or changes in the credit quality of the issuer.

Ultra-short bond funds generally invest in fixed income securities with very short maturities, typically less than one year. They are not money market funds. While money market funds attempt to maintain a stable net asset value, an ultra-short bond fund's net asset value will fluctuate, which may result in the loss of the principal amount invested. They are therefore subject to the risks associated with debt securities such as credit and interest rate risk.

High yield bonds are subject to additional risks such as increased risk of default and greater volatility because of the lower credit quality of the issues.***Real estate investments:*** property values can fall due to environmental, economic or other reasons, and changes in interest rates can negatively impact the performance of real estate companies.

Derivatives, in general, involve special risks and costs that may result in losses. The successful use of derivatives requires sophisticated management, in order to manage and analyze derivatives transactions. The prices of derivatives may move in unexpected ways, especially in abnormal market conditions. In addition, correlation between the particular derivative and an asset or liability of the manager may not be what the investment manager expected. Some derivatives are "leveraged" and therefore may magnify or otherwise increase investment losses. Other risks include the potential inability to terminate or sell derivative positions, as a result of counterparty failure to settle or other reasons.

Mortgage-backed securities ("MBS"), which include collateralized mortgage obligations ("CMOs"), also referred to as real estate mortgage investment conduits ("REMICs"), may not be suitable for all investors. There is the possibility of early return of principal due to mortgage prepayments, which can reduce expected yield and result in reinvestment risk. Conversely, return of principal may be slower than initial prepayment speed assumptions, extending the average life of the security up to its listed maturity date (also referred to as extension risk). Additionally, the underlying collateral supporting MBS may default on principal and interest payments. Investments in subordinated MBS involve greater credit risk of default than the senior classes of the same issue. MBS are also sensitive to interest rate changes which can negatively impact the market value of the security. During times of heightened volatility, MBS can experience greater levels of illiquidity and larger price movements.

Commodities: The commodities markets may fluctuate widely based on a variety of factors including, but not limited to, changes in supply and demand relationships; governmental programs and policies; national and international political and economic events, war and terrorist events; changes in interest and exchange rates; trading activities in commodities and related contracts; pestilence, technological change and weather; and the price volatility of a commodity.

Alternative/hedged strategies may use various investment strategies and techniques for both hedging and more speculative purposes such as short selling, leverage, derivatives and options, which can increase volatility and the risk of investment loss. Alternative/hedged strategies are not appropriate for all investors. A short sales strategy includes the risk of loss due to an increase in the market value of borrowed securities. Such a strategy may be combined with purchasing long positions in an attempt to improve portfolio performance. A short sales strategy may result in greater losses or lower positive returns than if the portfolio held only long positions, and the portfolio's loss on a short sale is potentially unlimited. The use of leverage can magnify the impact of adverse issuer, political, regulatory, market, or economic developments on a company. A decrease in the credit quality of a highly leveraged company can lead to a significant decrease in the value of the company's securities. In a liquidation or bankruptcy, a company's creditors take precedence over the company's stockholders.

MLPs involve risks that differ from an investment in common stock. MLPs are controlled by their general partners, which generally have conflicts of interest and limited fiduciary duties to the MLP, which may permit the general partner to favor its own interests over the MLPs. The potential return of MLPs depends largely on the MLPs being treated as partnerships for federal income tax purposes. As a partnership, an MLP has no federal income tax liability at the entity level. Therefore, treatment of one or more MLPs as a corporation for federal income tax purposes could affect the portfolio's ability to meet its investment objective and would reduce the amount of cash available to pay or distribute to you. Legislative, judicial, or administrative changes and differing interpretations, possibly on a retroactive basis, could negatively impact the value of an investment in MLPs and therefore the value of your investment.

The current yield of ***preferred securities*** is calculated by multiplying the coupon by par value divided by the market price. The majority of $25 and $1000 par preferred securities are "callable" meaning that the issuer may retire the securities at specific prices and dates prior to maturity. Interest/dividend payments on certain preferred issues may be deferred by the issuer for periods of up to 5 to 10 years, depending on the particular issue. The investor would still have income tax liability even though payments would not have been received. Price quoted is per $25 or $1,000 share, unless otherwise specified. The initial rate on a floating rate or index-linked preferred security may be lower than that of a fixed-rate security of the same maturity because investors expect to receive additional income due to future increases in the floating/linked index. However, there can be no assurance that these increases will occur.

Convertible securities are convertible to equity at the option of the holder. The market value of the securities, and the underlying common stock into which they are convertible, will fluctuate. In particular, securities whose value depends on the performance of an underlying security entail potentially higher volatility and risk of loss compared to traditional bond investments. You should be aware that the market value of convertible bonds may not correspond directly to increases or decreases in the underlying stock.

NO TAX ADVICE

Tax laws are complex and subject to change. Morgan Stanley Smith Barney LLC ("Morgan Stanley"), its affiliates and Morgan Stanley Financial Advisors and Private Wealth Advisors do not provide tax or legal advice and are not "fiduciaries" (under ERISA, the Internal Revenue Code or otherwise) with respect to the services or activities described herein except as otherwise provided in writing by Morgan Stanley. Individuals are encouraged to consult their tax and legal advisors (a) before establishing a retirement plan or account, and (b) regarding any potential tax, ERISA and related consequences of any investments made under such plan or account.

If any investments in this report are described as "tax free", the income from these investments may be subject to state and local taxes and (if applicable) the federal Alternative Minimum Tax. Realized capital gains on these investments may be subject to federal, state and local capital gains tax.

GLOBAL INVESTMENT MANAGER ANALYSIS

Delaware Large Cap Value Equity

Benchmark: Russell 1000 Value
September 30, 2017 (Q3)

Status: Focus List
Analyst: Diptee Borkar
Phone: 914-225-0365 Email: Diptee.Borkar@ms.com

Trailing Returns

	QTR	YTD	1 Yr	3 Yr	5 Yr	7 Yr	10 Yr	2016	2015	2014	2013	2012	2011
Delaware Large Cap Value Equity (Gross)	4.44%	7.81%	11.66%	8.96%	14.36%	15.18%	7.85%	15.15%	0.44%	14.77%	34.38%	15.47%	9.97%
Delaware Large Cap Value Equity (Net)	3.70%	5.53%	8.49%	5.90%	11.17%	11.98%	4.82%	11.87%	-2.33%	11.51%	30.75%	12.24%	6.97%
Russell 1000 Value	3.11%	7.92%	15.12%	8.53%	13.20%	13.24%	5.92%	17.34%	-3.83%	13.45%	32.53%	17.51%	0.39%
Excess Return (Gross)	**1.33%**	**-0.11%**	**-3.46%**	**0.43%**	**1.16%**	**1.94%**	**1.93%**	**-2.19%**	**4.27%**	**1.31%**	**1.85%**	**-2.04%**	**9.58%**

Past performance is no guarantee of future results. This report is not complete without pages 5, 6 and 7, which contain important notes, including disclosures about the Focus List and the Approved List, index descriptions and a glossary of terms. Information shown is as of the date of most recent quarter end unless otherwise noted. All data are subject to change.

Strategy Description

The Delaware philosophy is centered upon attempting to identify discrepancies between estimated intrinsic value and price. According to Delaware, it prefers to buy at times of excessive pessimism and sell at times of undue optimism. The Delaware Large Cap Value Equity portfolio typically includes 30 to 40 equally weighted stocks.

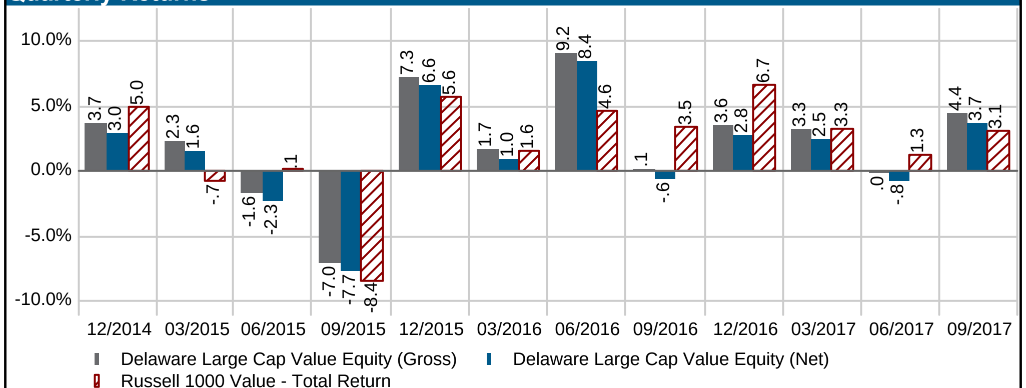
Performance Commentary

• The portfolio outperformed the Russell 1000 Value for the quarter. Stock selection was positive and sector positioning was positive.

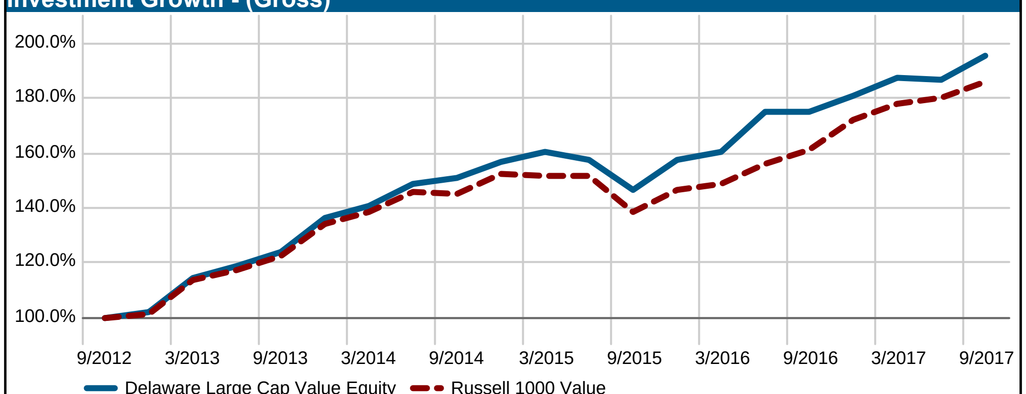
• The top contributing sectors were Industrials, Energy, and Telecommunication Services. The top detracting sectors were Health Care, Financials, and Information Technology. From an industry perspective, Oil Gas & Consumable Fuels, Aerospace & Defense, and Health Care Equipment & Supplies added value, while Health Care Providers & Services, Software, and Food Products detracted.

• Within the portfolio, companies with a price/earnings greater than 20.0x contributed to returns while companies with a price/earnings between 16.0x and 20.0x detracted. And finally, companies with low beta tended to do better than companies with moderate beta during the quarter.

Quarterly Returns



Investment Growth - (Gross)



INVESTMENT PRODUCTS: NOT FDIC INSURED * NO BANK GUARANTEE * MAY LOSE VALUE

This report is only to be used in connection with investment advisory programs and not brokerage accounts.
Please use this report in tandem with the associated Manager Profile which contains additional information about this strategy.

Portfolio Characteristics

Portfolio Characteristics

	Strategy	Bmk
# of Securities	33	716
Market Cap ($M)	91,036	118,211
P/E - Trailing 12-Mo.	21.2	18.8
Adj. P/E - trailing 12-Mo.	20.6	18.1
P/E - Forecast FY1*	18.2	17.1
Price-to- Book	2.5	2.0
Dividend Yield	2.42	2.36
Return on Equity	14.4	12.0
EPS Growth - Forecast*	12.8	9.2
EPS Growth - Hist. 5 Year	8.7	6.0
Quality	B	B
Active Share	79.53	--

Economic Sector Allocation

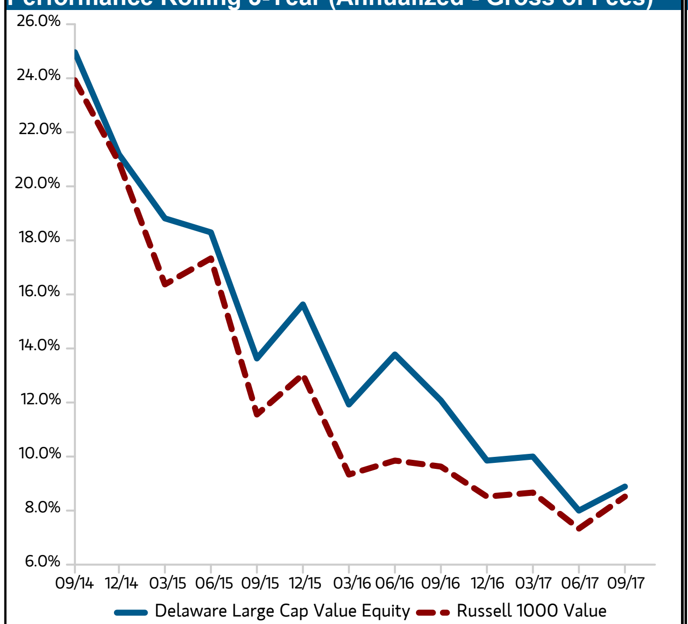
	Strategy	Bmk	Rel.
Consumer Discretionary	3.28	6.76	-3.48
Consumer Staples	8.28	8.69	-0.42
Energy	15.48	10.89	4.59
Financials	14.31	26.00	-11.69
Health Care	20.67	13.89	6.78
Industrials	10.65	8.54	2.11
Information Technology	12.22	8.19	4.03
Materials	3.51	2.87	0.64
Real Estate	2.96	4.84	-1.89
Telecommunication Services	5.74	3.17	2.57
Utilities	2.90	6.15	-3.25

Top 10 Holdings

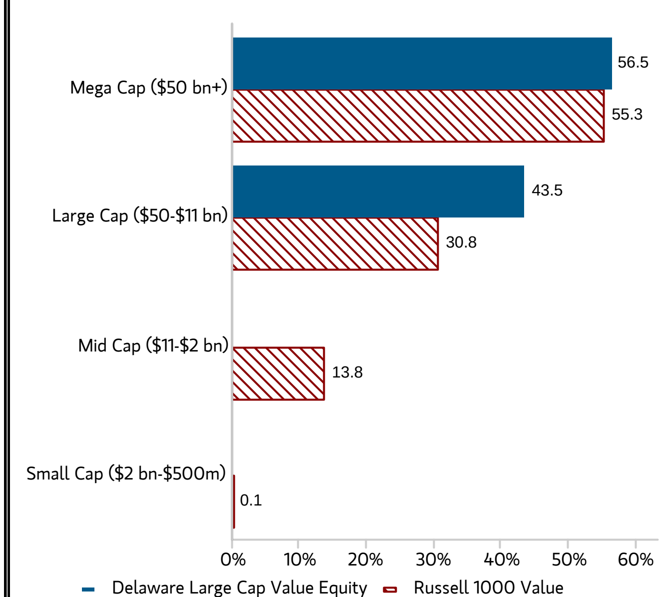
	% of Equity
Allstate Corporation	3.71
Northrop Grumman Corporation	3.70
Bank of New York Mellon Corporation	3.65
Raytheon Company	3.63
DowDuPont Inc.	3.51
Marsh & McLennan Companies, Inc.	3.50
BB&T Corporation	3.46
Oracle Corporation	3.41
Abbott Laboratories	3.38
Waste Management, Inc.	3.32
Total	**35.27**

* Forecasts based on analysts' consensus

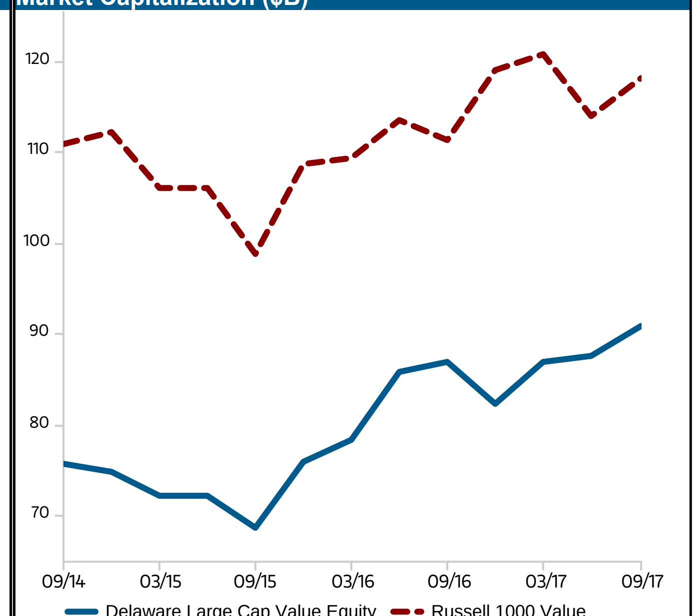
Performance Rolling 3-Year (Annualized - Gross of Fees)



Market Capitalization Distribution



Market Capitalization ($B)



Portfolio Attribution (Gross of Fees)

Economic Sector Attribution - Current Quarter

	Relative Weights	Allocation Effect	Stock Selection	Total Effect
Consumer Discretionary	-3.48	0.06	0.07	0.12
Consumer Staples	-0.42	0.07	-0.14	-0.07
Energy	4.59	0.15	0.72	0.87
Financials	-11.69	-0.19	0.06	-0.14
Health Care	6.78	-0.20	-0.53	-0.73
Industrials	2.11	-0.04	1.10	1.07
Information Technology	4.03	0.09	-0.20	-0.11
Materials	0.64	0.06	0.04	0.10
Real Estate	-1.89	0.06	0.03	0.09
Telecommunication Services	2.57	0.05	0.18	0.23
Utilities	-3.25	0.01	-0.11	-0.09
Total	--	0.12	1.23	1.34

Economic Sector Attribution - Year to Date

	Relative Weight	Allocation Effect	Stock Selection	Total Effect
Consumer Discretionary	-3.48	0.01	0.15	0.16
Consumer Staples	-0.42	0.24	-1.47	-1.23
Energy	4.59	-0.51	0.05	-0.46
Financials	-11.69	-0.32	0.52	0.20
Health Care	6.78	0.85	-1.16	-0.31
Industrials	2.11	-0.01	1.37	1.37
Information Technology	4.03	0.18	-0.38	-0.20
Materials	0.64	-0.15	0.06	-0.08
Real Estate	-1.89	0.09	0.04	0.13
Telecommunication Services	2.57	-0.16	0.06	-0.10
Utilities	-3.25	-0.11	-0.06	-0.17
Total	--	0.42	-0.81	-0.39

Top Contributors to Performance

Current Quarter

	Avg. Weight	Wtd. Contrib.
Raytheon Company	3.54	0.52
Northrop Grumman Corporation	3.58	0.43
Marathon Oil Corporation	2.46	0.42
ConocoPhillips	2.97	0.42
Chevron Corporation	3.06	0.41

Current Quarter

	Avg. Weight	Wtd. Contrib.
Energy	13.56	1.72
Industrials	10.46	1.19
Financials	14.47	0.72
Telecommunication Services	5.30	0.45
Information Technology	12.31	0.45

Year to Date

	Avg. Weight	Wtd. Contrib.
Abbott Laboratories	3.01	1.09
Raytheon Company	3.47	1.03
Marsh & McLennan Companie...	3.34	0.81
Northrop Grumman Corporation	3.39	0.80
Allstate Corporation	3.39	0.77

Year to Date

	Avg. Weight	Wtd. Contrib.
Industrials	10.69	2.31
Financials	14.38	2.13
Health Care	21.21	2.12
Information Technology	12.54	1.56
Consumer Discretionary	2.98	0.38

Bottom Contributors to Performance

Current Quarter

	Avg. Weight	Wtd. Contrib.
Quest Diagnostics Incorpo...	3.62	-0.57
Cardinal Health, Inc.	2.60	-0.38
Mondelez International, I...	2.88	-0.16
Kraft Heinz Company	2.07	-0.12
Oracle Corporation	3.64	-0.10

Current Quarter

	Avg. Weight	Wtd. Contrib.
Health Care	21.27	-0.46
Consumer Staples	10.18	-0.14
Utilities	3.08	-0.01
Real Estate	3.11	0.03
Consumer Discretionary	2.95	0.12

Year to Date

	Avg. Weight	Wtd. Contrib.
Marathon Oil Corporation	2.81	-0.69
Halliburton Company	3.26	-0.54
Express Scripts Holding C...	2.68	-0.22
Mondelez International, I...	2.93	-0.22
Archer-Daniels-Midland Co...	3.15	-0.20

Year to Date

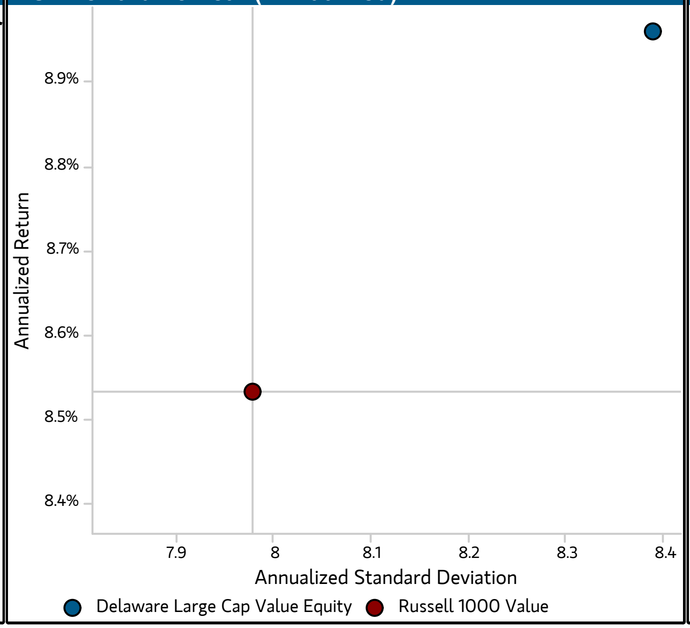
	Avg. Weight	Wtd. Contrib.
Energy	15.11	-1.39
Consumer Staples	11.42	-0.45
Telecommunication Services	5.10	-0.20
Real Estate	3.13	0.15
Materials	0.32	0.23

Portfolio Performance and Risk Statistics (Gross of Fees)

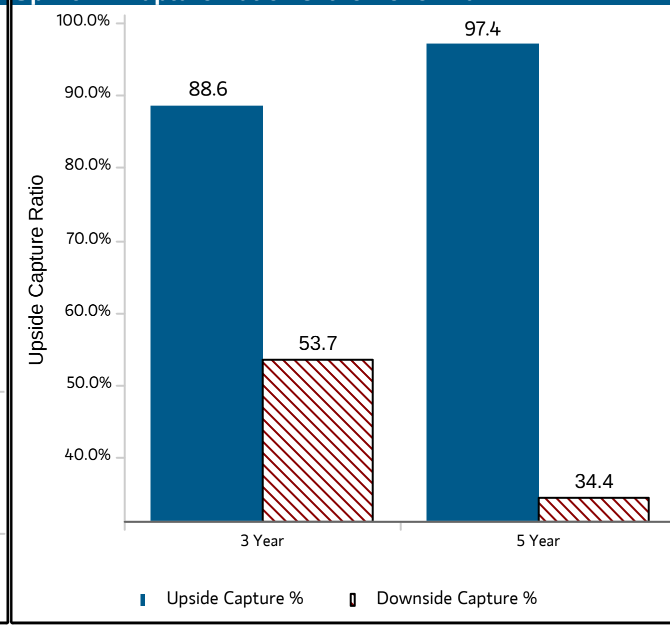
Risk Statistics vs. Benchmark

	3-Year	5-Year
Alpha	1.5%	2.2%
Beta	0.9	0.9
R2	68.6%	81.1%
Tracking Error	4.8%	3.8%
Information Ratio	0.1	0.3
Batting Average	58.3%	65.0%
Up Capture Ratio	88.6%	97.4%
Down Capture Ratio	53.7%	34.4%
Standard Deviation	8.4	8.5
Standard Deviation (Bmk)	8.0	8.4
Sharpe Ratio	1.1	1.7

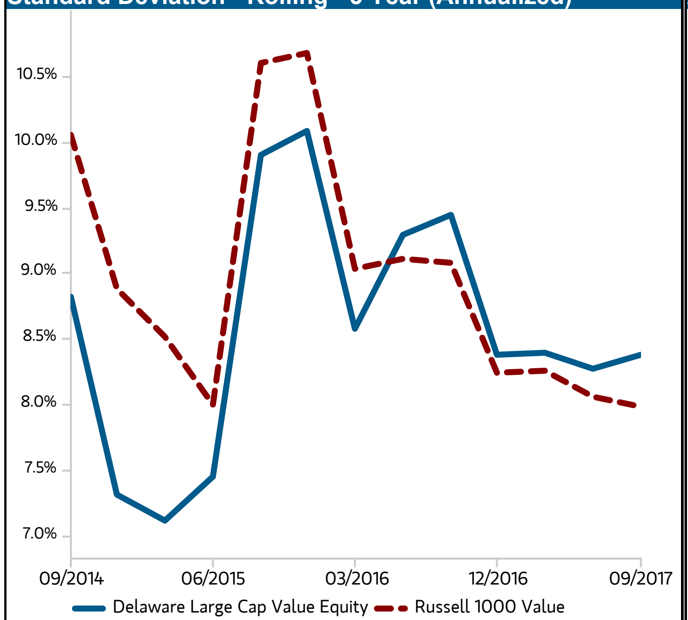
Risk-Reward - 3 Year (Annualized)



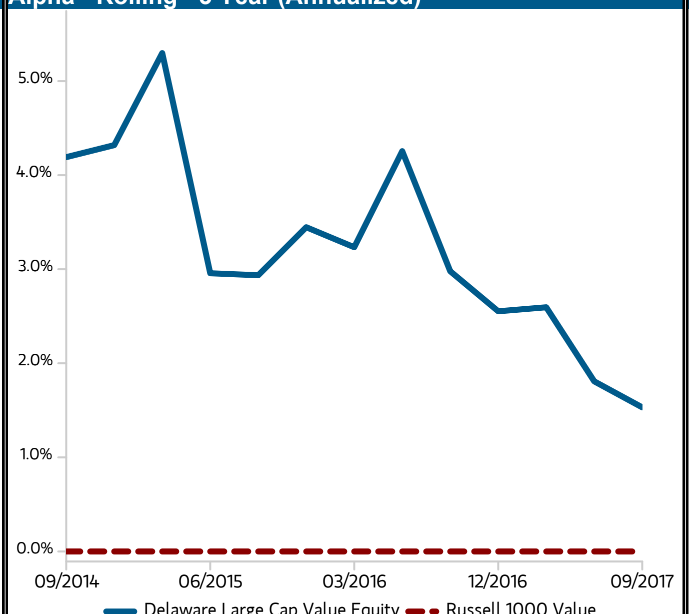
Up/Down Capture Ratio vs. the Benchmark



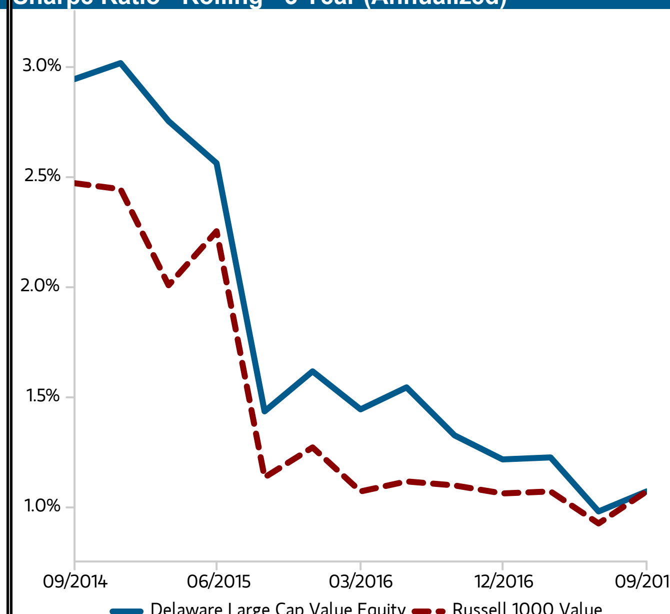
Standard Deviation - Rolling - 3 Year (Annualized)



Alpha - Rolling - 3 Year (Annualized)



Sharpe Ratio - Rolling - 3 Year (Annualized)



Glossary of Terms

Active Share - is a measure of the percentage of stock holdings in a manager's portfolio that differ from the benchmark index. Active Share is calculated by taking the sum of the absolute value of the differences of the weight of each holding in the manager's portfolio versus the weight of each holding in the benchmark index and dividing by two.
Adjusted P/E - Trailing 12 Mo. - is a P/E calculation that excludes outliers (both high and low) from an aggregate P/E calculation. If a company's P/E falls outside the range, that P/E is considered NA. The weighted average is then calculated including only the P/E's of the companies within the range. P/E ratios that are exceedingly high or low (even negative) may potentially distort an unadjusted P/E ratio.
ADRs - American Depositary Receipts are U.S. dollar denominated forms of equity ownership in non-U.S. companies. These shares are issued against the local market shares held in the home market.
Allocation Effect - is the portion of portfolio excess return attributed to taking different group bets from the benchmark. (If either the portfolio or the benchmark has no position in a given group, allocation effect is the lone effect.) A group's allocation effect equals the weight of the portfolio's group minus the weight of the benchmark's group times the total return of the benchmark group minus the total return of the benchmark in aggregate.
Alpha - measures the difference between a portfolio's actual returns and its expected performance, given its level of risk as measured by Beta. A positive Alpha figure indicates the portfolio has performed better than its Beta would predict. A negative Alpha indicates the portfolio's underperformance given the expectations established by the Beta. The accuracy of the Alpha is therefore dependent on the accuracy of the Beta. Alpha is often viewed as a measurement of the value added or subtracted by a portfolio's manager.
Batting Average - measures how frequently a portfolio outperforms its benchmark on a quarterly basis. The statistic is obtained by dividing the number of quarters in which the portfolio outperformed the total return of the benchmark by the total number of quarters. For example, a portfolio with a batting average of 60% has outperformed the index more than it has underperformed.
Beta - measures a portfolio's volatility relative to its benchmark. A portfolio with a Beta higher than 1.0 has historically been more volatile than the benchmark, while a portfolio with a Beta lower than 1.0 has been less volatile. The accuracy of the Beta is dependent on R-Squared.
Dividend Yield - annual dividend per share divided by price per share. Dividend Yield for the portfolio is a weighted average of the results for the individual stocks in the portfolio.
Down Capture Ratio - the ratio of the portfolio's overall performance to the benchmark's overall performance, considering only periods that are negative in the benchmark. A Down Capture Ratio of less than 100% indicates a portfolio that outperforms the relative benchmark in the benchmark's negative quarters and preserves more of the portfolio's value during down markets.
Excess Return - represents the average quarterly total return of the portfolio relative to its benchmark. A portfolio with a positive Excess Return has on average outperformed its benchmark on a quarterly basis. This statistic is obtained by subtracting the benchmark return from the portfolio's return.
Information Ratio - represents the Excess Return divided by the Tracking Error. It provides a measure of the historical consistency of the portfolio's outperformance or underperformance relative to its benchmark. A higher, positive Information Ratio suggests that the portfolio's excess returns may have been the result of making measured or moderate bets against the relevant benchmark's risk exposures.
Market Cap ($M) - the average portfolio market capitalization (market price multiplied by shares outstanding), weighted by the proportion of the portfolio's assets invested in each stock.
P/E - Trailing 12-Mo. - the current price of a stock divided by the most recent 12 months trailing earnings per share. P/E for the portfolio is a weighted average of the results for the individual stocks in the portfolio.
Price-to-Book - price per share divided by book value per share. Price-to-Book for the portfolio is a weighted average of the results for the individual stocks in the portfolio.
Quality Rank Based upon per-share earnings and dividend records of the most recent 10 years, this ranking system attempts to capture the growth and stability of earnings and dividends for individual stocks. For a portfolio, the quality ranking is a weighted average. The quality rankings classification is as follows: A+ (highest), A (high), A- (above avg.), B+ (average), B (below avg.), B- (lower), C (lowest), D (in reorganization), and LIQ (liquidation).
R-Squared (R^2) - represents the percentage of the volatility of returns that is attributable to movements of the benchmark. It is a measure of "co-movement" between portfolio returns and benchmark returns. The closer the portfolio's R^2 is to 100%, the more closely the portfolio correlates to, or follows, the benchmark. Generally, highly diversified portfolios have higher R^2 percentages.
Return on Equity (ROE) - is another profitability ratio which gauges return on investment by measuring how effectually stockholder money is being employed by the company. ROE is calculated by dividing a company's net income by average total equity. Unlike Return on Assets (ROA), ROE considers the degree to which a company uses leveraging, as interest expense paid to creditors is generally deducted from earnings to arrive at net income. ROE for the portfolio is a weighted average of the results for the individual stocks in the portfolio.
Rolling Annualized Performance - measures the consistency of a portfolio's performance. For example, with three-year annualized returns rolled annually, the return shown for a given period is actually an annualized return for a particular year and the previous two years. Since performance is assessed over longer periods, the returns rolled annually give a better indication of trends.
Stock Selection Effect - is the portion of portfolio excess return attributable to choosing different securities within groups from the benchmark. A group's selection effect equals the weight of the benchmark's group multiplied by the total return of the portfolio's group minus the total return of the benchmark's group.
Sharpe Ratio - measures a portfolio's rate of return based on the risk it assumed and is often referred to as its risk-adjusted performance. Using Standard Deviation and returns in excess of the returns of T-bills, it determines reward per unit of risk. This measurement can help determine if the portfolio is reaching its goal of increasing returns while managing risk.
Standard Deviation - quantifies the volatility associated with a portfolio's returns. The statistic measures the variation in returns around the mean return. Unlike Beta, which measures volatility relative to the aggregate market, Standard Deviation measures the absolute volatility of a portfolio's return.
Total Effect - is the sum of all effects.
Tracking Error - represents the Standard Deviation of the Excess Return. This provides a historical measure of the variability of the portfolio's returns relative to its benchmark. A portfolio with a low Tracking Error would have quarterly Excess Returns that have exhibited very low volatility.
Up Capture Ratio - measures the portfolio's overall performance to the benchmark's overall performance, considering only periods that are positive in the benchmark. An Up Capture Ratio of more than 100% indicates a portfolio that outperforms the relative benchmark in the benchmark's positive quarters.

Index Descriptions and Disclosures

Depending on the composition of your account and your investment objectives any indices shown in this report may not be an appropriate measure for comparison purposes and are presented for illustration only. The strategy shown in this report does not necessarily seek to track the index, is not restricted to securities in the index and may be more volatile than the index. The benchmark below may differ from the benchmark assigned by the manager, please refer to the GIMA manager report for more details.

Indices are unmanaged. They do not reflect any management, custody, transaction or other expenses, and generally assume reinvestment of dividends, accrued income and capital gains. Past performance of indices does not guarantee future results. You cannot invest directly in an index.

Russell 1000 Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

Important Disclosures

REPORT FOR USE ONLY IN INVESTMENT ADVISORY PROGRAMS

This report is only to be used in Morgan Stanley Smith Barney LLC ("Morgan Stanley") investment advisory programs and not in connection with brokerage accounts.

THE GLOBAL INVESTMENT MANAGER ANALYSIS (GIMA) SERVICES ONLY APPLY TO CERTAIN INVESTMENT ADVISORY PROGRAMS

Global Investment Manager Analysis (GIMA) evaluates certain investment products for the purposes of some - but not all - of Morgan Stanley Smith Barney LLC's investment advisory programs (as described in more detail in the applicable Form ADV Disclosure Document for Morgan Stanley). If you do not invest through one of these investment advisory programs, Morgan Stanley is not obligated to provide you notice of any GIMA status changes even though it may give notice to clients in other programs.

FOCUS LIST, APPROVED LIST AND TACTICAL OPPORTUNITIES LIST; WATCH POLICY

GIMA uses two methods to evaluate investment products in applicable advisory programs: Focus (and investment products meeting this standard are described as being on the Focus List) and Approved (and investment products meeting this standard are described as being on the Approved List). In general, Focus entails a more thorough evaluation of an investment product than Approved. Sometimes an investment product may be evaluated using the Focus List process but then placed on the Approved List instead of the Focus List.

Investment products may move from the Focus List to the Approved List, or vice versa. GIMA may also determine that an investment product no longer meets the criteria under either process and will no longer be recommended in investment advisory programs (in which case the investment product is given a "Not Approved" status).

GIMA has a "Watch" policy and may describe a Focus List or Approved List investment product as being on "Watch" if GIMA identifies specific areas that (a) merit further evaluation by GIMA and (b) may, but are not certain to, result in the investment product becoming "Not Approved." The Watch period depends on the length of time needed for GIMA to conduct its evaluation and for the investment manager or fund to address any concerns. GIMA may, but is not obligated to, note the Watch status in this report with a "W" or "Watch" next to the "Status" on the cover page.

Certain investment products on either the Focus List or Approved List may also be recommended for the Tactical Opportunities List based in part on tactical opportunities existing at a given time. The investment products on the Tactical Opportunities List change over time.

For more information on the Focus List, Approved List, Tactical Opportunities List and Watch processes, please see the applicable Form ADV Disclosure Document for Morgan Stanley. Your Financial Advisor or Private Wealth Advisor can also provide upon request a copy of a publication entitled "GIMA At A Glance."

NO OBLIGATION TO UPDATE

Morgan Stanley has no obligation to update you when any information or opinion in this report changes.

STRATEGY MAY BE AVAILABLE AS A SEPARATELY MANAGED ACCOUNT OR MUTUAL FUND

Strategies are sometimes available in Morgan Stanley investment advisory programs both in the form of a separately managed account ("SMA") and a mutual fund. These may have different expenses and investment minimums. Your Financial Advisor or Private Wealth Advisor can provide more information on whether any particular strategy is available in more than one form in a particular investment advisory program.

CONSIDER YOUR OWN INVESTMENT NEEDS

This report is not intended to be a client-specific suitability analysis or recommendation, an offer to participate in any investment, or a recommendation to buy, hold or sell securities (includes securities of Morgan Stanley, and/or their affiliates if shown in this report). Do not use this report as the sole basis for investment decisions. Do not select an asset class or investment product based on performance alone. Consider all relevant information, including your existing portfolio, investment objectives, risk tolerance, liquidity needs and investment time horizon.

PERFORMANCE AND OTHER PORTFOLIO INFORMATION

General

Past performance does not guarantee future results. There is no guarantee that this investment strategy will work under all market conditions. As a result of recent market activity, current performance may vary from the performance shown in this report.

Performance results are time weighted and include all cash and cash equivalents, realized and unrealized capital gains and losses, and reinvestment of dividends, interest and other income. Performance results are annualized for periods greater than one year. Returns for periods of less than a calendar year show the total return for the period and are not annualized.

Performance results may be presented in a currency other than the currency of the country in which you live. Your actual return on this investment product may increase or decrease with fluctuations between currencies.

Sources of Performance Results and Other Data

The performance data and certain other information for this strategy (including the data on page 1 of this report) reflect the investment manager's results in managing Morgan Stanley program accounts, or the investment manager's results in managing accounts and investment products, in the same or a substantially similar investment discipline. (For periods through June 2012, the Fiduciary Services program operated through two channels Morgan Stanley channel and the Smith Barney channel and any performance and other data relating to Fiduciary Services accounts shown here for these periods is calculated using accounts in only one of the these channels.) This information for the investment manager is presented solely to provide information about accounts that were managed according to investment objectives and strategies the same or substantially similar to the corresponding investment discipline in the Select UMA program. Although the Fiduciary Services and Select UMA programs are both Morgan Stanley managed account programs, the performance results and other features of similar investment disciplines in the two programs may differ due to investment and operational differences. For example, the individual investment disciplines in the Select UMA accounts may contain fewer securities, which would lead to a more concentrated portfolio. The automatic rebalancing, wash sale loss and tax harvesting features of the Select UMA program, which are not available in Fiduciary Services, also could cause differences in performance. Accordingly, the performance of the accounts in the Fiduciary Services program is not, and may differ significantly from, the performance of the accounts in the Select UMA program and should not be considered indicative of or a substitute for Select UMA performance. Similarly, performance results of the investment manager's composites may differ from those of Select UMA accounts managed in the same or a substantially similar investment discipline.

Net performance information

Net performance results reflect a deduction from the gross performance of three components: 0.625% maximum quarterly (2.5% maximum annual) MS Advisory Fee and 0.0175% maximum quarterly (0.07% maximum annual) Program Overlay Fee (which, together cover the services provided by Morgan Stanley), plus the quarterly SMA Manager Fee currently charged by this investment manager to new clients for managing their assets in this strategy in the Select UMA program. The SMA Manager Fees range from 0.025% to 0.1875% per Quarter (0.10% to 0.75% per year) and may differ from manager to manager, and managers may change their fee to new clients from time to time.

The maximum total annual fee chargeable in a Morgan Stanley investment advisory program is generally no more than 3%. If you invest through a program in which your program fee is higher than 3%, then the net results would be lower.

Please see the Select UMA Manager Profile for this investment manager and strategy, for more details on the SMA Manager Fee for this strategy and performance and other information. The Profiles are available from your Financial Advisor and at www.morganstanley.com/ADV. Also, if you select this manager for your account, check the SMA Manager Fees specified in the written confirmation you receive when you open your investment advisory account, in case these have changed since you received the Select UMA Manager Profile. Historical net fees reflect the Advisory Fee Schedule as of March 31, 2014.

Benchmark index

Depending on the composition of your account and your investment objectives, any indices shown in this report may not be an appropriate measure for comparison purposes and are therefore presented for illustration only. Indices are unmanaged. They do not reflect any management, custody, transaction or other expenses, and generally assume reinvestment of dividends, accrued income and capital gains. Past performance of indices does not guarantee future results. You cannot invest directly in an index.

Performance of indices may be more or less volatile than any investment product. The risk of loss in value of a specific investment (such as with an investment manager or in a fund) is not the same as the risk of loss in a broad market index. Therefore, the historical returns of an index will not be the same as the historical returns of a particular investment product.

Other data

Portfolio analysis may be based on information on less than all of the securities held in the portfolio. For equity portfolios, the analysis typically reflects securities representing at least 95% of portfolio assets. This may differ for other strategies, including those in the fixed income and specialty asset classes, due to availability of portfolio information.

Economic Sector Allocations and 10 Largest Holdings are accurate as of the most recent quarter end for which information was available when this report was prepared, and are subject to change at any time. 10 Largest Holdings lists indicate the largest security holdings in the portfolio, and Economic Sector Allocations are based on industry standard sector identification codes. Both are measured as a percentage of the total portfolio in terms of asset value as of the date indicated above.

Other data in this report is accurate as of the date this report was prepared unless stated otherwise. Data in this report may be calculated by the fund's investment manager, Morgan Stanley or a third party service provider.

Important Disclosures

ASSET CLASS AND OTHER RISKS
Investing in ***stocks, mutual funds*** and ***exchange-traded funds ("ETFs")*** entails the risks of market volatility. The value of all types of investments may increase or decrease over varying time periods.

Nondiversification: For a portfolio that holds a concentrated or limited number of securities, a decline in the value of these investments would cause the portfolio's overall value to decline to a greater degree than a less concentrated portfolio. Portfolios that invest a large percentage of assets in only one industry sector (or in only a few sectors) are more vulnerable to price fluctuation than those that diversify among a broad range of sectors.

Value and ***growth investing*** also carry risks. Value investing involves the risk that the market may not recognize that securities are undervalued and they may not appreciate as anticipated. Growth investing does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations.

International securities may carry additional risks, including foreign economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes and differences in financial and accounting standards. International investing may not be for everyone. These risks may be magnified in ***emerging markets.***

Small- and mid- capitalization companies may lack the financial resources, product diversification and competitive strengths of larger companies. The securities of small capitalization companies may not trade as readily as, and be subject to higher volatility than, those of larger, more established companies.

Bonds are subject to interest rate risk. When interest rates rise, bond prices fall; generally the longer a bond's maturity, the more sensitive it is to this risk. Bonds may also be subject to call risk, which allows the issuer to retain the right to redeem the debt, fully or partially, before the scheduled maturity date. Proceeds from sales prior to maturity may be more or less than originally invested due to changes in market conditions or changes in the credit quality of the issuer.

Ultra-short bond funds generally invest in fixed income securities with very short maturities, typically less than one year. They are not money market funds. While money market funds attempt to maintain a stable net asset value, an ultra-short bond fund's net asset value will fluctuate, which may result in the loss of the principal amount invested. They are therefore subject to the risks associated with debt securities such as credit and interest rate risk.

High yield bonds are subject to additional risks such as increased risk of default and greater volatility because of the lower credit quality of the issues.***Real estate investments:*** property values can fall due to environmental, economic or other reasons, and changes in interest rates can negatively impact the performance of real estate companies.

Derivatives, in general, involve special risks and costs that may result in losses. The successful use of derivatives requires sophisticated management, in order to manage and analyze derivatives transactions. The prices of derivatives may move in unexpected ways, especially in abnormal market conditions. In addition, correlation between the particular derivative and an asset or liability of the manager may not be what the investment manager expected. Some derivatives are "leveraged" and therefore may magnify or otherwise increase investment losses. Other risks include the potential inability to terminate or sell derivative positions, as a result of counterparty failure to settle or other reasons.

Mortgage-backed securities ("MBS"), which include collateralized mortgage obligations ("CMOs"), also referred to as real estate mortgage investment conduits ("REMICs"), may not be suitable for all investors. There is the possibility of early return of principal due to mortgage prepayments, which can reduce expected yield and result in reinvestment risk. Conversely, return of principal may be slower than initial prepayment speed assumptions, extending the average life of the security up to its listed maturity date (also referred to as extension risk). Additionally, the underlying collateral supporting MBS may default on principal and interest payments. Investments in subordinated MBS involve greater credit risk of default than the senior classes of the same issue. MBS are also sensitive to interest rate changes which can negatively impact the market value of the security. During times of heightened volatility, MBS can experience greater levels of illiquidity and larger price movements.

Commodities: The commodities markets may fluctuate widely based on a variety of factors including, but not limited to, changes in supply and demand relationships; governmental programs and policies; national and international political and economic events, war and terrorist events; changes in interest and exchange rates; trading activities in commodities and related contracts; pestilence, technological change and weather; and the price volatility of a commodity.

Alternative/hedged strategies may use various investment strategies and techniques for both hedging and more speculative purposes such as short selling, leverage, derivatives and options, which can increase volatility and the risk of investment loss. Alternative/hedged strategies are not appropriate for all investors. A short sales strategy includes the risk of loss due to an increase in the market value of borrowed securities. Such a strategy may be combined with purchasing long positions in an attempt to improve portfolio performance. A short sales strategy may result in greater losses or lower positive returns than if the portfolio held only long positions, and the portfolio's loss on a short sale is potentially unlimited. The use of leverage can magnify the impact of adverse issuer, political, regulatory, market, or economic developments on a company. A decrease in the credit quality of a highly leveraged company can lead to a significant decrease in the value of the company's securities. In a liquidation or bankruptcy, a company's creditors take precedence over the company's stockholders.

MLPs involve risks that differ from an investment in common stock. MLPs are controlled by their general partners, which generally have conflicts of interest and limited fiduciary duties to the MLP, which may permit the general partner to favor its own interests over the MLPs. The potential return of MLPs depends largely on the MLPs being treated as partnerships for federal income tax purposes. As a partnership, an MLP has no federal income tax liability at the entity level. Therefore, treatment of one or more MLPs as a corporation for federal income tax purposes could affect the portfolio's ability to meet its investment objective and would reduce the amount of cash available to pay or distribute to you. Legislative, judicial, or administrative changes and differing interpretations, possibly on a retroactive basis, could negatively impact the value of an investment in MLPs and therefore the value of your investment.

The current yield of ***preferred securities*** is calculated by multiplying the coupon by par value divided by the market price. The majority of $25 and $1000 par preferred securities are "callable" meaning that the issuer may retire the securities at specific prices and dates prior to maturity. Interest/dividend payments on certain preferred issues may be deferred by the issuer for periods of up to 5 to 10 years, depending on the particular issue. The investor would still have income tax liability even though payments would not have been received. Price quoted is per $25 or $1,000 share, unless otherwise specified. The initial rate on a floating rate or index-linked preferred security may be lower than that of a fixed-rate security of the same maturity because investors expect to receive additional income due to future increases in the floating/linked index. However, there can be no assurance that these increases will occur.

Convertible securities are convertible to equity at the option of the holder. The market value of the securities, and the underlying common stock into which they are convertible, will fluctuate. In particular, securities whose value depends on the performance of an underlying security entail potentially higher volatility and risk of loss compared to traditional bond investments. You should be aware that the market value of convertible bonds may not correspond directly to increases or decreases in the underlying stock.

NO TAX ADVICE
Tax laws are complex and subject to change. Morgan Stanley Smith Barney LLC ("Morgan Stanley"), its affiliates and Morgan Stanley Financial Advisors and Private Wealth Advisors do not provide tax or legal advice and are not "fiduciaries" (under ERISA, the Internal Revenue Code or otherwise) with respect to the services or activities described herein except as otherwise provided in writing by Morgan Stanley. Individuals are encouraged to consult their tax and legal advisors (a) before establishing a retirement plan or account, and (b) regarding any potential tax, ERISA and related consequences of any investments made under such plan or account.

If any investments in this report are described as "tax free", the income from these investments may be subject to state and local taxes and (if applicable) the federal Alternative Minimum Tax. Realized capital gains on these investments may be subject to federal, state and local capital gains tax.

Morgan Stanley WEALTH MANAGEMENT

GLOBAL INVESTMENT MANAGER ANALYSIS

The London Company Income Equity

Status: Focus List
Analyst: Jose Cruz
Phone: 212-296-1593 Email: Jose.V.Cruz@ms.com

Benchmark: S&P 500
September 30, 2017 (Q3)

Trailing Returns

	QTR	YTD	1 Yr	3 Yr	5 Yr	7 Yr	10 Yr	2016	2015	2014	2013	2012	2011
The London Company Income Equity (Gross)	1.68%	8.00%	11.93%	8.48%	12.91%	14.25%	9.38%	11.27%	0.05%	18.80%	27.63%	12.97%	14.85%
The London Company Income Equity (Net)	0.95%	5.72%	8.77%	5.35%	9.62%	10.93%	6.18%	7.99%	-2.86%	15.27%	23.98%	9.65%	11.54%
S&P 500	4.48%	14.24%	18.61%	10.81%	14.22%	14.38%	7.44%	11.96%	1.38%	13.69%	32.39%	16.00%	2.11%
Excess Return (Gross)	**-2.80%**	**-6.24%**	**-6.68%**	**-2.33%**	**-1.32%**	**-0.12%**	**1.94%**	**-0.69%**	**-1.33%**	**5.11%**	**-4.76%**	**-3.03%**	**12.73%**

Past performance is no guarantee of future results. This report is not complete without pages 5, 6 and 7, which contain important notes, including disclosures about the Focus List and the Approved List, index descriptions and a glossary of terms. Information shown is as of the date of most recent quarter end unless otherwise noted. All data are subject to change.

Strategy Description

The London Company's (TLC) Income Equity strategy seeks profitable, financially stable dividend-paying companies that consistently strive to generate high returns on unleveraged operating capital, run by shareholder-oriented management, and trade at a 40% or greater discount to estimated intrinsic value.

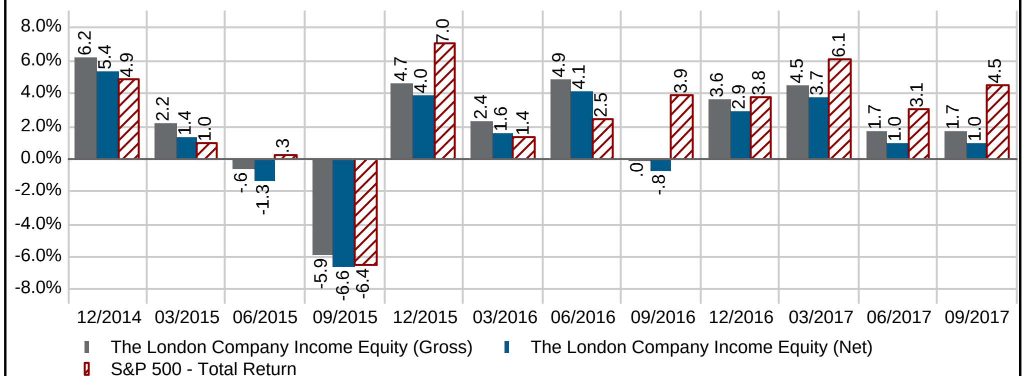
Performance Commentary

• The portfolio underperformed the S&P 500 for the quarter. Stock selection was negative and sector positioning was negative.

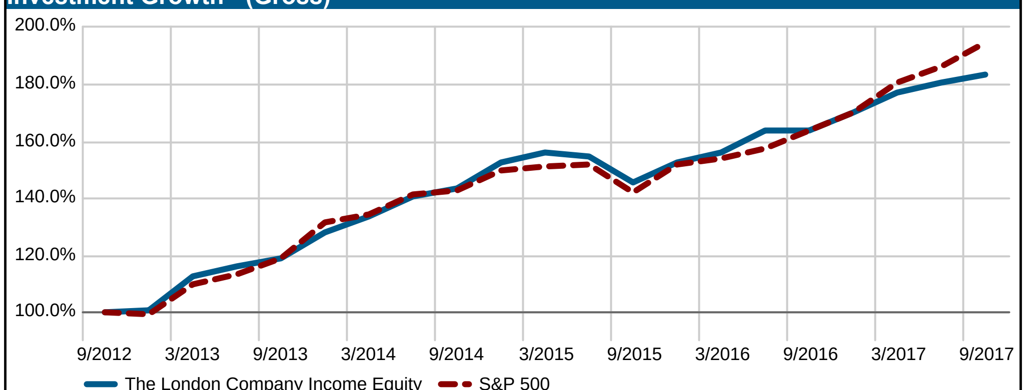
• The top contributing sectors were Telecommunication Services, Health Care, and Energy. The top detracting sectors were Consumer Staples, Information Technology, and Materials. From an industry perspective, Beverages, Road & Rail, and Media added value, while Tobacco, Leisure Products, and Chemicals detracted.

• Within the portfolio, companies with a price/earnings between 12.0x and 16.0x contributed to returns while companies with a price/earnings between 8.0x and 12.0x detracted. And finally, companies with high beta tended to do better than companies with moderate beta during the quarter.

Quarterly Returns



Investment Growth - (Gross)



INVESTMENT PRODUCTS: NOT FDIC INSURED * NO BANK GUARANTEE * MAY LOSE VALUE

This report is only to be used in connection with investment advisory programs and not brokerage accounts.
Please use this report in tandem with the associated Manager Profile which contains additional information about this strategy.

Portfolio Characteristics

Portfolio Characteristics

	Strategy	Bmk
# of Securities	31	505
Market Cap ($M)	129,365	177,832
P/E - Trailing 12-Mo.	19.3	22.3
Adj. P/E - trailing 12-Mo.	19.3	21.2
P/E - Forecast FY1*	18.6	19.3
Price-to- Book	3.1	3.0
Dividend Yield	2.86	1.90
Return on Equity	19.5	18.8
EPS Growth - Forecast*	9.3	11.9
EPS Growth - Hist. 5 Year	6.1	9.4
Quality	B+	B
Active Share	83.15	--

Economic Sector Allocation

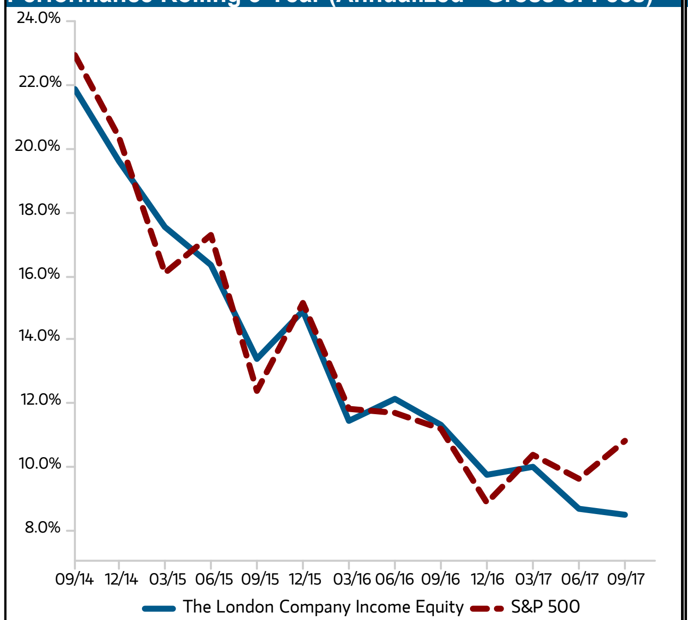
	Strategy	Bmk	Rel.
Consumer Discretionary	11.47	11.85	-0.38
Consumer Staples	17.43	8.23	9.20
Energy	4.56	6.09	-1.53
Financials	15.35	14.61	0.75
Health Care	10.08	14.51	-4.43
Industrials	13.92	10.23	3.70
Information Technology	15.71	23.23	-7.52
Materials	2.32	2.98	-0.66
Real Estate	2.97	2.99	-0.01
Telecommunication Services	2.79	2.17	0.62
Utilities	3.38	3.12	0.26

Top 10 Holdings

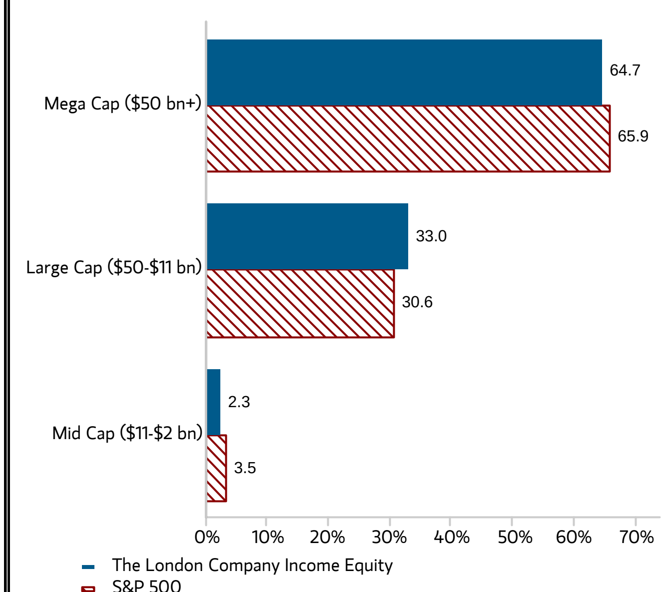
	% of Equity
Altria Group, Inc.	7.15
General Dynamics Corporation	5.88
Wells Fargo & Company	5.19
Norfolk Southern Corporation	5.07
Carnival Corporation	4.97
BlackRock, Inc.	4.12
Microsoft Corporation	3.70
Cincinnati Financial Corporation	3.63
Merck & Co., Inc.	3.57
Diageo plc Sponsored ADR	3.53
Total	**46.80**

* Forecasts based on analysts' consensus

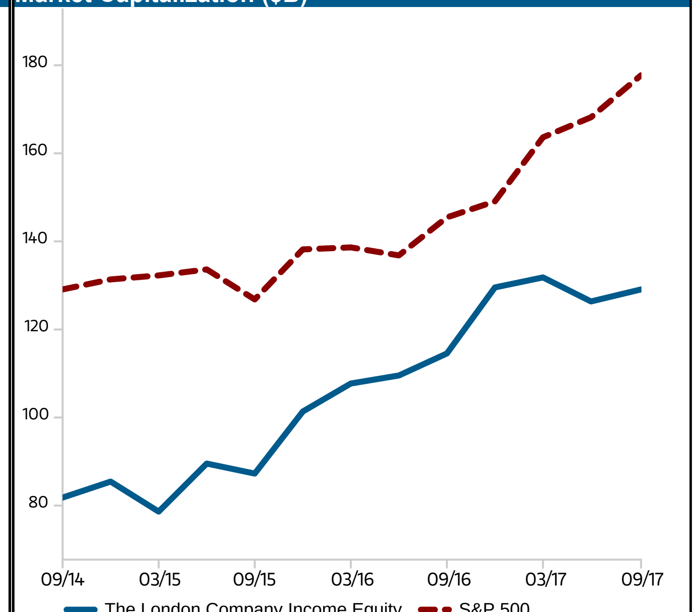
Performance Rolling 3-Year (Annualized - Gross of Fees)



Market Capitalization Distribution



Market Capitalization ($B)



Portfolio Attribution (Gross of Fees)

Economic Sector Attribution - Current Quarter

	Relative Weights	Allocation Effect	Stock Selection	Total Effect
Consumer Discretionary	-0.38	0.01	-0.08	-0.07
Consumer Staples	9.20	-0.57	-0.93	-1.50
Energy	-1.53	-0.03	0.04	0.01
Financials	0.75	0.01	-0.11	-0.10
Health Care	-4.43	0.03	0.03	0.07
Industrials	3.70	-0.01	-0.22	-0.23
Information Technology	-7.52	-0.32	-0.28	-0.60
Materials	-0.66	-0.01	-0.33	-0.34
Real Estate	-0.01	0.01	-0.13	-0.12
Telecommunication Services	0.62	0.01	0.14	0.15
Utilities	0.26	-0.00	-0.05	-0.05
Total	--	-0.86	-1.92	-2.78

Economic Sector Attribution - Year to Date

	Relative Weight	Allocation Effect	Stock Selection	Total Effect
Consumer Discretionary	-0.38	-0.19	0.44	0.25
Consumer Staples	9.20	-0.68	-1.05	-1.73
Energy	-1.53	0.16	0.34	0.50
Financials	0.75	-0.24	-0.79	-1.03
Health Care	-4.43	-0.32	-0.36	-0.68
Industrials	3.70	-0.04	-0.60	-0.65
Information Technology	-7.52	-0.37	-2.74	-3.11
Materials	-0.66	-0.04	-0.65	-0.69
Real Estate	-0.01	0.08	-0.15	-0.07
Telecommunication Services	0.62	-0.24	-0.03	-0.27
Utilities	0.26	-0.02	-0.15	-0.18
Total	--	-1.94	-5.84	-7.78

Top Contributors to Performance

Current Quarter

Current Quarter	Avg. Weight	Wtd. Contrib.	Current Quarter	Avg. Weight	Wtd. Contrib.
Norfolk Southern Corporation	4.72	0.45	Information Technology	15.21	0.99
Diageo plc Sponsored ADR	3.48	0.40	Financials	15.02	0.66
Intel Corporation	2.88	0.38	Health Care	9.86	0.40
Target Corporation	2.65	0.34	Industrials	13.65	0.36
Chevron Corporation	2.50	0.33	Energy	4.44	0.35

Year to Date

Year to Date	Avg. Weight	Wtd. Contrib.	Year to Date	Avg. Weight	Wtd. Contrib.
General Dynamics Corporation	6.38	1.29	Information Technology	17.44	1.87
Norfolk Southern Corporation	5.26	1.19	Industrials	15.53	1.56
Microsoft Corporation	3.85	0.80	Consumer Discretionary	9.59	1.31
BlackRock, Inc.	4.26	0.72	Health Care	8.76	1.26
Hasbro, Inc.	2.57	0.72	Financials	17.14	1.18

Bottom Contributors to Performance

Current Quarter

Current Quarter	Avg. Weight	Wtd. Contrib.	Current Quarter	Avg. Weight	Wtd. Contrib.
Altria Group, Inc.	7.61	-1.21	Consumer Staples	19.94	-1.16
Hasbro, Inc.	1.88	-0.36	Materials	2.41	-0.19
General Electric Company	3.14	-0.33	Real Estate	1.50	-0.09
NewMarket Corporation	2.41	-0.19	Consumer Discretionary	11.81	0.00
General Mills, Inc.	3.18	-0.19	Utilities	3.47	0.05

Year to Date

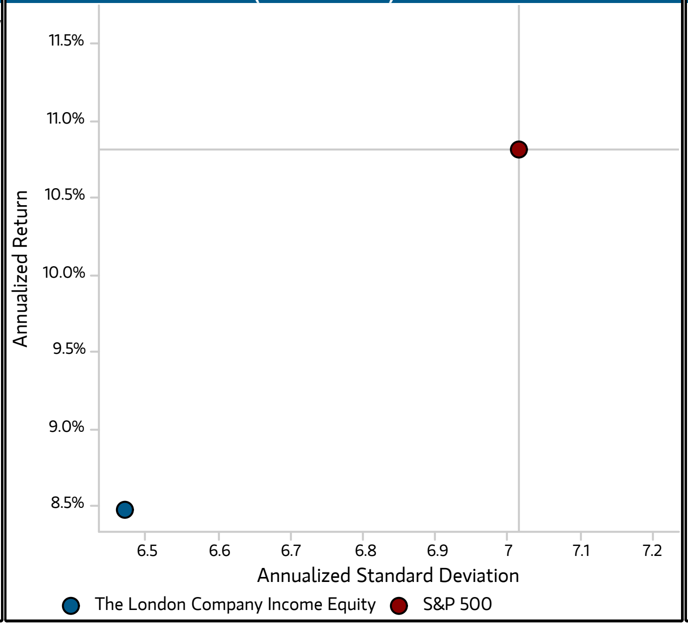
Year to Date	Avg. Weight	Wtd. Contrib.	Year to Date	Avg. Weight	Wtd. Contrib.
General Electric Company	3.79	-0.92	Consumer Staples	14.85	-0.54
Altria Group, Inc.	4.25	-0.72	Telecommunication Services	3.18	-0.25
General Mills, Inc.	3.86	-0.57	Energy	5.24	-0.14
Verizon Communications Inc.	3.16	-0.24	Real Estate	0.50	-0.09
H&R Block, Inc.	0.39	-0.24	Materials	3.87	-0.05

Portfolio Performance and Risk Statistics (Gross of Fees)

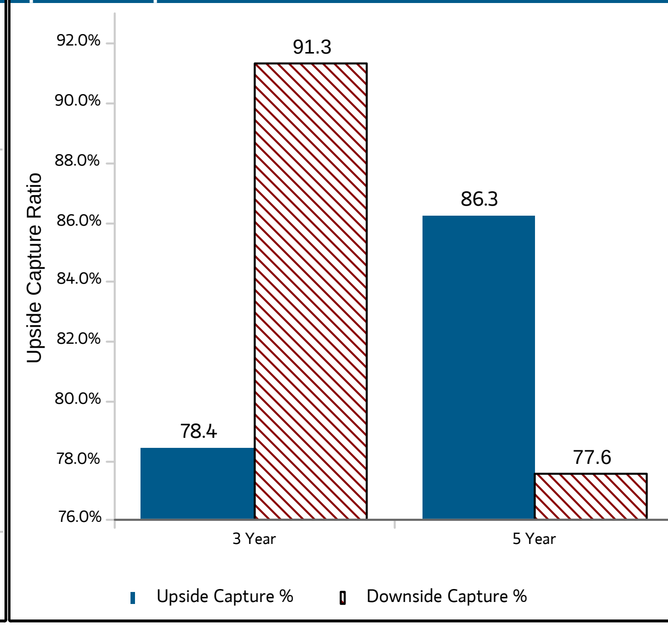
Risk Statistics vs. Benchmark

	3-Year	5-Year
Alpha	0.2%	1.1%
Beta	0.8	0.8
R2	70.7%	76.3%
Tracking Error	3.8%	3.7%
Information Ratio	-0.6	-0.4
Batting Average	41.7%	55.0%
Up Capture Ratio	78.4%	86.3%
Down Capture Ratio	91.3%	77.6%
Standard Deviation	6.5	7.2
Standard Deviation (Bmk)	7.0	7.6
Sharpe Ratio	1.3	1.8

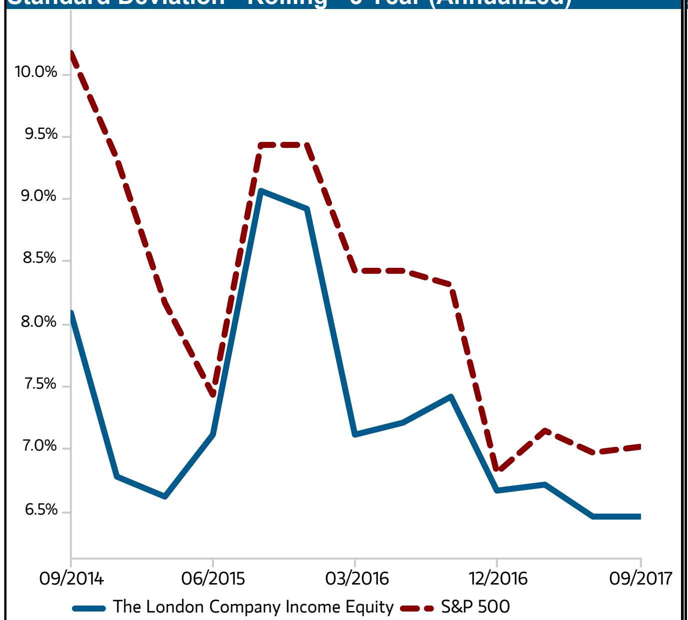
Risk-Reward - 3 Year (Annualized)



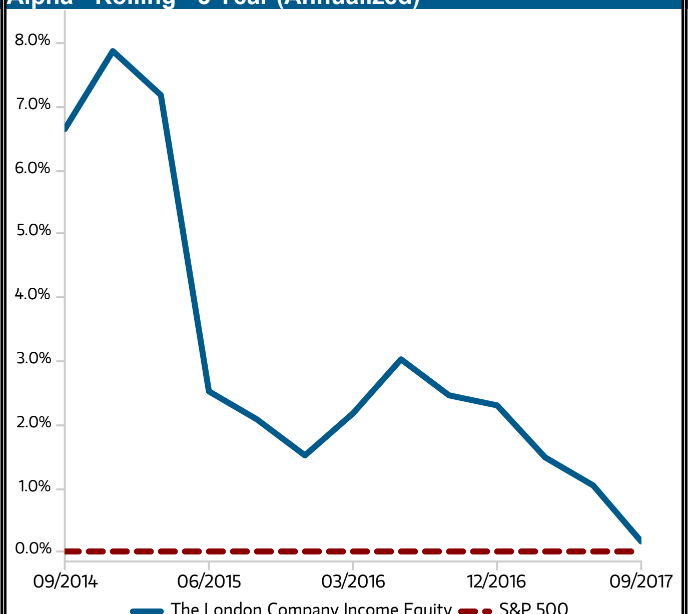
Up/Down Capture Ratio vs. the Benchmark



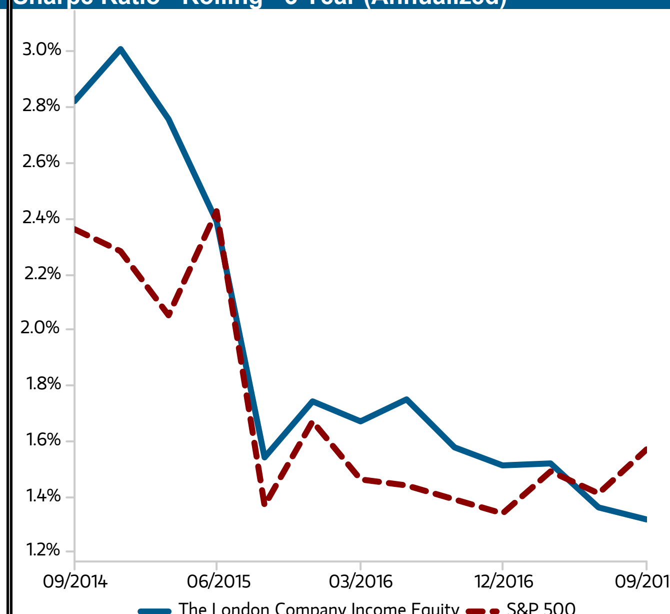
Standard Deviation - Rolling - 3 Year (Annualized)



Alpha - Rolling - 3 Year (Annualized)



Sharpe Ratio - Rolling - 3 Year (Annualized)



Glossary of Terms

Active Share - is a measure of the percentage of stock holdings in a manager's portfolio that differ from the benchmark index. Active Share is calculated by taking the sum of the absolute value of the differences of the weight of each holding in the manager's portfolio versus the weight of each holding in the benchmark index and dividing by two.
Adjusted P/E - Trailing 12 Mo. - is a P/E calculation that excludes outliers (both high and low) from an aggregate P/E calculation. If a company's P/E falls outside the range, that P/E is considered NA. The weighted average is then calculated including only the P/E's of the companies within the range. P/E ratios that are exceedingly high or low (even negative) may potentially distort an unadjusted P/E ratio.
ADRs - American Depositary Receipts are U.S. dollar denominated forms of equity ownership in non-U.S. companies. These shares are issued against the local market shares held in the home market.
Allocation Effect - is the portion of portfolio excess return attributed to taking different group bets from the benchmark. (If either the portfolio or the benchmark has no position in a given group, allocation effect is the lone effect.) A group's allocation effect equals the weight of the portfolio's group minus the weight of the benchmark's group times the total return of the benchmark group minus the total return of the benchmark in aggregate.
Alpha - measures the difference between a portfolio's actual returns and its expected performance, given its level of risk as measured by Beta. A positive Alpha figure indicates the portfolio has performed better than its Beta would predict. A negative Alpha indicates the portfolio's underperformance given the expectations established by the Beta. The accuracy of the Alpha is therefore dependent on the accuracy of the Beta. Alpha is often viewed as a measurement of the value added or subtracted by a portfolio's manager.
Batting Average - measures how frequently a portfolio outperforms its benchmark on a quarterly basis. The statistic is obtained by dividing the number of quarters in which the portfolio outperformed the total return of the benchmark by the total number of quarters. For example, a portfolio with a batting average of 60% has outperformed the index more than it has underperformed.
Beta - measures a portfolio's volatility relative to its benchmark. A portfolio with a Beta higher than 1.0 has historically been more volatile than the benchmark, while a portfolio with a Beta lower than 1.0 has been less volatile. The accuracy of the Beta is dependent on R-Squared.
Dividend Yield - annual dividend per share divided by price per share. Dividend Yield for the portfolio is a weighted average of the results for the individual stocks in the portfolio.
Down Capture Ratio - the ratio of the portfolio's overall performance to the benchmark's overall performance, considering only periods that are negative in the benchmark. A Down Capture Ratio of less than 100% indicates a portfolio that outperforms the relative benchmark in the benchmark's negative quarters and preserves more of the portfolio's value during down markets.
Excess Return - represents the average quarterly total return of the portfolio relative to its benchmark. A portfolio with a positive Excess Return has on average outperformed its benchmark on a quarterly basis. This statistic is obtained by subtracting the benchmark return from the portfolio's return.
Information Ratio - represents the Excess Return divided by the Tracking Error. It provides a measure of the historical consistency of the portfolio's outperformance or underperformance relative to its benchmark. A higher, positive Information Ratio suggests that the portfolio's excess returns may have been the result of making measured or moderate bets against the relevant benchmark's risk exposures.
Market Cap ($M) - the average portfolio market capitalization (market price multiplied by shares outstanding), weighted by the proportion of the portfolio's assets invested in each stock.
P/E - Trailing 12-Mo. - the current price of a stock divided by the most recent 12 months trailing earnings per share. P/E for the portfolio is a weighted average of the results for the individual stocks in the portfolio.
Price-to-Book - price per share divided by book value per share. Price-to-Book for the portfolio is a weighted average of the results for the individual stocks in the portfolio.
Quality Rank Based upon per-share earnings and dividend records of the most recent 10 years, this ranking system attempts to capture the growth and stability of earnings and dividends for individual stocks. For a portfolio, the quality ranking is a weighted average. The quality rankings classification is as follows: A+ (highest), A (high), A- (above avg.), B+ (average), B (below avg.), B- (lower), C (lowest), D (in reorganization), and LIQ (liquidation).
R-Squared (R^2) - represents the percentage of the volatility of returns that is attributable to movements of the benchmark. It is a measure of "co-movement" between portfolio returns and benchmark returns. The closer the portfolio's R^2 is to 100%, the more closely the portfolio correlates to, or follows, the benchmark. Generally, highly diversified portfolios have higher R^2 percentages.
Return on Equity (ROE) - is another profitability ratio which gauges return on investment by measuring how effectually stockholder money is being employed by the company. ROE is calculated by dividing a company's net income by average total equity. Unlike Return on Assets (ROA), ROE considers the degree to which a company uses leveraging, as interest expense paid to creditors is generally deducted from earnings to arrive at net income. ROE for the portfolio is a weighted average of the results for the individual stocks in the portfolio.
Rolling Annualized Performance - measures the consistency of a portfolio's performance. For example, with three-year annualized returns rolled annually, the return shown for a given period is actually an annualized return for a particular year and the previous two years. Since performance is assessed over longer periods, the returns rolled annually give a better indication of trends.
Stock Selection Effect - is the portion of portfolio excess return attributable to choosing different securities within groups from the benchmark. A group's selection effect equals the weight of the benchmark's group multiplied by the total return of the portfolio's group minus the total return of the benchmark's group.
Sharpe Ratio - measures a portfolio's rate of return based on the risk it assumed and is often referred to as its risk-adjusted performance. Using Standard Deviation and returns in excess of the returns of T-bills, it determines reward per unit of risk. This measurement can help determine if the portfolio is reaching its goal of increasing returns while managing risk.
Standard Deviation - quantifies the volatility associated with a portfolio's returns. The statistic measures the variation in returns around the mean return. Unlike Beta, which measures volatility relative to the aggregate market, Standard Deviation measures the absolute volatility of a portfolio's return.
Total Effect - is the sum of all effects.
Tracking Error - represents the Standard Deviation of the Excess Return. This provides a historical measure of the variability of the portfolio's returns relative to its benchmark. A portfolio with a low Tracking Error would have quarterly Excess Returns that have exhibited very low volatility.
Up Capture Ratio - measures the portfolio's overall performance to the benchmark's overall performance, considering only periods that are positive in the benchmark. An Up Capture Ratio of more than 100% indicates a portfolio that outperforms the relative benchmark in the benchmark's positive quarters.

Index Descriptions and Disclosures

Depending on the composition of your account and your investment objectives any indices shown in this report may not be an appropriate measure for comparison purposes and are presented for illustration only. The strategy shown in this report does not necessarily seek to track the index, is not restricted to securities in the index and may be more volatile than the index. The benchmark below may differ from the benchmark assigned by the manager, please refer to the GIMA manager report for more details.

Indices are unmanaged. They do not reflect any management, custody, transaction or other expenses, and generally assume reinvestment of dividends, accrued income and capital gains. Past performance of indices does not guarantee future results. You cannot invest directly in an index.

S&P 500 Index is an index of 500 stocks chosen for market size, liquidity and industry grouping, among other factors. The S&P 500 is meant to reflect the risk/return characteristics of the large cap universe. Companies included in the index are selected by the S&P Index Committee, a team of analysts and economists at Standard & Poor's. The S&P 500 is a market value weighted index - each stock's weight is proportionate to its market value.

Important Disclosures

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THE GLOBAL INVESTMENT MANAGER ANALYSIS (GIMA) SERVICES ONLY APPLY TO CERTAIN INVESTMENT ADVISORY PROGRAMS

Global Investment Manager Analysis (GIMA) evaluates certain investment products for the purposes of some - but not all - of Morgan Stanley Smith Barney LLC's investment advisory programs (as described in more detail in the applicable Form ADV Disclosure Document for Morgan Stanley). If you do not invest through one of these investment advisory programs, Morgan Stanley is not obligated to provide you notice of any GIMA status changes even though it may give notice to clients in other programs.

FOCUS LIST, APPROVED LIST AND TACTICAL OPPORTUNITIES LIST; WATCH POLICY

GIMA uses two methods to evaluate investment products in applicable advisory programs: Focus (and investment products meeting this standard are described as being on the Focus List) and Approved (and investment products meeting this standard are described as being on the Approved List). In general, Focus entails a more thorough evaluation of an investment product than Approved. Sometimes an investment product may be evaluated using the Focus List process but then placed on the Approved List instead of the Focus List.

Investment products may move from the Focus List to the Approved List, or vice versa. GIMA may also determine that an investment product no longer meets the criteria under either process and will no longer be recommended in investment advisory programs (in which case the investment product is given a "Not Approved" status).

GIMA has a "Watch" policy and may describe a Focus List or Approved List investment product as being on "Watch" if GIMA identifies specific areas that (a) merit further evaluation by GIMA and (b) may, but are not certain to, result in the investment product becoming "Not Approved." The Watch period depends on the length of time needed for GIMA to conduct its evaluation and for the investment manager or fund to address any concerns. GIMA may, but is not obligated to, note the Watch status in this report with a "W" or "Watch" next to the "Status" on the cover page.

Certain investment products on either the Focus List or Approved List may also be recommended for the Tactical Opportunities List based in part on tactical opportunities existing at a given time. The investment products on the Tactical Opportunities List change over time.

For more information on the Focus List, Approved List, Tactical Opportunities List and Watch processes, please see the applicable Form ADV Disclosure Document for Morgan Stanley. Your Financial Advisor or Private Wealth Advisor can also provide upon request a copy of a publication entitled "GIMA At A Glance."

NO OBLIGATION TO UPDATE

Morgan Stanley has no obligation to update you when any information or opinion in this report changes.

STRATEGY MAY BE AVAILABLE AS A SEPARATELY MANAGED ACCOUNT OR MUTUAL FUND

Strategies are sometimes available in Morgan Stanley investment advisory programs both in the form of a separately managed account ("SMA") and a mutual fund. These may have different expenses and investment minimums. Your Financial Advisor or Private Wealth Advisor can provide more information on whether any particular strategy is available in more than one form in a particular investment advisory program.

CONSIDER YOUR OWN INVESTMENT NEEDS

This report is not intended to be a client-specific suitability analysis or recommendation, an offer to participate in any investment, or a recommendation to buy, hold or sell securities (includes securities of Morgan Stanley, and/or their affiliates if shown in this report). Do not use this report as the sole basis for investment decisions. Do not select an asset class or investment product based on performance alone. Consider all relevant information, including your existing portfolio, investment objectives, risk tolerance, liquidity needs and investment time horizon.

PERFORMANCE AND OTHER PORTFOLIO INFORMATION

General

Past performance does not guarantee future results. There is no guarantee that this investment strategy will work under all market conditions. As a result of recent market activity, current performance may vary from the performance shown in this report.

Performance results are time weighted and include all cash and cash equivalents, realized and unrealized capital gains and losses, and reinvestment of dividends, interest and other income. Performance results are annualized for periods greater than one year. Returns for periods of less than a calendar year show the total return for the period and are not annualized.

Performance results may be presented in a currency other than the currency of the country in which you live. Your actual return on this investment product may increase or decrease with fluctuations between currencies.

Sources of Performance Results and Other Data

The performance data and certain other information for this strategy (including the data on page 1 of this report) reflect the investment manager's results in managing Morgan Stanley program accounts, or the investment manager's results in managing accounts and investment products, in the same or a substantially similar investment discipline. (For periods through June 2012, the Fiduciary Services program operated through two channels Morgan Stanley channel and the Smith Barney channel and any performance and other data relating to Fiduciary Services accounts shown here for these periods is calculated using accounts in only one of the these channels.) This information for the investment manager is presented solely to provide information about accounts that were managed according to investment objectives and strategies the same or substantially similar to the corresponding investment discipline in the Select UMA program. Although the Fiduciary Services and Select UMA programs are both Morgan Stanley managed account programs, the performance results and other features of similar investment disciplines in the two programs may differ due to investment and operational differences. For example, the individual investment disciplines in the Select UMA accounts may contain fewer securities, which would lead to a more concentrated portfolio. The automatic rebalancing, wash sale loss and tax harvesting features of the Select UMA program, which are not available in Fiduciary Services, also could cause differences in performance. Accordingly, the performance of the accounts in the Fiduciary Services program is not, and may differ significantly from, the performance of the accounts in the Select UMA program and should not be considered indicative of or a substitute for Select UMA performance. Similarly, performance results of the investment manager's composites may differ from those of Select UMA accounts managed in the same or a substantially similar investment discipline.

Net performance information

Net performance results reflect a deduction from the gross performance of three components: 0.625% maximum quarterly (2.5% maximum annual) MS Advisory Fee and 0.0175% maximum quarterly (0.07% maximum annual) Program Overlay Fee (which, together cover the services provided by Morgan Stanley), plus the quarterly SMA Manager Fee currently charged by this investment manager to new clients for managing their assets in this strategy in the Select UMA program. The SMA Manager Fees range from 0.025% to 0.1875% per Quarter (0.10% to 0.75% per year) and may differ from manager to manager, and managers may change their fee to new clients from time to time.

The maximum total annual fee chargeable in a Morgan Stanley investment advisory program is generally no more than 3%. If you invest through a program in which your program fee is higher than 3%, then the net results would be lower.

Please see the Select UMA Manager Profile for this investment manager and strategy, for more details on the SMA Manager Fee for this strategy and performance and other information. The Profiles are available from your Financial Advisor and at www.morganstanley.com/ADV. Also, if you select this manager for your account, check the SMA Manager Fees specified in the written confirmation you receive when you open your investment advisory account, in case these have changed since you received the Select UMA Manager Profile. Historical net fees reflect the Advisory Fee Schedule as of March 31, 2014.

Benchmark index

Depending on the composition of your account and your investment objectives, any indices shown in this report may not be an appropriate measure for comparison purposes and are therefore presented for illustration only. Indices are unmanaged. They do not reflect any management, custody, transaction or other expenses, and generally assume reinvestment of dividends, accrued income and capital gains. Past performance of indices does not guarantee future results. You cannot invest directly in an index.

Performance of indices may be more or less volatile than any investment product. The risk of loss in value of a specific investment (such as with an investment manager or in a fund) is not the same as the risk of loss in a broad market index. Therefore, the historical returns of an index will not be the same as the historical returns of a particular investment product.

Other data

Portfolio analysis may be based on information on less than all of the securities held in the portfolio. For equity portfolios, the analysis typically reflects securities representing at least 95% of portfolio assets. This may differ for other strategies, including those in the fixed income and specialty asset classes, due to availability of portfolio information.

Economic Sector Allocations and 10 Largest Holdings are accurate as of the most recent quarter end for which information was available when this report was prepared, and are subject to change at any time. 10 Largest Holdings lists indicate the largest security holdings in the portfolio, and Economic Sector Allocations are based on industry standard sector identification codes. Both are measured as a percentage of the total portfolio in terms of asset value as of the date indicated above.

Other data in this report is accurate as of the date this report was prepared unless stated otherwise. Data in this report may be calculated by the fund's investment manager, Morgan Stanley or a third party service provider.

Important Disclosures

ASSET CLASS AND OTHER RISKS
Investing in ***stocks, mutual funds*** and ***exchange-traded funds ("ETFs")*** entails the risks of market volatility. The value of all types of investments may increase or decrease over varying time periods.

Nondiversification: For a portfolio that holds a concentrated or limited number of securities, a decline in the value of these investments would cause the portfolio's overall value to decline to a greater degree than a less concentrated portfolio. Portfolios that invest a large percentage of assets in only one industry sector (or in only a few sectors) are more vulnerable to price fluctuation than those that diversify among a broad range of sectors.

Value and ***growth investing*** also carry risks. Value investing involves the risk that the market may not recognize that securities are undervalued and they may not appreciate as anticipated. Growth investing does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations.

International securities may carry additional risks, including foreign economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes and differences in financial and accounting standards. International investing may not be for everyone. These risks may be magnified in ***emerging markets.***

Small- and mid- capitalization companies may lack the financial resources, product diversification and competitive strengths of larger companies. The securities of small capitalization companies may not trade as readily as, and be subject to higher volatility than, those of larger, more established companies.

Bonds are subject to interest rate risk. When interest rates rise, bond prices fall; generally the longer a bond's maturity, the more sensitive it is to this risk. Bonds may also be subject to call risk, which allows the issuer to retain the right to redeem the debt, fully or partially, before the scheduled maturity date. Proceeds from sales prior to maturity may be more or less than originally invested due to changes in market conditions or changes in the credit quality of the issuer.

Ultra-short bond funds generally invest in fixed income securities with very short maturities, typically less than one year. They are not money market funds. While money market funds attempt to maintain a stable net asset value, an ultra-short bond fund's net asset value will fluctuate, which may result in the loss of the principal amount invested. They are therefore subject to the risks associated with debt securities such as credit and interest rate risk.

High yield bonds are subject to additional risks such as increased risk of default and greater volatility because of the lower credit quality of the issues.***Real estate investments:*** property values can fall due to environmental, economic or other reasons, and changes in interest rates can negatively impact the performance of real estate companies.

Derivatives, in general, involve special risks and costs that may result in losses. The successful use of derivatives requires sophisticated management, in order to manage and analyze derivatives transactions. The prices of derivatives may move in unexpected ways, especially in abnormal market conditions. In addition, correlation between the particular derivative and an asset or liability of the manager may not be what the investment manager expected. Some derivatives are "leveraged" and therefore may magnify or otherwise increase investment losses. Other risks include the potential inability to terminate or sell derivative positions, as a result of counterparty failure to settle or other reasons.

Mortgage-backed securities ("MBS"), which include collateralized mortgage obligations ("CMOs"), also referred to as real estate mortgage investment conduits ("REMICs"), may not be suitable for all investors. There is the possibility of early return of principal due to mortgage prepayments, which can reduce expected yield and result in reinvestment risk. Conversely, return of principal may be slower than initial prepayment speed assumptions, extending the average life of the security up to its listed maturity date (also referred to as extension risk). Additionally, the underlying collateral supporting MBS may default on principal and interest payments. Investments in subordinated MBS involve greater credit risk of default than the senior classes of the same issue. MBS are also sensitive to interest rate changes which can negatively impact the market value of the security. During times of heightened volatility, MBS can experience greater levels of illiquidity and larger price movements.

Commodities: The commodities markets may fluctuate widely based on a variety of factors including, but not limited to, changes in supply and demand relationships; governmental programs and policies; national and international political and economic events, war and terrorist events; changes in interest and exchange rates; trading activities in commodities and related contracts; pestilence, technological change and weather; and the price volatility of a commodity.

Alternative/hedged strategies may use various investment strategies and techniques for both hedging and more speculative purposes such as short selling, leverage, derivatives and options, which can increase volatility and the risk of investment loss. Alternative/hedged strategies are not appropriate for all investors. A short sales strategy includes the risk of loss due to an increase in the market value of borrowed securities. Such a strategy may be combined with purchasing long positions in an attempt to improve portfolio performance. A short sales strategy may result in greater losses or lower positive returns than if the portfolio held only long positions, and the portfolio's loss on a short sale is potentially unlimited. The use of leverage can magnify the impact of adverse issuer, political, regulatory, market, or economic developments on a company. A decrease in the credit quality of a highly leveraged company can lead to a significant decrease in the value of the company's securities. In a liquidation or bankruptcy, a company's creditors take precedence over the company's stockholders.

MLPs involve risks that differ from an investment in common stock. MLPs are controlled by their general partners, which generally have conflicts of interest and limited fiduciary duties to the MLP, which may permit the general partner to favor its own interests over the MLPs. The potential return of MLPs depends largely on the MLPs being treated as partnerships for federal income tax purposes. As a partnership, an MLP has no federal income tax liability at the entity level. Therefore, treatment of one or more MLPs as a corporation for federal income tax purposes could affect the portfolio's ability to meet its investment objective and would reduce the amount of cash available to pay or distribute to you. Legislative, judicial, or administrative changes and differing interpretations, possibly on a retroactive basis, could negatively impact the value of an investment in MLPs and therefore the value of your investment.

The current yield of ***preferred securities*** is calculated by multiplying the coupon by par value divided by the market price. The majority of $25 and $1000 par preferred securities are "callable" meaning that the issuer may retire the securities at specific prices and dates prior to maturity. Interest/dividend payments on certain preferred issues may be deferred by the issuer for periods of up to 5 to 10 years, depending on the particular issue. The investor would still have income tax liability even though payments would not have been received. Price quoted is per $25 or $1,000 share, unless otherwise specified. The initial rate on a floating rate or index-linked preferred security may be lower than that of a fixed-rate security of the same maturity because investors expect to receive additional income due to future increases in the floating/linked index. However, there can be no assurance that these increases will occur.

Convertible securities are convertible to equity at the option of the holder. The market value of the securities, and the underlying common stock into which they are convertible, will fluctuate. In particular, securities whose value depends on the performance of an underlying security entail potentially higher volatility and risk of loss compared to traditional bond investments. You should be aware that the market value of convertible bonds may not correspond directly to increases or decreases in the underlying stock.

NO TAX ADVICE
Tax laws are complex and subject to change. Morgan Stanley Smith Barney LLC ("Morgan Stanley"), its affiliates and Morgan Stanley Financial Advisors and Private Wealth Advisors do not provide tax or legal advice and are not "fiduciaries" (under ERISA, the Internal Revenue Code or otherwise) with respect to the services or activities described herein except as otherwise provided in writing by Morgan Stanley. Individuals are encouraged to consult their tax and legal advisors (a) before establishing a retirement plan or account, and (b) regarding any potential tax, ERISA and related consequences of any investments made under such plan or account.

If any investments in this report are described as "tax free", the income from these investments may be subject to state and local taxes and (if applicable) the federal Alternative Minimum Tax. Realized capital gains on these investments may be subject to federal, state and local capital gains tax.

GLOBAL INVESTMENT MANAGER ANALYSIS

Henderson Geneva Small Cap Growth

Benchmark: Russell 2000 Growth
September 30, 2017 (Q3)

Status: Focus List
Analyst: Bill Bridge
Phone: 212-296-1177 Email: Bill.Bridge@morganstanley.com

Trailing Returns

	QTR	YTD	1 Yr	3 Yr	5 Yr	7 Yr	10 Yr	2016	2015	2014	2013	2012	2011
Henderson Geneva Small Cap Growth (Gross)	6.60%	19.79%	24.45%	17.00%	16.29%	17.15%	11.13%	11.99%	11.69%	-1.76%	45.18%	17.78%	1.43%
Henderson Geneva Small Cap Growth (Net)	5.81%	17.17%	20.78%	13.56%	12.88%	13.73%	7.86%	8.61%	8.44%	-4.68%	41.08%	14.33%	-1.51%
Russell 2000 Growth	6.22%	16.81%	20.98%	12.17%	14.28%	14.17%	8.47%	11.32%	-1.38%	5.60%	43.30%	14.59%	-2.91%
Excess Return (Gross)	**0.38%**	**2.98%**	**3.47%**	**4.83%**	**2.01%**	**2.98%**	**2.66%**	**0.67%**	**13.07%**	**-7.37%**	**1.88%**	**3.19%**	**4.34%**

Past performance is no guarantee of future results. This report is not complete without pages 5, 6 and 7, which contain important notes, including disclosures about the Focus List and the Approved List, index descriptions and a glossary of terms. Information shown is as of the date of most recent quarter end unless otherwise noted. All data are subject to change.

Strategy Description

The strategy seeks to invest in high quality companies with above average historical and projected earnings growth. Geneva focuses on companies that they believe have a sustainable competitive advantage, industry leadership, experienced management and solid financials.

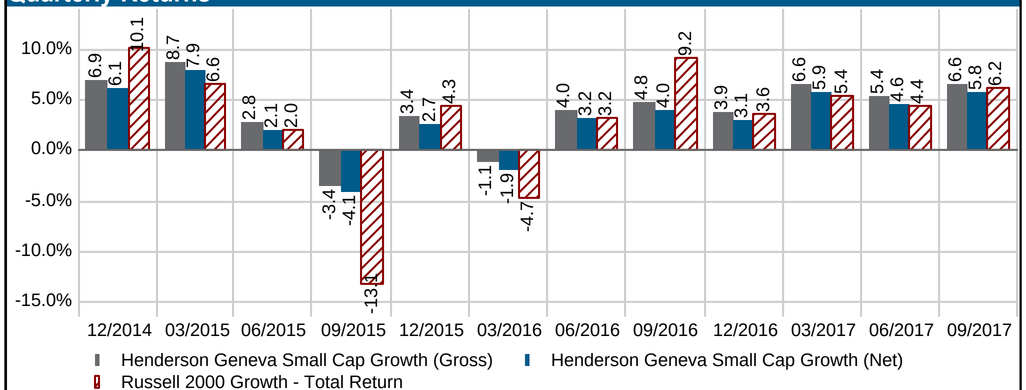
Performance Commentary

• The portfolio outperformed the Russell 2000 Growth for the quarter. Stock selection was positive and sector positioning was positive.

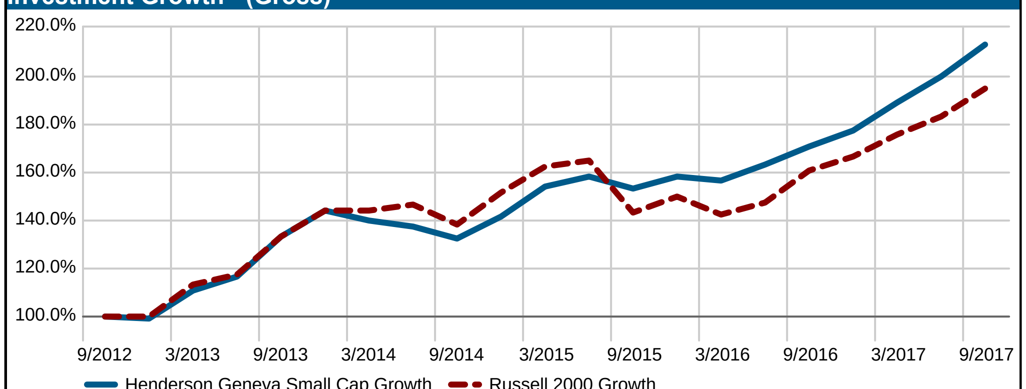
• The top contributing sectors were Industrials, Information Technology, and Real Estate. The top detracting sectors were Financials, Consumer Discretionary, and Materials. From an industry perspective, Health Care Equipment & Supplies, Electronic Equipment Instruments & Components, and Machinery added value, while Software, Biotechnology, and Capital Markets detracted.

• Within the portfolio, companies with a price/earnings greater than 20.0x contributed to returns while companies with a price/earnings between 12.0x and 16.0x detracted. And finally, companies with moderate beta tended to do better than companies with high beta during the quarter.

Quarterly Returns



Investment Growth - (Gross)



INVESTMENT PRODUCTS: NOT FDIC INSURED * NO BANK GUARANTEE * MAY LOSE VALUE

This report is only to be used in connection with investment advisory programs and not brokerage accounts.
Please use this report in tandem with the associated Manager Profile which contains additional information about this strategy.

Portfolio Characteristics

Portfolio Characteristics

	Strategy	Bmk
# of Securities	53	1,172
Market Cap ($M)	3,857	2,421
P/E - Trailing 12-Mo.	34.6	25.8
Adj. P/E - trailing 12-Mo.	33.5	24.4
P/E - Forecast FY1*	31.3	23.0
Price-to- Book	4.8	4.2
Dividend Yield	0.39	0.69
Return on Equity	16.8	6.2
EPS Growth - Forecast*	15.6	14.0
EPS Growth - Hist. 5 Year	13.6	10.7
Quality	B	B-
Active Share	90.62	--

Economic Sector Allocation

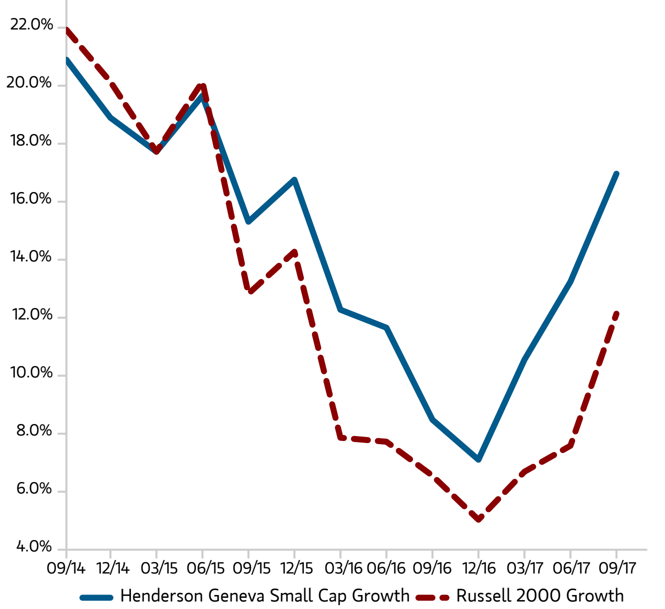
	Strategy	Bmk	Rel.
Consumer Discretionary	9.11	13.48	-4.36
Consumer Staples	1.79	2.66	-0.87
Energy	--	1.23	-1.23
Financials	10.30	6.06	4.24
Health Care	24.87	24.50	0.37
Industrials	24.65	18.00	6.65
Information Technology	25.25	24.26	0.99
Materials	4.02	4.62	-0.60
Real Estate	--	3.39	-3.39
Telecommunication Services	--	1.09	-1.09
Utilities	--	0.70	-0.70

Top 10 Holdings

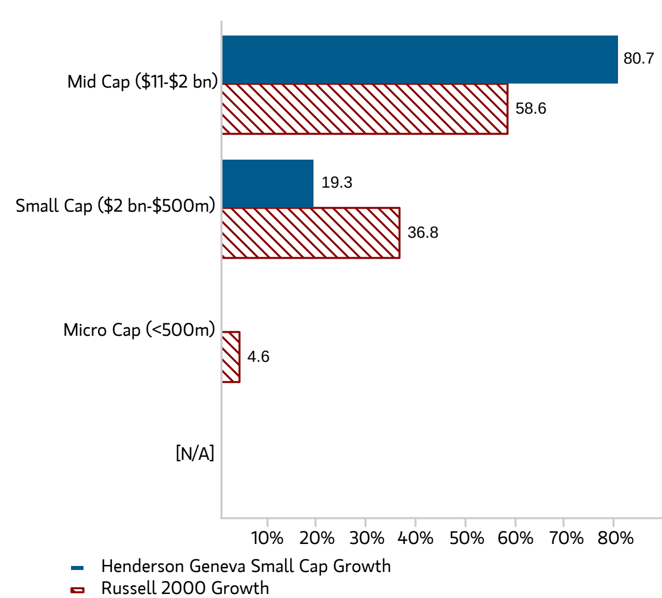
	% of Equity
ABIOMED, Inc.	4.03
Cantel Medical Corp.	3.18
Medidata Solutions, Inc.	3.17
Masimo Corporation	3.00
Tyler Technologies, Inc.	2.98
Healthcare Services Group, Inc.	2.91
Blackbaud, Inc.	2.89
Bank of the Ozarks	2.85
RBC Bearings Incorporated	2.78
MarketAxess Holdings Inc.	2.76
Total	**30.54**

* Forecasts based on analysts' consensus

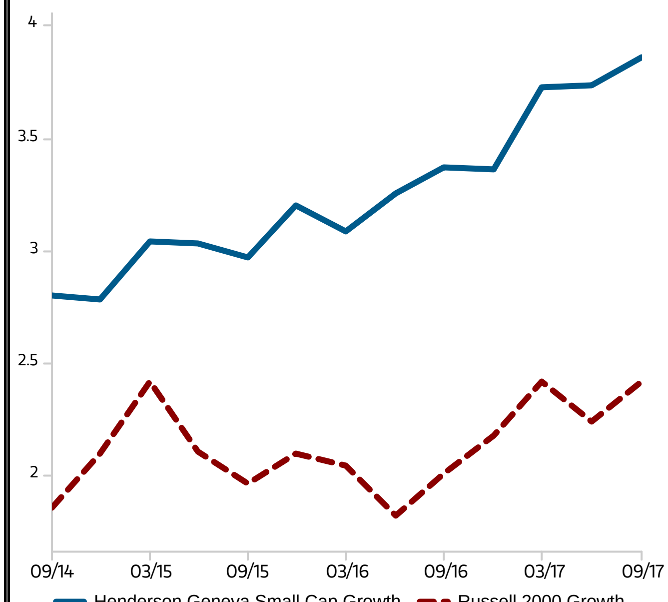
Performance Rolling 3-Year (Annualized - Gross of Fees)



Market Capitalization Distribution



Market Capitalization ($B)



Portfolio Attribution (Gross of Fees)

Economic Sector Attribution - Current Quarter

	Relative Weights	Allocation Effect	Stock Selection	Total Effect
Consumer Discretionary	-4.37	0.01	-0.33	-0.32
Consumer Staples	-0.87	0.05	-0.04	0.01
Energy	-1.23	0.03	--	0.03
Financials	4.24	0.02	-0.35	-0.33
Health Care	0.35	0.02	-0.08	-0.05
Industrials	6.64	0.15	0.85	0.99
Information Technology	1.03	-0.02	0.21	0.19
Materials	-0.60	-0.00	-0.23	-0.23
Real Estate	-3.39	0.17	--	0.17
Telecommunication Services	-1.09	-0.05	--	-0.05
Utilities	-0.70	0.03	--	0.03
Total	--	0.41	0.04	0.45

Economic Sector Attribution - Year to Date

	Relative Weight	Allocation Effect	Stock Selection	Total Effect
Consumer Discretionary	-4.37	0.19	-1.44	-1.25
Consumer Staples	-0.87	0.20	-0.05	0.15
Energy	-1.23	0.32	0.15	0.48
Financials	4.24	-0.51	0.15	-0.37
Health Care	0.35	0.31	-0.03	0.28
Industrials	6.64	-0.29	2.07	1.78
Information Technology	1.03	-0.05	2.94	2.89
Materials	-0.60	0.03	-0.88	-0.85
Real Estate	-3.39	0.17	--	0.17
Telecommunication Services	-1.09	-0.17	--	-0.17
Utilities	-0.70	0.07	--	0.07
Total	--	0.13	3.48	3.61

Top Contributors to Performance

Current Quarter

Current Quarter	Avg. Weight	Wtd. Contrib.	Current Quarter	Avg. Weight	Wtd. Contrib.
ABIOMED, Inc.	3.51	0.61	Industrials	21.79	2.92
Cognex Corporation	2.14	0.57	Information Technology	26.43	1.72
Cantel Medical Corp.	2.59	0.57	Health Care	24.56	1.63
RBC Bearings Incorporated	2.34	0.53	Financials	10.49	0.29
Envestnet, Inc.	1.79	0.49	Consumer Discretionary	11.23	0.12

Year to Date

Year to Date	Avg. Weight	Wtd. Contrib.	Year to Date	Avg. Weight	Wtd. Contrib.
Cognex Corporation	2.35	1.45	Information Technology	24.93	7.55
ABIOMED, Inc.	3.22	1.42	Health Care	24.12	7.09
Panera Bread Company Class A	1.91	1.36	Industrials	21.44	4.70
Medidata Solutions, Inc.	2.71	1.32	Financials	11.50	1.03
Paycom Software, Inc.	2.01	1.08	Consumer Staples	1.86	-0.02

Bottom Contributors to Performance

Current Quarter

Current Quarter	Avg. Weight	Wtd. Contrib.	Current Quarter	Avg. Weight	Wtd. Contrib.
Ellie Mae, Inc.	1.27	-0.39	Consumer Staples	1.72	-0.01
MarketAxess Holdings Inc.	2.79	-0.27	Materials	3.77	-0.01
Dorman Products, Inc.	1.59	-0.26	Consumer Discretionary	11.23	0.12
Ultimate Software Group, ...	1.69	-0.24	Financials	10.49	0.29
Electronics For Imaging, ...	1.42	-0.22	Health Care	24.56	1.63

Year to Date

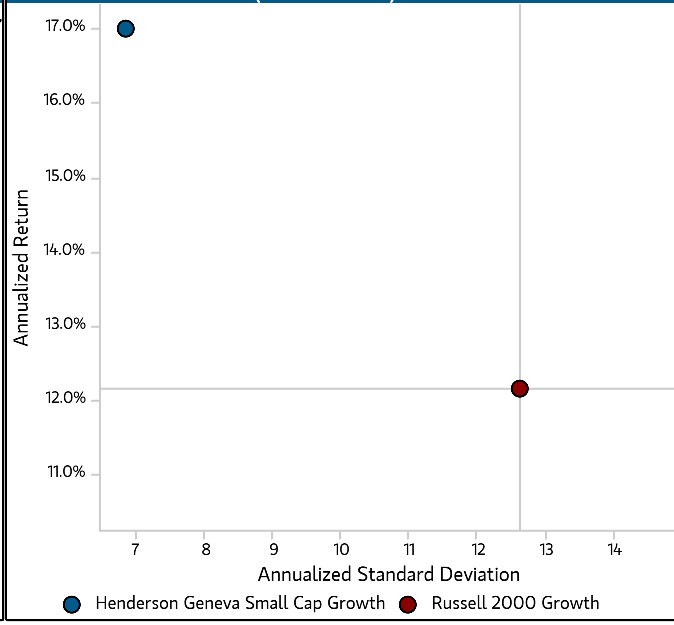
Year to Date	Avg. Weight	Wtd. Contrib.	Year to Date	Avg. Weight	Wtd. Contrib.
Hibbett Sports, Inc.	0.43	-0.52	Consumer Discretionary	11.51	-0.62
Chuy's Holdings, Inc.	0.95	-0.51	Energy	0.47	-0.15
Allegiant Travel Company	1.93	-0.46	Materials	4.17	-0.10
G-III Apparel Group, Ltd.	0.24	-0.33	Consumer Staples	1.86	-0.02
Bank of the Ozarks	2.93	-0.28	Financials	11.50	1.03

Portfolio Performance and Risk Statistics (Gross of Fees)

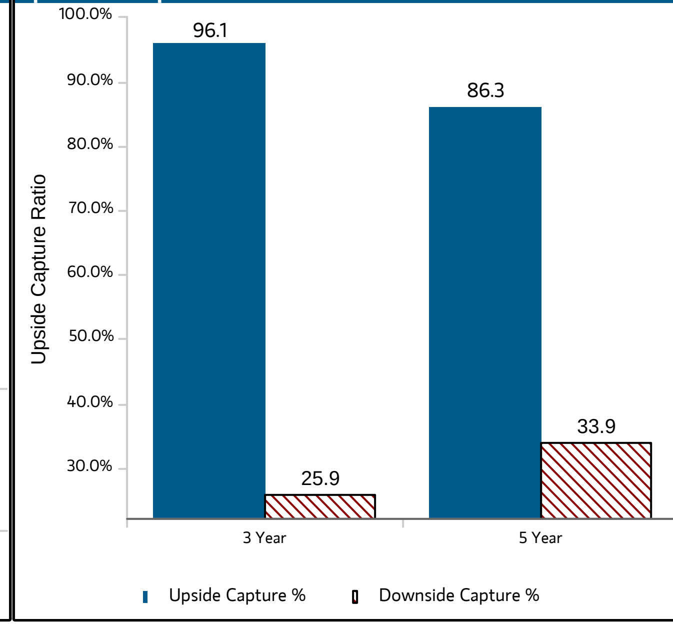
Risk Statistics vs. Benchmark

	3-Year	5-Year
Alpha	10.5%	6.2%
Beta	0.5	0.7
R2	82.9%	75.9%
Tracking Error	7.0%	6.3%
Information Ratio	0.7	0.3
Batting Average	75.0%	60.0%
Up Capture Ratio	96.1%	86.3%
Down Capture Ratio	25.9%	33.9%
Standard Deviation	6.8	9.9
Standard Deviation (Bmk)	12.6	12.6
Sharpe Ratio	2.5	1.7

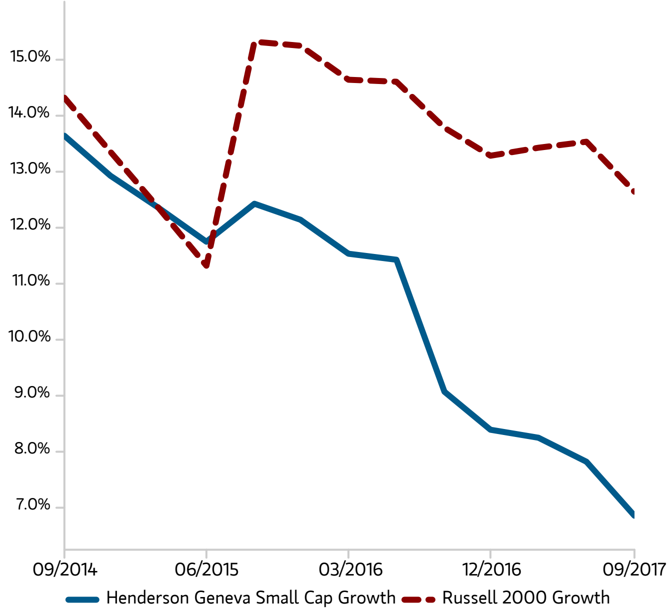
Risk-Reward - 3 Year (Annualized)



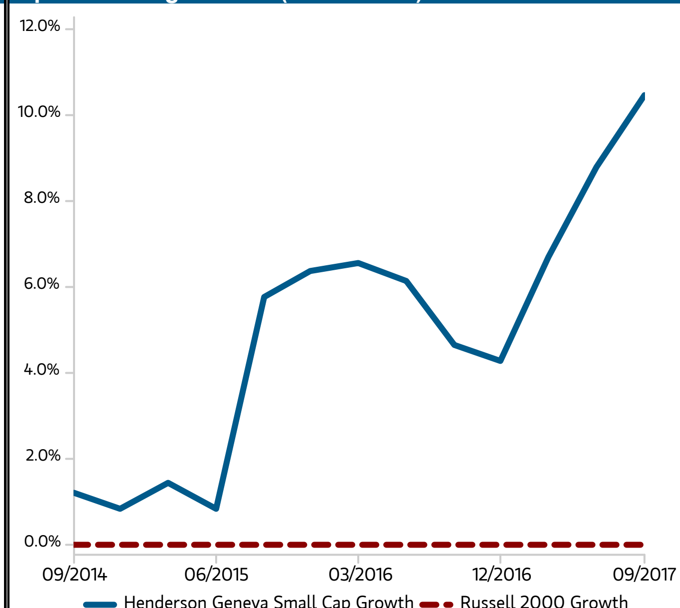
Up/Down Capture Ratio vs. the Benchmark



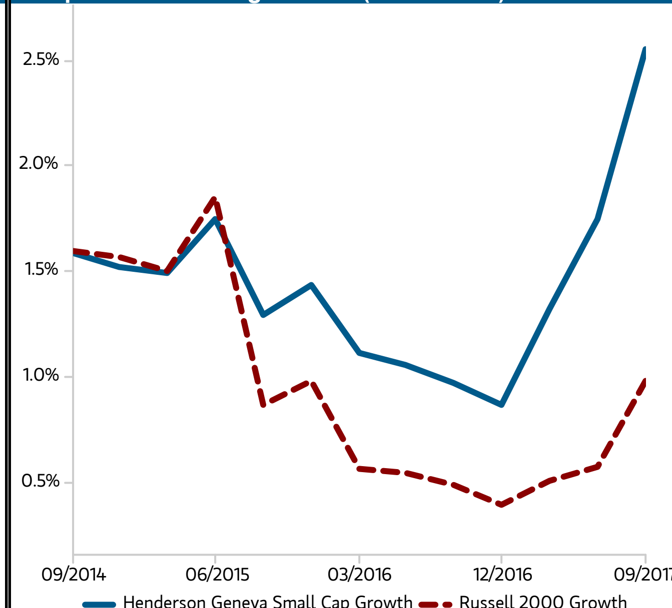
Standard Deviation - Rolling - 3 Year (Annualized)



Alpha - Rolling - 3 Year (Annualized)



Sharpe Ratio - Rolling - 3 Year (Annualized)



Glossary of Terms

Active Share - is a measure of the percentage of stock holdings in a manager's portfolio that differ from the benchmark index. Active Share is calculated by taking the sum of the absolute value of the differences of the weight of each holding in the manager's portfolio versus the weight of each holding in the benchmark index and dividing by two.
Adjusted P/E - Trailing 12 Mo. - is a P/E calculation that excludes outliers (both high and low) from an aggregate P/E calculation. If a company's P/E falls outside the range, that P/E is considered NA. The weighted average is then calculated including only the P/E's of the companies within the range. P/E ratios that are exceedingly high or low (even negative) may potentially distort an unadjusted P/E ratio.
ADRs - American Depositary Receipts are U.S. dollar denominated forms of equity ownership in non-U.S. companies. These shares are issued against the local market shares held in the home market.
Allocation Effect - is the portion of portfolio excess return attributed to taking different group bets from the benchmark. (If either the portfolio or the benchmark has no position in a given group, allocation effect is the lone effect.) A group's allocation effect equals the weight of the portfolio's group minus the weight of the benchmark's group times the total return of the benchmark group minus the total return of the benchmark in aggregate.
Alpha - measures the difference between a portfolio's actual returns and its expected performance, given its level of risk as measured by Beta. A positive Alpha figure indicates the portfolio has performed better than its Beta would predict. A negative Alpha indicates the portfolio's underperformance given the expectations established by the Beta. The accuracy of the Alpha is therefore dependent on the accuracy of the Beta. Alpha is often viewed as a measurement of the value added or subtracted by a portfolio's manager.
Batting Average - measures how frequently a portfolio outperforms its benchmark on a quarterly basis. The statistic is obtained by dividing the number of quarters in which the portfolio outperformed the total return of the benchmark by the total number of quarters. For example, a portfolio with a batting average of 60% has outperformed the index more than it has underperformed.
Beta - measures a portfolio's volatility relative to its benchmark. A portfolio with a Beta higher than 1.0 has historically been more volatile than the benchmark, while a portfolio with a Beta lower than 1.0 has been less volatile. The accuracy of the Beta is dependent on R-Squared.
Dividend Yield - annual dividend per share divided by price per share. Dividend Yield for the portfolio is a weighted average of the results for the individual stocks in the portfolio.
Down Capture Ratio - the ratio of the portfolio's overall performance to the benchmark's overall performance, considering only periods that are negative in the benchmark. A Down Capture Ratio of less than 100% indicates a portfolio that outperforms the relative benchmark in the benchmark's negative quarters and preserves more of the portfolio's value during down markets.
Excess Return - represents the average quarterly total return of the portfolio relative to its benchmark. A portfolio with a positive Excess Return has on average outperformed its benchmark on a quarterly basis. This statistic is obtained by subtracting the benchmark return from the portfolio's return.
Information Ratio - represents the Excess Return divided by the Tracking Error. It provides a measure of the historical consistency of the portfolio's outperformance or underperformance relative to its benchmark. A higher, positive Information Ratio suggests that the portfolio's excess returns may have been the result of making measured or moderate bets against the relevant benchmark's risk exposures.
Market Cap ($M) - the average portfolio market capitalization (market price multiplied by shares outstanding), weighted by the proportion of the portfolio's assets invested in each stock.
P/E - Trailing 12-Mo. - the current price of a stock divided by the most recent 12 months trailing earnings per share. P/E for the portfolio is a weighted average of the results for the individual stocks in the portfolio.
Price-to-Book - price per share divided by book value per share. Price-to-Book for the portfolio is a weighted average of the results for the individual stocks in the portfolio.
Quality Rank Based upon per-share earnings and dividend records of the most recent 10 years, this ranking system attempts to capture the growth and stability of earnings and dividends for individual stocks. For a portfolio, the quality ranking is a weighted average. The quality rankings classification is as follows: A+ (highest), A (high), A- (above avg.), B+ (average), B (below avg.), B- (lower), C (lowest), D (in reorganization), and LIQ (liquidation).
R-Squared (R^2) - represents the percentage of the volatility of returns that is attributable to movements of the benchmark. It is a measure of "co-movement" between portfolio returns and benchmark returns. The closer the portfolio's R^2 is to 100%, the more closely the portfolio correlates to, or follows, the benchmark. Generally, highly diversified portfolios have higher R^2 percentages.
Return on Equity (ROE) - is another profitability ratio which gauges return on investment by measuring how effectually stockholder money is being employed by the company. ROE is calculated by dividing a company's net income by average total equity. Unlike Return on Assets (ROA), ROE considers the degree to which a company uses leveraging, as interest expense paid to creditors is generally deducted from earnings to arrive at net income. ROE for the portfolio is a weighted average of the results for the individual stocks in the portfolio.
Rolling Annualized Performance - measures the consistency of a portfolio's performance. For example, with three-year annualized returns rolled annually, the return shown for a given period is actually an annualized return for a particular year and the previous two years. Since performance is assessed over longer periods, the returns rolled annually give a better indication of trends.
Stock Selection Effect - is the portion of portfolio excess return attributable to choosing different securities within groups from the benchmark. A group's selection effect equals the weight of the benchmark's group multiplied by the total return of the portfolio's group minus the total return of the benchmark's group.
Sharpe Ratio - measures a portfolio's rate of return based on the risk it assumed and is often referred to as its risk-adjusted performance. Using Standard Deviation and returns in excess of the returns of T-bills, it determines reward per unit of risk. This measurement can help determine if the portfolio is reaching its goal of increasing returns while managing risk.
Standard Deviation - quantifies the volatility associated with a portfolio's returns. The statistic measures the variation in returns around the mean return. Unlike Beta, which measures volatility relative to the aggregate market, Standard Deviation measures the absolute volatility of a portfolio's return.
Total Effect - is the sum of all effects.
Tracking Error - represents the Standard Deviation of the Excess Return. This provides a historical measure of the variability of the portfolio's returns relative to its benchmark. A portfolio with a low Tracking Error would have quarterly Excess Returns that have exhibited very low volatility.
Up Capture Ratio - measures the portfolio's overall performance to the benchmark's overall performance, considering only periods that are positive in the benchmark. An Up Capture Ratio of more than 100% indicates a portfolio that outperforms the relative benchmark in the benchmark's positive quarters.

Index Descriptions and Disclosures

Depending on the composition of your account and your investment objectives any indices shown in this report may not be an appropriate measure for comparison purposes and are presented for illustration only. The strategy shown in this report does not necessarily seek to track the index, is not restricted to securities in the index and may be more volatile than the index. The benchmark below may differ from the benchmark assigned by the manager, please refer to the GIMA manager report for more details.

Indices are unmanaged. They do not reflect any management, custody, transaction or other expenses, and generally assume reinvestment of dividends, accrued income and capital gains. Past performance of indices does not guarantee future results. You cannot invest directly in an index.

Russell 2000 Growth Index measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values.

Important Disclosures

REPORT FOR USE ONLY IN INVESTMENT ADVISORY PROGRAMS

This report is only to be used in Morgan Stanley Smith Barney LLC ("Morgan Stanley") investment advisory programs and not in connection with brokerage accounts.

THE GLOBAL INVESTMENT MANAGER ANALYSIS (GIMA) SERVICES ONLY APPLY TO CERTAIN INVESTMENT ADVISORY PROGRAMS

Global Investment Manager Analysis (GIMA) evaluates certain investment products for the purposes of some - but not all - of Morgan Stanley Smith Barney LLC's investment advisory programs (as described in more detail in the applicable Form ADV Disclosure Document for Morgan Stanley). If you do not invest through one of these investment advisory programs, Morgan Stanley is not obligated to provide you notice of any GIMA status changes even though it may give notice to clients in other programs.

FOCUS LIST, APPROVED LIST AND TACTICAL OPPORTUNITIES LIST; WATCH POLICY

GIMA uses two methods to evaluate investment products in applicable advisory programs: Focus (and investment products meeting this standard are described as being on the Focus List) and Approved (and investment products meeting this standard are described as being on the Approved List). In general, Focus entails a more thorough evaluation of an investment product than Approved. Sometimes an investment product may be evaluated using the Focus List process but then placed on the Approved List instead of the Focus List.

Investment products may move from the Focus List to the Approved List, or vice versa. GIMA may also determine that an investment product no longer meets the criteria under either process and will no longer be recommended in investment advisory programs (in which case the investment product is given a "Not Approved" status).

GIMA has a "Watch" policy and may describe a Focus List or Approved List investment product as being on "Watch" if GIMA identifies specific areas that (a) merit further evaluation by GIMA and (b) may, but are not certain to, result in the investment product becoming "Not Approved." The Watch period depends on the length of time needed for GIMA to conduct its evaluation and for the investment manager or fund to address any concerns. GIMA may, but is not obligated to, note the Watch status in this report with a "W" or "Watch" next to the "Status" on the cover page.

Certain investment products on either the Focus List or Approved List may also be recommended for the Tactical Opportunities List based in part on tactical opportunities existing at a given time. The investment products on the Tactical Opportunities List change over time.

For more information on the Focus List, Approved List, Tactical Opportunities List and Watch processes, please see the applicable Form ADV Disclosure Document for Morgan Stanley. Your Financial Advisor or Private Wealth Advisor can also provide upon request a copy of a publication entitled "GIMA At A Glance."

NO OBLIGATION TO UPDATE

Morgan Stanley has no obligation to update you when any information or opinion in this report changes.

STRATEGY MAY BE AVAILABLE AS A SEPARATELY MANAGED ACCOUNT OR MUTUAL FUND

Strategies are sometimes available in Morgan Stanley investment advisory programs both in the form of a separately managed account ("SMA") and a mutual fund. These may have different expenses and investment minimums. Your Financial Advisor or Private Wealth Advisor can provide more information on whether any particular strategy is available in more than one form in a particular investment advisory program.

CONSIDER YOUR OWN INVESTMENT NEEDS

This report is not intended to be a client-specific suitability analysis or recommendation, an offer to participate in any investment, or a recommendation to buy, hold or sell securities (includes securities of Morgan Stanley, and/or their affiliates if shown in this report). Do not use this report as the sole basis for investment decisions. Do not select an asset class or investment product based on performance alone. Consider all relevant information, including your existing portfolio, investment objectives, risk tolerance, liquidity needs and investment time horizon.

PERFORMANCE AND OTHER PORTFOLIO INFORMATION

General

Past performance does not guarantee future results. There is no guarantee that this investment strategy will work under all market conditions. As a result of recent market activity, current performance may vary from the performance shown in this report.

Performance results are time weighted and include all cash and cash equivalents, realized and unrealized capital gains and losses, and reinvestment of dividends, interest and other income. Performance results are annualized for periods greater than one year. Returns for periods of less than a calendar year show the total return for the period and are not annualized.

Performance results may be presented in a currency other than the currency of the country in which you live. Your actual return on this investment product may increase or decrease with fluctuations between currencies.

Sources of Performance Results and Other Data

The performance data and certain other information for this strategy (including the data on page 1 of this report) reflect the investment manager's results in managing Morgan Stanley program accounts, or the investment manager's results in managing accounts and investment products, in the same or a substantially similar investment discipline. (For periods through June 2012, the Fiduciary Services program operated through two channels Morgan Stanley channel and the Smith Barney channel and any performance and other data relating to Fiduciary Services accounts shown here for these periods is calculated using accounts in only one of the these channels.) This information for the investment manager is presented solely to provide information about accounts that were managed according to investment objectives and strategies the same or substantially similar to the corresponding investment discipline in the Select UMA program. Although the Fiduciary Services and Select UMA programs are both Morgan Stanley managed account programs, the performance results and other features of similar investment disciplines in the two programs may differ due to investment and operational differences. For example, the individual investment disciplines in the Select UMA accounts may contain fewer securities, which would lead to a more concentrated portfolio. The automatic rebalancing, wash sale loss and tax harvesting features of the Select UMA program, which are not available in Fiduciary Services, also could cause differences in performance. Accordingly, the performance of the accounts in the Fiduciary Services program is not, and may differ significantly from, the performance of the accounts in the Select UMA program and should not be considered indicative of or a substitute for Select UMA performance. Similarly, performance results of the investment manager's composites may differ from those of Select UMA accounts managed in the same or a substantially similar investment discipline.

Net performance information

Net performance results reflect a deduction from the gross performance of three components: 0.625% maximum quarterly (2.5% maximum annual) MS Advisory Fee and 0.0175% maximum quarterly (0.07% maximum annual) Program Overlay Fee (which, together cover the services provided by Morgan Stanley), plus the quarterly SMA Manager Fee currently charged by this investment manager to new clients for managing their assets in this strategy in the Select UMA program. The SMA Manager Fees range from 0.025% to 0.1875% per Quarter (0.10% to 0.75% per year) and may differ from manager to manager, and managers may change their fee to new clients from time to time.

The maximum total annual fee chargeable in a Morgan Stanley investment advisory program is generally no more than 3%. If you invest through a program in which your program fee is higher than 3%, then the net results would be lower.

Please see the Select UMA Manager Profile for this investment manager and strategy, for more details on the SMA Manager Fee for this strategy and performance and other information. The Profiles are available from your Financial Advisor and at www.morganstanley.com/ADV. Also, if you select this manager for your account, check the SMA Manager Fees specified in the written confirmation you receive when you open your investment advisory account, in case these have changed since you received the Select UMA Manager Profile. Historical net fees reflect the Advisory Fee Schedule as of March 31, 2014.

Benchmark index

Depending on the composition of your account and your investment objectives, any indices shown in this report may not be an appropriate measure for comparison purposes and are therefore presented for illustration only. Indices are unmanaged. They do not reflect any management, custody, transaction or other expenses, and generally assume reinvestment of dividends, accrued income and capital gains. Past performance of indices does not guarantee future results. You cannot invest directly in an index.

Performance of indices may be more or less volatile than any investment product. The risk of loss in value of a specific investment (such as with an investment manager or in a fund) is not the same as the risk of loss in a broad market index. Therefore, the historical returns of an index will not be the same as the historical returns of a particular investment product.

Other data

Portfolio analysis may be based on information on less than all of the securities held in the portfolio. For equity portfolios, the analysis typically reflects securities representing at least 95% of portfolio assets. This may differ for other strategies, including those in the fixed income and specialty asset classes, due to availability of portfolio information.

Economic Sector Allocations and 10 Largest Holdings are accurate as of the most recent quarter end for which information was available when this report was prepared, and are subject to change at any time. 10 Largest Holdings lists indicate the largest security holdings in the portfolio, and Economic Sector Allocations are based on industry standard sector identification codes. Both are measured as a percentage of the total portfolio in terms of asset value as of the date indicated above.

Other data in this report is accurate as of the date this report was prepared unless stated otherwise. Data in this report may be calculated by the fund's investment manager, Morgan Stanley or a third party service provider.

Important Disclosures

ASSET CLASS AND OTHER RISKS
Investing in ***stocks, mutual funds*** and ***exchange-traded funds ("ETFs")*** entails the risks of market volatility. The value of all types of investments may increase or decrease over varying time periods.

Nondiversification: For a portfolio that holds a concentrated or limited number of securities, a decline in the value of these investments would cause the portfolio's overall value to decline to a greater degree than a less concentrated portfolio. Portfolios that invest a large percentage of assets in only one industry sector (or in only a few sectors) are more vulnerable to price fluctuation than those that diversify among a broad range of sectors.

Value and ***growth investing*** also carry risks. Value investing involves the risk that the market may not recognize that securities are undervalued and they may not appreciate as anticipated. Growth investing does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations.

International securities may carry additional risks, including foreign economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes and differences in financial and accounting standards. International investing may not be for everyone. These risks may be magnified in ***emerging markets.***

Small- and mid- capitalization companies may lack the financial resources, product diversification and competitive strengths of larger companies. The securities of small capitalization companies may not trade as readily as, and be subject to higher volatility than, those of larger, more established companies.

Bonds are subject to interest rate risk. When interest rates rise, bond prices fall; generally the longer a bond's maturity, the more sensitive it is to this risk. Bonds may also be subject to call risk, which allows the issuer to retain the right to redeem the debt, fully or partially, before the scheduled maturity date. Proceeds from sales prior to maturity may be more or less than originally invested due to changes in market conditions or changes in the credit quality of the issuer.

Ultra-short bond funds generally invest in fixed income securities with very short maturities, typically less than one year. They are not money market funds. While money market funds attempt to maintain a stable net asset value, an ultra-short bond fund's net asset value will fluctuate, which may result in the loss of the principal amount invested. They are therefore subject to the risks associated with debt securities such as credit and interest rate risk.

High yield bonds are subject to additional risks such as increased risk of default and greater volatility because of the lower credit quality of the issues.***Real estate investments:*** property values can fall due to environmental, economic or other reasons, and changes in interest rates can negatively impact the performance of real estate companies.

Derivatives, in general, involve special risks and costs that may result in losses. The successful use of derivatives requires sophisticated management, in order to manage and analyze derivatives transactions. The prices of derivatives may move in unexpected ways, especially in abnormal market conditions. In addition, correlation between the particular derivative and an asset or liability of the manager may not be what the investment manager expected. Some derivatives are "leveraged" and therefore may magnify or otherwise increase investment losses. Other risks include the potential inability to terminate or sell derivative positions, as a result of counterparty failure to settle or other reasons.

Mortgage-backed securities ("MBS"), which include collateralized mortgage obligations ("CMOs"), also referred to as real estate mortgage investment conduits ("REMICs"), may not be suitable for all investors. There is the possibility of early return of principal due to mortgage prepayments, which can reduce expected yield and result in reinvestment risk. Conversely, return of principal may be slower than initial prepayment speed assumptions, extending the average life of the security up to its listed maturity date (also referred to as extension risk). Additionally, the underlying collateral supporting MBS may default on principal and interest payments. Investments in subordinated MBS involve greater credit risk of default than the senior classes of the same issue. MBS are also sensitive to interest rate changes which can negatively impact the market value of the security. During times of heightened volatility, MBS can experience greater levels of illiquidity and larger price movements.

Commodities: The commodities markets may fluctuate widely based on a variety of factors including, but not limited to, changes in supply and demand relationships; governmental programs and policies; national and international political and economic events, war and terrorist events; changes in interest and exchange rates; trading activities in commodities and related contracts; pestilence, technological change and weather; and the price volatility of a commodity.

Alternative/hedged strategies may use various investment strategies and techniques for both hedging and more speculative purposes such as short selling, leverage, derivatives and options, which can increase volatility and the risk of investment loss. Alternative/hedged strategies are not appropriate for all investors. A short sales strategy includes the risk of loss due to an increase in the market value of borrowed securities. Such a strategy may be combined with purchasing long positions in an attempt to improve portfolio performance. A short sales strategy may result in greater losses or lower positive returns than if the portfolio held only long positions, and the portfolio's loss on a short sale is potentially unlimited. The use of leverage can magnify the impact of adverse issuer, political, regulatory, market, or economic developments on a company. A decrease in the credit quality of a highly leveraged company can lead to a significant decrease in the value of the company's securities. In a liquidation or bankruptcy, a company's creditors take precedence over the company's stockholders.

MLPs involve risks that differ from an investment in common stock. MLPs are controlled by their general partners, which generally have conflicts of interest and limited fiduciary duties to the MLP, which may permit the general partner to favor its own interests over the MLPs. The potential return of MLPs depends largely on the MLPs being treated as partnerships for federal income tax purposes. As a partnership, an MLP has no federal income tax liability at the entity level. Therefore, treatment of one or more MLPs as a corporation for federal income tax purposes could affect the portfolio's ability to meet its investment objective and would reduce the amount of cash available to pay or distribute to you. Legislative, judicial, or administrative changes and differing interpretations, possibly on a retroactive basis, could negatively impact the value of an investment in MLPs and therefore the value of your investment.

The current yield of ***preferred securities*** is calculated by multiplying the coupon by par value divided by the market price. The majority of $25 and $1000 par preferred securities are "callable" meaning that the issuer may retire the securities at specific prices and dates prior to maturity. Interest/dividend payments on certain preferred issues may be deferred by the issuer for periods of up to 5 to 10 years, depending on the particular issue. The investor would still have income tax liability even though payments would not have been received. Price quoted is per $25 or $1,000 share, unless otherwise specified. The initial rate on a floating rate or index-linked preferred security may be lower than that of a fixed-rate security of the same maturity because investors expect to receive additional income due to future increases in the floating/linked index. However, there can be no assurance that these increases will occur.

Convertible securities are convertible to equity at the option of the holder. The market value of the securities, and the underlying common stock into which they are convertible, will fluctuate. In particular, securities whose value depends on the performance of an underlying security entail potentially higher volatility and risk of loss compared to traditional bond investments. You should be aware that the market value of convertible bonds may not correspond directly to increases or decreases in the underlying stock.

NO TAX ADVICE
Tax laws are complex and subject to change. Morgan Stanley Smith Barney LLC ("Morgan Stanley"), its affiliates and Morgan Stanley Financial Advisors and Private Wealth Advisors do not provide tax or legal advice and are not "fiduciaries" (under ERISA, the Internal Revenue Code or otherwise) with respect to the services or activities described herein except as otherwise provided in writing by Morgan Stanley. Individuals are encouraged to consult their tax and legal advisors (a) before establishing a retirement plan or account, and (b) regarding any potential tax, ERISA and related consequences of any investments made under such plan or account.

If any investments in this report are described as "tax free", the income from these investments may be subject to state and local taxes and (if applicable) the federal Alternative Minimum Tax. Realized capital gains on these investments may be subject to federal, state and local capital gains tax.

Morgan Stanley WEALTH MANAGEMENT

GLOBAL INVESTMENT MANAGER ANALYSIS

Invesco International ADR Growth

Benchmark: MSCI All Country World Ex-United States
September 30, 2017 (Q3)

Status: Focus List
Analyst: William Ryan
Phone: 302-888-4260 Email: William.V.Ryan@ms.com

Trailing Returns

	QTR	YTD	1 Yr	3 Yr	5 Yr	7 Yr	10 Yr	2016	2015	2014	2013	2012	2011
Invesco International ADR Growth (Gross)	3.04%	16.52%	11.56%	3.65%	7.30%	7.09%	3.44%	-1.58%	-2.34%	2.12%	18.78%	16.40%	-6.29%
Invesco International ADR Growth (Net)	2.32%	14.09%	8.41%	0.73%	4.28%	4.11%	0.52%	-4.42%	-5.04%	-0.81%	15.51%	13.14%	-8.86%
MSCI AC World Index ex USA - Net Return	6.16%	21.13%	19.61%	4.70%	6.97%	5.25%	1.28%	4.50%	-5.66%	-3.87%	15.29%	16.83%	-13.71%
Excess Return (Gross)	**-3.12%**	**-4.61%**	**-8.05%**	**-1.06%**	**0.33%**	**1.85%**	**2.16%**	**-6.08%**	**3.32%**	**5.99%**	**3.49%**	**-0.43%**	**7.42%**

Past performance is no guarantee of future results. This report is not complete without pages 5, 6 and 7, which contain important notes, including disclosures about the Focus List and the Approved List, index descriptions and a glossary of terms. Information shown is as of the date of most recent quarter end unless otherwise noted. All data are subject to change.

Strategy Description

The strategy's earnings, quality and valuation (EQV) investment philosophy leads it to seek to invest in companies they deem high quality that exhibit the potential for accelerating or above average earnings growth but whose prices do not yet fully reflect these traits.

Performance Commentary

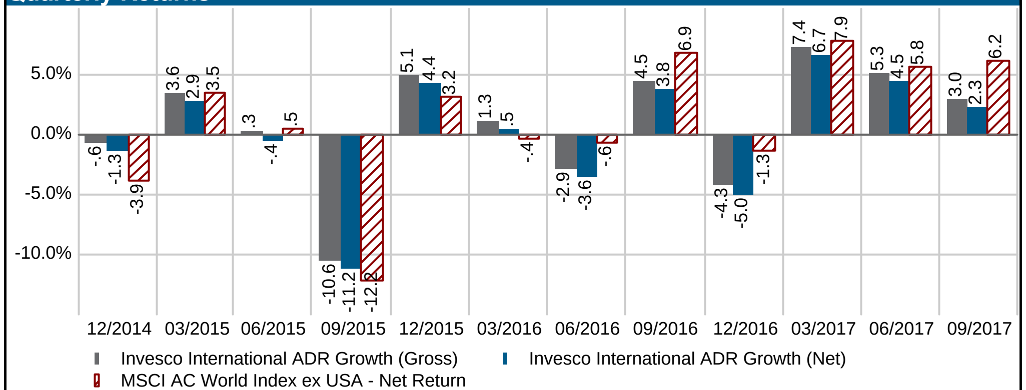
• The portfolio underperformed the MSCI All Country World Ex-United States for the quarter. Stock selection was negative and sector positioning was negative.

• The top contributing sectors were Financials, Energy, and Telecommunication Services. The top detracting sectors were Health Care, Consumer Discretionary, and Information Technology. From an industry perspective, Banks, Electrical Equipment, and Insurance added value, while Pharmaceuticals, Media, and Tobacco detracted.

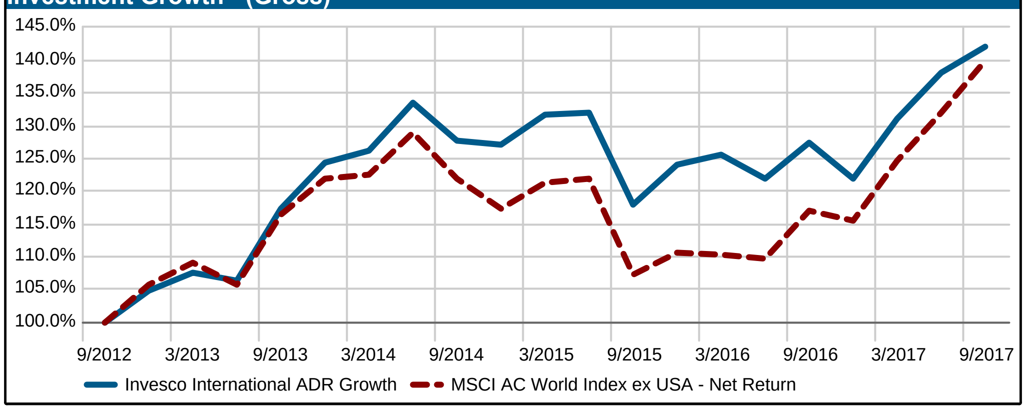
• From a country perspective, Switzerland, and Taiwan added value, while Israel, and United Kingdom detracted.

• Within the portfolio, companies with a price/earnings between 12.0x and 16.0x contributed to returns while companies with a price/earnings greater than 20.0x detracted. And finally, companies with moderate beta tended to do better than companies with low beta during the quarter.

Quarterly Returns



Investment Growth - (Gross)



INVESTMENT PRODUCTS: NOT FDIC INSURED * NO BANK GUARANTEE * MAY LOSE VALUE

This report is only to be used in connection with investment advisory programs and not brokerage accounts.
Please use this report in tandem with the associated Manager Profile which contains additional information about this strategy.

Portfolio Characteristics

Portfolio Characteristics

	Strategy	Bmk
# of Securities	59	1,859
Market Cap ($M)	48,193	51,521
P/E - Trailing 12-Mo.	19.1	16.6
Adj. P/E - trailing 12-Mo.	19.1	16.0
P/E - Forecast FY1*	16.4	15.0
Price-to- Book	2.5	1.7
Dividend Yield	2.08	2.85
Return on Equity	18.9	14.3
EPS Growth - Forecast*	11.2	13.7
EPS Growth - Hist. 5 Year	2.4	6.4
Active Share	89.7	--

* Forecasts based on analysts' consensus

Economic Sector Allocation

	Strategy	Bmk	Rel.
Consumer Discretionary	10.50	11.28	-0.77
Consumer Staples	16.53	9.59	6.94
Energy	4.03	6.61	-2.58
Financials	19.33	23.30	-3.96
Health Care	7.38	7.89	-0.51
Industrials	19.09	11.79	7.30
Information Technology	20.72	11.21	9.51
Materials	2.42	7.84	-5.43
Real Estate	--	3.19	-3.19
Telecommunication Services	--	4.20	-4.20
Utilities	--	3.08	-3.08
[Unassigned]	--	0.02	-0.02

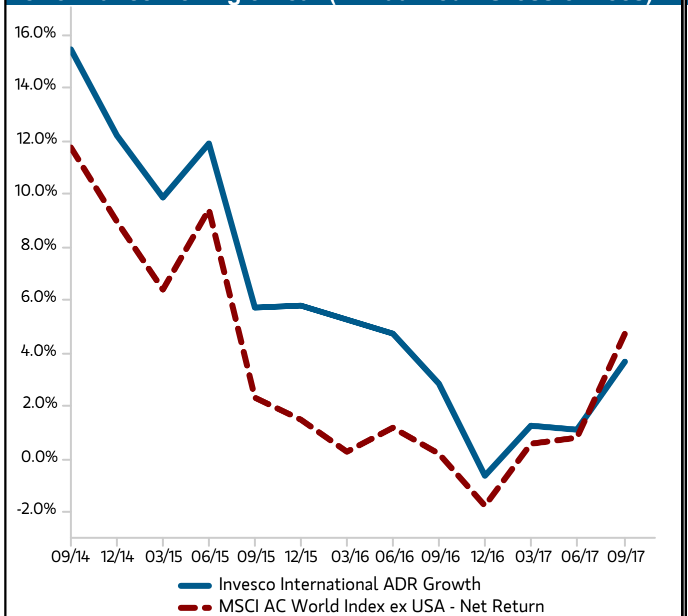
Regional Sector Allocation

	Strategy	Bmk	Rel.
EMEA	0.90	3.67	-2.77
Europe	49.42	44.53	4.89
Far East	7.74	16.96	-9.22
Frontier Markets	--	0.03	-0.03
Latin America	9.91	3.15	6.77
North America	12.50	7.52	4.97
Pacific	19.53	24.14	-4.61
Total	**100.00**	**100.00**	
Developed	81.45	76.20	5.25
Emerging	18.55	23.80	-5.25

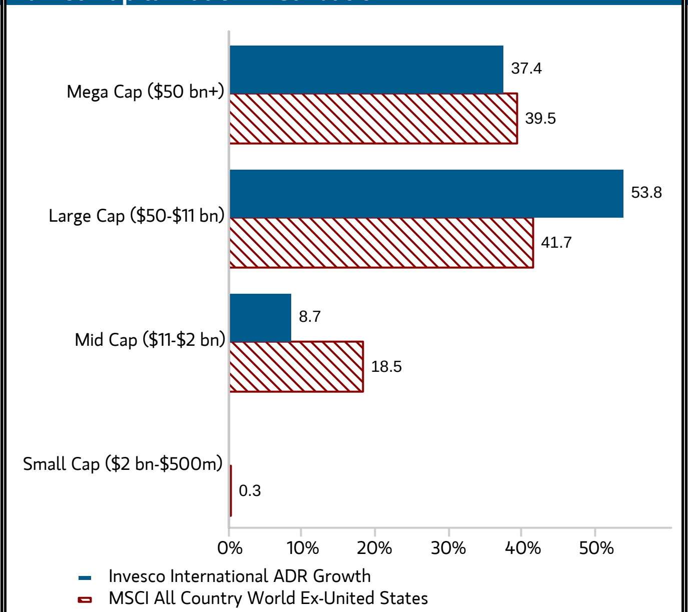
Top 10 Holdings

	% of Equity
SAP SE Sponsored ADR	3.31
WH Group Ltd. (HK) Sponsored ADR	2.96
Schneider Electric SE Unsponsored AD	2.96
RELX PLC Sponsored ADR	2.81
CGI Group Inc. Class A	2.80
CK Hutchison Holdings Ltd Unsponsore	2.76
Taiwan Semiconductor Manufacturing (	2.75
Fomento Economico Mexicano SAB de	2.73
Broadcom Limited	2.70
Banco Bradesco S.A. Sponsored ADR	2.54
Total	**28.33**

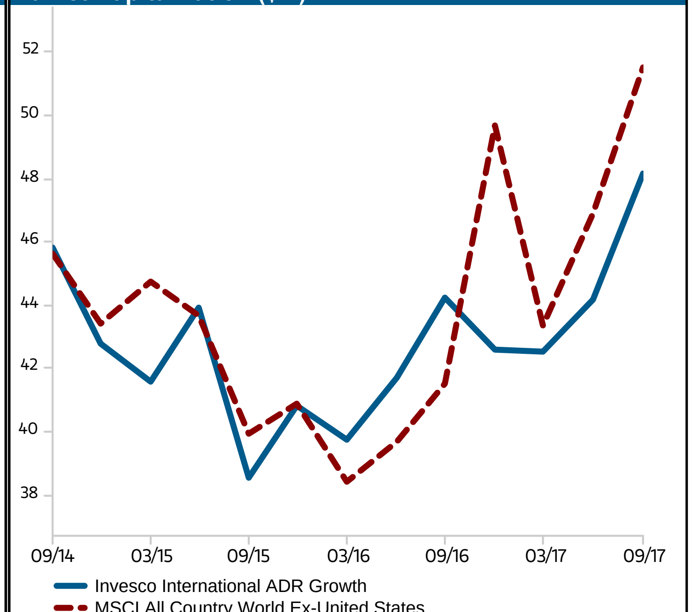
Performance Rolling 3-Year (Annualized - Gross of Fees)



Market Capitalization Distribution



Market Capitalization ($M)



Portfolio Attribution (Gross of Fees)

Economic Sector Attribution - Current Quarter

	Relative Weights	Allocation Effect	Stock Selection	Total Effect
Consumer Discretionary	-0.77	-0.02	-1.07	-1.09
Consumer Staples	6.94	-0.34	-0.21	-0.55
Energy	-2.60	-0.17	0.33	0.16
Financials	-4.01	0.02	0.59	0.60
Health Care	-0.51	-0.06	-1.08	-1.14
Industrials	7.31	0.00	0.02	0.02
Information Technology	9.52	0.36	-0.93	-0.57
Materials	-5.43	-0.23	-0.32	-0.55
Real Estate	-3.19	-0.00	--	-0.00
Telecommunication Services	-4.20	0.15	--	0.15
Utilities	-3.07	0.04	--	0.04
Total	--	-0.24	-2.68	-2.93

Economic Sector Attribution - Year to Date

	Relative Weight	Allocation Effect	Stock Selection	Total Effect
Consumer Discretionary	-0.77	-0.12	-1.74	-1.86
Consumer Staples	6.94	-0.28	0.91	0.63
Energy	-2.58	0.27	-0.57	-0.30
Financials	-4.01	0.02	0.88	0.90
Health Care	-0.51	-0.07	-1.74	-1.81
Industrials	7.31	0.11	-0.40	-0.29
Information Technology	9.52	1.68	-2.86	-1.17
Materials	-5.43	-0.04	-0.15	-0.19
Real Estate	-3.19	0.02	--	0.02
Telecommunication Services	-4.20	0.30	--	0.30
Utilities	-3.07	0.03	--	0.03
Total	--	2.04	-5.73	-3.69

Regional Attribution - Current Quarter

	Relative Weights	Allocation Effect	Stock Selection	Total Effect
EMEA	-2.77	0.04	-1.14	-1.10
Europe	4.91	-0.00	-1.40	-1.40
Far East	-9.20	-0.09	0.33	0.24
Frontier Markets	-0.03	0.00	--	0.00
Latin America	6.77	0.46	-0.67	-0.21
North America	4.98	0.05	-0.04	0.01
Pacific	-4.66	0.09	-0.55	-0.46
Total	--	0.55	-3.48	-2.93

Regional Attribution - Year to Date

	Relative Weights	Allocation Effect	Stock Selection	Total Effect
EMEA	-2.77	0.19	-1.92	-1.73
Europe	4.91	0.02	-0.76	-0.74
Far East	-9.20	-0.81	-0.01	-0.82
Frontier Markets	-0.03	-0.03	--	-0.03
Latin America	6.77	0.09	-0.30	-0.21
North America	4.98	-0.28	-0.35	-0.63
Pacific	-4.66	0.23	0.23	0.46
Total	--	-0.59	-3.10	-3.69

Top Contributors to Performance

Current Quarter

	Avg. Weight	Wtd. Contrib.
Banco Bradesco S.A. Spons...	2.22	0.58
Baidu, Inc. Sponsored ADR...	1.44	0.48
Schneider Electric SE Uns...	2.56	0.33
Cenovus Energy Inc.	0.93	0.30
Allianz SE Sponsored ADR	2.37	0.30

Current Quarter

	Avg. Weight	Wtd. Contrib.
Canada	8.11	0.69
Brazil	5.37	0.66
Switzerland	8.03	0.48
China	1.44	0.48
Germany	8.59	0.37

Year to Date

	Avg. Weight	Wtd. Contrib.
Broadcom Limited	2.78	1.06
WH Group Ltd. (HK) Sponso...	2.91	0.95
Allianz SE Sponsored ADR	2.42	0.87
Taiwan Semiconductor Manu...	2.69	0.87
SAP SE Sponsored ADR	3.26	0.86

Year to Date

	Avg. Weight	Wtd. Contrib.
United Kingdom	18.45	2.75
Germany	9.11	2.26
Switzerland	8.74	2.20
Hong Kong	5.92	1.44
United States	3.47	1.20

Bottom Contributors to Performance

Current Quarter

	Avg. Weight	Wtd. Contrib.
Teva Pharmaceutical Indus...	1.37	-1.05
ProSiebenSat.1 Media SE U...	1.12	-0.30
British American Tobacco ...	2.29	-0.19
Japan Tobacco Inc Unspons...	2.28	-0.16
Publicis Groupe SA Sponso...	0.96	-0.14

Current Quarter

	Avg. Weight	Wtd. Contrib.
Israel	1.37	-1.05
Sweden	1.22	-0.16
Australia	5.44	-0.14
Mexico	3.69	-0.04
[Unassigned]	1.18	-0.04

Year to Date

	Avg. Weight	Wtd. Contrib.
Teva Pharmaceutical Indus...	1.78	-1.61
Cenovus Energy Inc.	1.01	-0.50
Brambles Limited Sponsore...	1.56	-0.26
WPP Plc Sponsored ADR	1.40	-0.12
Kingfisher Plc Sponsored ADR	0.25	-0.07

Year to Date

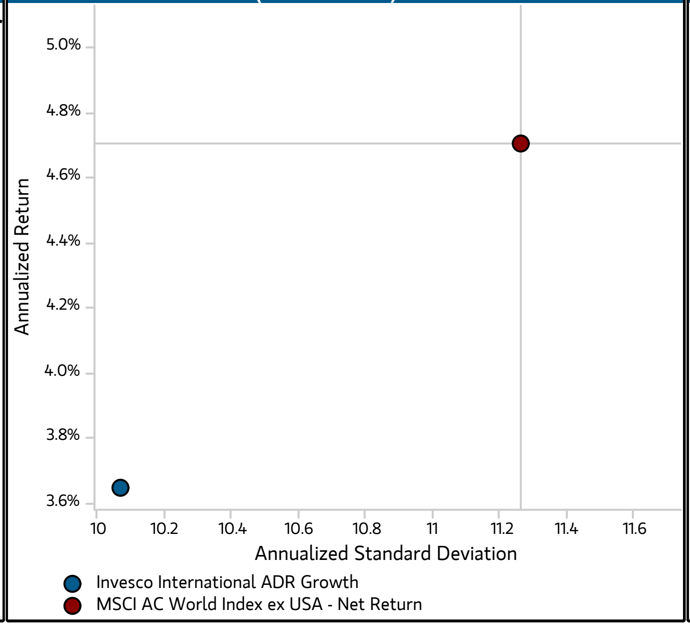
	Avg. Weight	Wtd. Contrib.
Israel	1.78	-1.61
[Unassigned]	0.48	-0.10
Canada	7.82	0.09
Indonesia	1.46	0.25
Sweden	1.65	0.28

Portfolio Performance and Risk Statistics (Gross of Fees)

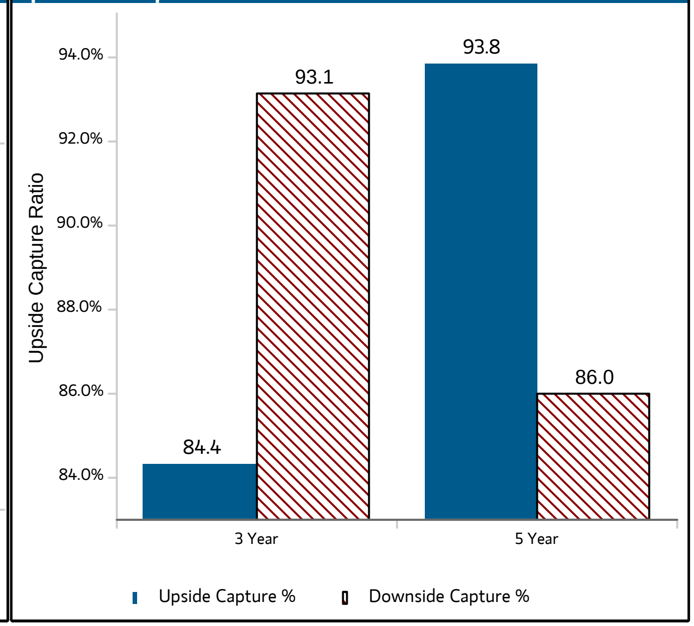
Risk Statistics vs. Benchmark

	3-Year	5-Year
Alpha	-0.3%	1.2%
Beta	0.8	0.9
R2	86.2%	89.1%
Tracking Error	4.2%	3.5%
Information Ratio	-0.3	0.1
Batting Average	41.7%	55.0%
Up Capture Ratio	84.4%	93.8%
Down Capture Ratio	93.1%	86.0%
Standard Deviation	10.1	9.7
Standard Deviation (Bmk)	11.3	10.6
Sharpe Ratio	0.3	0.8

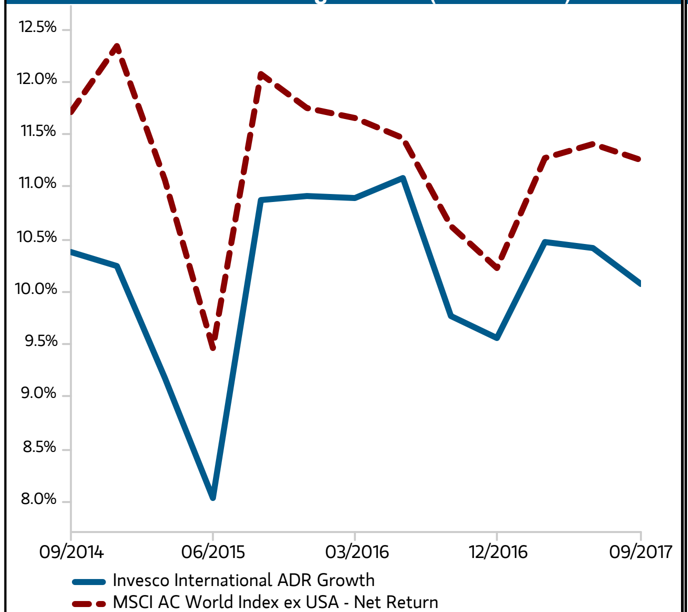
Risk-Reward - 3 Year (Annualized)



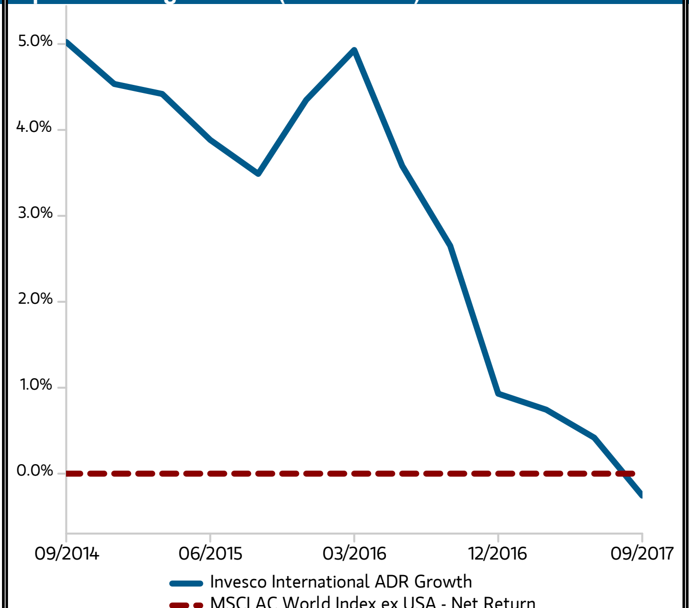
Up/Down Capture Ratio vs. the Benchmark



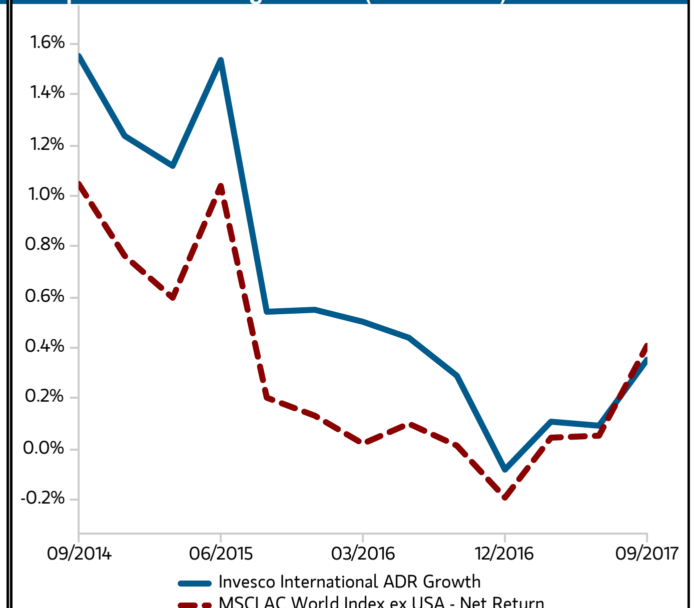
Standard Deviation - Rolling - 3 Year (Annualized)



Alpha - Rolling - 3 Year (Annualized)



Sharpe Ratio - Rolling - 3 Year (Annualized)



Glossary of Terms

Active Share - is a measure of the percentage of stock holdings in a manager's portfolio that differ from the benchmark index. Active Share is calculated by taking the sum of the absolute value of the differences of the weight of each holding in the manager's portfolio versus the weight of each holding in the benchmark index and dividing by two.
Adjusted P/E - Trailing 12 Mo. - is a P/E calculation that excludes outliers (both high and low) from an aggregate P/E calculation. If a company's P/E falls outside the range, that P/E is considered NA. The weighted average is then calculated including only the P/E's of the companies within the range. P/E ratios that are exceedingly high or low (even negative) may potentially distort an unadjusted P/E ratio.
ADRs - American Depositary Receipts are U.S. dollar denominated forms of equity ownership in non-U.S. companies. These shares are issued against the local market shares held in the home market.
Allocation Effect - is the portion of portfolio excess return attributed to taking different group bets from the benchmark. (If either the portfolio or the benchmark has no position in a given group, allocation effect is the lone effect.) A group's allocation effect equals the weight of the portfolio's group minus the weight of the benchmark's group times the total return of the benchmark group minus the total return of the benchmark in aggregate.
Alpha - measures the difference between a portfolio's actual returns and its expected performance, given its level of risk as measured by Beta. A positive Alpha figure indicates the portfolio has performed better than its Beta would predict. A negative Alpha indicates the portfolio's underperformance given the expectations established by the Beta. The accuracy of the Alpha is therefore dependent on the accuracy of the Beta. Alpha is often viewed as a measurement of the value added or subtracted by a portfolio's manager.
Batting Average - measures how frequently a portfolio outperforms its benchmark on a quarterly basis. The statistic is obtained by dividing the number of quarters in which the portfolio outperformed the total return of the benchmark by the total number of quarters. For example, a portfolio with a batting average of 60% has outperformed the index more than it has underperformed.
Beta - measures a portfolio's volatility relative to its benchmark. A portfolio with a Beta higher than 1.0 has historically been more volatile than the benchmark, while a portfolio with a Beta lower than 1.0 has been less volatile. The accuracy of the Beta is dependent on R-Squared.
Dividend Yield - annual dividend per share divided by price per share. Dividend Yield for the portfolio is a weighted average of the results for the individual stocks in the portfolio.
Down Capture Ratio - the ratio of the portfolio's overall performance to the benchmark's overall performance, considering only periods that are negative in the benchmark. A Down Capture Ratio of less than 100% indicates a portfolio that outperforms the relative benchmark in the benchmark's negative quarters and preserves more of the portfolio's value during down markets.
Excess Return - represents the average quarterly total return of the portfolio relative to its benchmark. A portfolio with a positive Excess Return has on average outperformed its benchmark on a quarterly basis. This statistic is obtained by subtracting the benchmark return from the portfolio's return.
Information Ratio - represents the Excess Return divided by the Tracking Error. It provides a measure of the historical consistency of the portfolio's outperformance or underperformance relative to its benchmark. A higher, positive Information Ratio suggests that the portfolio's excess returns may have been the result of making measured or moderate bets against the relevant benchmark's risk exposures.
Market Cap ($M) - the average portfolio market capitalization (market price multiplied by shares outstanding), weighted by the proportion of the portfolio's assets invested in each stock.
P/E - Trailing 12-Mo. - the current price of a stock divided by the most recent 12 months trailing earnings per share. P/E for the portfolio is a weighted average of the results for the individual stocks in the portfolio.
Price-to-Book - price per share divided by book value per share. Price-to-Book for the portfolio is a weighted average of the results for the individual stocks in the portfolio.
Quality Rank Based upon per-share earnings and dividend records of the most recent 10 years, this ranking system attempts to capture the growth and stability of earnings and dividends for individual stocks. For a portfolio, the quality ranking is a weighted average. The quality rankings classification is as follows: A+ (highest), A (high), A- (above avg.), B+ (average), B (below avg.), B- (lower), C (lowest), D (in reorganization), and LIQ (liquidation).
R-Squared (R^2) - represents the percentage of the volatility of returns that is attributable to movements of the benchmark. It is a measure of "co-movement" between portfolio returns and benchmark returns. The closer the portfolio's R^2 is to 100%, the more closely the portfolio correlates to, or follows, the benchmark. Generally, highly diversified portfolios have higher R^2 percentages.
Return on Equity (ROE) - is another profitability ratio which gauges return on investment by measuring how effectually stockholder money is being employed by the company. ROE is calculated by dividing a company's net income by average total equity. Unlike Return on Assets (ROA), ROE considers the degree to which a company uses leveraging, as interest expense paid to creditors is generally deducted from earnings to arrive at net income. ROE for the portfolio is a weighted average of the results for the individual stocks in the portfolio.
Rolling Annualized Performance - measures the consistency of a portfolio's performance. For example, with three-year annualized returns rolled annually, the return shown for a given period is actually an annualized return for a particular year and the previous two years. Since performance is assessed over longer periods, the returns rolled annually give a better indication of trends.
Stock Selection Effect - is the portion of portfolio excess return attributable to choosing different securities within groups from the benchmark. A group's selection effect equals the weight of the benchmark's group multiplied by the total return of the portfolio's group minus the total return of the benchmark's group.
Sharpe Ratio - measures a portfolio's rate of return based on the risk it assumed and is often referred to as its risk-adjusted performance. Using Standard Deviation and returns in excess of the returns of T-bills, it determines reward per unit of risk. This measurement can help determine if the portfolio is reaching its goal of increasing returns while managing risk.
Standard Deviation - quantifies the volatility associated with a portfolio's returns. The statistic measures the variation in returns around the mean return. Unlike Beta, which measures volatility relative to the aggregate market, Standard Deviation measures the absolute volatility of a portfolio's return.
Total Effect - is the sum of all effects.
Tracking Error - represents the Standard Deviation of the Excess Return. This provides a historical measure of the variability of the portfolio's returns relative to its benchmark. A portfolio with a low Tracking Error would have quarterly Excess Returns that have exhibited very low volatility.
Up Capture Ratio - measures the portfolio's overall performance to the benchmark's overall performance, considering only periods that are positive in the benchmark. An Up Capture Ratio of more than 100% indicates a portfolio that outperforms the relative benchmark in the benchmark's positive quarters.

Index Descriptions and Disclosures

Depending on the composition of your account and your investment objectives any indices shown in this report may not be an appropriate measure for comparison purposes and are presented for illustration only. The strategy shown in this report does not necessarily seek to track the index, is not restricted to securities in the index and may be more volatile than the index. The benchmark below may differ from the benchmark assigned by the manager, please refer to the GIMA manager report for more details.

Indices are unmanaged. They do not reflect any management, custody, transaction or other expenses, and generally assume reinvestment of dividends, accrued income and capital gains. Past performance of indices does not guarantee future results. You cannot invest directly in an index.

The MSCI ACWI (All Country World Index) ex USA Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed and emerging markets excluding the United States. Performance is net of withholding taxes on dividends.

Important Disclosures

REPORT FOR USE ONLY IN INVESTMENT ADVISORY PROGRAMS

This report is only to be used in Morgan Stanley Smith Barney LLC ("Morgan Stanley") investment advisory programs and not in connection with brokerage accounts.

THE GLOBAL INVESTMENT MANAGER ANALYSIS (GIMA) SERVICES ONLY APPLY TO CERTAIN INVESTMENT ADVISORY PROGRAMS

Global Investment Manager Analysis (GIMA) evaluates certain investment products for the purposes of some - but not all - of Morgan Stanley Smith Barney LLC's investment advisory programs (as described in more detail in the applicable Form ADV Disclosure Document for Morgan Stanley). If you do not invest through one of these investment advisory programs, Morgan Stanley is not obligated to provide you notice of any GIMA status changes even though it may give notice to clients in other programs.

FOCUS LIST, APPROVED LIST AND TACTICAL OPPORTUNITIES LIST; WATCH POLICY

GIMA uses two methods to evaluate investment products in applicable advisory programs: Focus (and investment products meeting this standard are described as being on the Focus List) and Approved (and investment products meeting this standard are described as being on the Approved List). In general, Focus entails a more thorough evaluation of an investment product than Approved. Sometimes an investment product may be evaluated using the Focus List process but then placed on the Approved List instead of the Focus List.

Investment products may move from the Focus List to the Approved List, or vice versa. GIMA may also determine that an investment product no longer meets the criteria under either process and will no longer be recommended in investment advisory programs (in which case the investment product is given a "Not Approved" status).

GIMA has a "Watch" policy and may describe a Focus List or Approved List investment product as being on "Watch" if GIMA identifies specific areas that (a) merit further evaluation by GIMA and (b) may, but are not certain to, result in the investment product becoming "Not Approved." The Watch period depends on the length of time needed for GIMA to conduct its evaluation and for the investment manager or fund to address any concerns. GIMA may, but is not obligated to, note the Watch status in this report with a "W" or "Watch" next to the "Status" on the cover page.

Certain investment products on either the Focus List or Approved List may also be recommended for the Tactical Opportunities List based in part on tactical opportunities existing at a given time. The investment products on the Tactical Opportunities List change over time.

For more information on the Focus List, Approved List, Tactical Opportunities List and Watch processes, please see the applicable Form ADV Disclosure Document for Morgan Stanley. Your Financial Advisor or Private Wealth Advisor can also provide upon request a copy of a publication entitled "GIMA At A Glance."

NO OBLIGATION TO UPDATE

Morgan Stanley has no obligation to update you when any information or opinion in this report changes.

STRATEGY MAY BE AVAILABLE AS A SEPARATELY MANAGED ACCOUNT OR MUTUAL FUND

Strategies are sometimes available in Morgan Stanley investment advisory programs both in the form of a separately managed account ("SMA") and a mutual fund. These may have different expenses and investment minimums. Your Financial Advisor or Private Wealth Advisor can provide more information on whether any particular strategy is available in more than one form in a particular investment advisory program.

CONSIDER YOUR OWN INVESTMENT NEEDS

This report is not intended to be a client-specific suitability analysis or recommendation, an offer to participate in any investment, or a recommendation to buy, hold or sell securities (includes securities of Morgan Stanley, and/or their affiliates if shown in this report). Do not use this report as the sole basis for investment decisions. Do not select an asset class or investment product based on performance alone. Consider all relevant information, including your existing portfolio, investment objectives, risk tolerance, liquidity needs and investment time horizon.

PERFORMANCE AND OTHER PORTFOLIO INFORMATION

General

Past performance does not guarantee future results. There is no guarantee that this investment strategy will work under all market conditions. As a result of recent market activity, current performance may vary from the performance shown in this report.

Performance results are time weighted and include all cash and cash equivalents, realized and unrealized capital gains and losses, and reinvestment of dividends, interest and other income. Performance results are annualized for periods greater than one year. Returns for periods of less than a calendar year show the total return for the period and are not annualized.

Performance results may be presented in a currency other than the currency of the country in which you live. Your actual return on this investment product may increase or decrease with fluctuations between currencies.

Sources of Performance Results and Other Data

The performance data and certain other information for this strategy (including the data on page 1 of this report) reflect the investment manager's results in managing Morgan Stanley program accounts, or the investment manager's results in managing accounts and investment products, in the same or a substantially similar investment discipline. (For periods through June 2012, the Fiduciary Services program operated through two channels Morgan Stanley channel and the Smith Barney channel and any performance and other data relating to Fiduciary Services accounts shown here for these periods is calculated using accounts in only one of the these channels.) This information for the investment manager is presented solely to provide information about accounts that were managed according to investment objectives and strategies the same or substantially similar to the corresponding investment discipline in the Select UMA program. Although the Fiduciary Services and Select UMA programs are both Morgan Stanley managed account programs, the performance results and other features of similar investment disciplines in the two programs may differ due to investment and operational differences. For example, the individual investment disciplines in the Select UMA accounts may contain fewer securities, which would lead to a more concentrated portfolio. The automatic rebalancing, wash sale loss and tax harvesting features of the Select UMA program, which are not available in Fiduciary Services, also could cause differences in performance. Accordingly, the performance of the accounts in the Fiduciary Services program is not, and may differ significantly from, the performance of the accounts in the Select UMA program and should not be considered indicative of or a substitute for Select UMA performance. Similarly, performance results of the investment manager's composites may differ from those of Select UMA accounts managed in the same or a substantially similar investment discipline.

Net performance information

Net performance results reflect a deduction from the gross performance of three components: 0.625% maximum quarterly (2.5% maximum annual) MS Advisory Fee and 0.0175% maximum quarterly (0.07% maximum annual) Program Overlay Fee (which, together cover the services provided by Morgan Stanley), plus the quarterly SMA Manager Fee currently charged by this investment manager to new clients for managing their assets in this strategy in the Select UMA program. The SMA Manager Fees range from 0.025% to 0.1875% per Quarter (0.10% to 0.75% per year) and may differ from manager to manager, and managers may change their fee to new clients from time to time.

The maximum total annual fee chargeable in a Morgan Stanley investment advisory program is generally no more than 3%. If you invest through a program in which your program fee is higher than 3%, then the net results would be lower.

Please see the Select UMA Manager Profile for this investment manager and strategy, for more details on the SMA Manager Fee for this strategy and performance and other information. The Profiles are available from your Financial Advisor and at www.morganstanley.com/ADV. Also, if you select this manager for your account, check the SMA Manager Fees specified in the written confirmation you receive when you open your investment advisory account, in case these have changed since you received the Select UMA Manager Profile. Historical net fees reflect the Advisory Fee Schedule as of March 31, 2014.

Benchmark index

Depending on the composition of your account and your investment objectives, any indices shown in this report may not be an appropriate measure for comparison purposes and are therefore presented for illustration only. Indices are unmanaged. They do not reflect any management, custody, transaction or other expenses, and generally assume reinvestment of dividends, accrued income and capital gains. Past performance of indices does not guarantee future results. You cannot invest directly in an index.

Performance of indices may be more or less volatile than any investment product. The risk of loss in value of a specific investment (such as with an investment manager or in a fund) is not the same as the risk of loss in a broad market index. Therefore, the historical returns of an index will not be the same as the historical returns of a particular investment product.

Other data

Portfolio analysis may be based on information on less than all of the securities held in the portfolio. For equity portfolios, the analysis typically reflects securities representing at least 95% of portfolio assets. This may differ for other strategies, including those in the fixed income and specialty asset classes, due to availability of portfolio information.

Economic Sector Allocations and 10 Largest Holdings are accurate as of the most recent quarter end for which information was available when this report was prepared, and are subject to change at any time. 10 Largest Holdings lists indicate the largest security holdings in the portfolio, and Economic Sector Allocations are based on industry standard sector identification codes. Both are measured as a percentage of the total portfolio in terms of asset value as of the date indicated above.

Other data in this report is accurate as of the date this report was prepared unless stated otherwise. Data in this report may be calculated by the fund's investment manager, Morgan Stanley or a third party service provider.

Important Disclosures

ASSET CLASS AND OTHER RISKS
Investing in ***stocks, mutual funds*** and ***exchange-traded funds ("ETFs")*** entails the risks of market volatility. The value of all types of investments may increase or decrease over varying time periods.

Nondiversification: For a portfolio that holds a concentrated or limited number of securities, a decline in the value of these investments would cause the portfolio's overall value to decline to a greater degree than a less concentrated portfolio. Portfolios that invest a large percentage of assets in only one industry sector (or in only a few sectors) are more vulnerable to price fluctuation than those that diversify among a broad range of sectors.

Value and ***growth investing*** also carry risks. Value investing involves the risk that the market may not recognize that securities are undervalued and they may not appreciate as anticipated. Growth investing does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations.

International securities may carry additional risks, including foreign economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes and differences in financial and accounting standards. International investing may not be for everyone. These risks may be magnified in ***emerging markets.***

Small- and mid- capitalization companies may lack the financial resources, product diversification and competitive strengths of larger companies. The securities of small capitalization companies may not trade as readily as, and be subject to higher volatility than, those of larger, more established companies.

Bonds are subject to interest rate risk. When interest rates rise, bond prices fall; generally the longer a bond's maturity, the more sensitive it is to this risk. Bonds may also be subject to call risk, which allows the issuer to retain the right to redeem the debt, fully or partially, before the scheduled maturity date. Proceeds from sales prior to maturity may be more or less than originally invested due to changes in market conditions or changes in the credit quality of the issuer.

Ultra-short bond funds generally invest in fixed income securities with very short maturities, typically less than one year. They are not money market funds. While money market funds attempt to maintain a stable net asset value, an ultra-short bond fund's net asset value will fluctuate, which may result in the loss of the principal amount invested. They are therefore subject to the risks associated with debt securities such as credit and interest rate risk.

High yield bonds are subject to additional risks such as increased risk of default and greater volatility because of the lower credit quality of the issues.***Real estate investments:*** property values can fall due to environmental, economic or other reasons, and changes in interest rates can negatively impact the performance of real estate companies.

Derivatives, in general, involve special risks and costs that may result in losses. The successful use of derivatives requires sophisticated management, in order to manage and analyze derivatives transactions. The prices of derivatives may move in unexpected ways, especially in abnormal market conditions. In addition, correlation between the particular derivative and an asset or liability of the manager may not be what the investment manager expected. Some derivatives are "leveraged" and therefore may magnify or otherwise increase investment losses. Other risks include the potential inability to terminate or sell derivative positions, as a result of counterparty failure to settle or other reasons.

Mortgage-backed securities ("MBS"), which include collateralized mortgage obligations ("CMOs"), also referred to as real estate mortgage investment conduits ("REMICs"), may not be suitable for all investors. There is the possibility of early return of principal due to mortgage prepayments, which can reduce expected yield and result in reinvestment risk. Conversely, return of principal may be slower than initial prepayment speed assumptions, extending the average life of the security up to its listed maturity date (also referred to as extension risk). Additionally, the underlying collateral supporting MBS may default on principal and interest payments. Investments in subordinated MBS involve greater credit risk of default than the senior classes of the same issue. MBS are also sensitive to interest rate changes which can negatively impact the market value of the security. During times of heightened volatility, MBS can experience greater levels of illiquidity and larger price movements.

Commodities: The commodities markets may fluctuate widely based on a variety of factors including, but not limited to, changes in supply and demand relationships; governmental programs and policies; national and international political and economic events, war and terrorist events; changes in interest and exchange rates; trading activities in commodities and related contracts; pestilence, technological change and weather; and the price volatility of a commodity.

Alternative/hedged strategies may use various investment strategies and techniques for both hedging and more speculative purposes such as short selling, leverage, derivatives and options, which can increase volatility and the risk of investment loss. Alternative/hedged strategies are not appropriate for all investors. A short sales strategy includes the risk of loss due to an increase in the market value of borrowed securities. Such a strategy may be combined with purchasing long positions in an attempt to improve portfolio performance. A short sales strategy may result in greater losses or lower positive returns than if the portfolio held only long positions, and the portfolio's loss on a short sale is potentially unlimited. The use of leverage can magnify the impact of adverse issuer, political, regulatory, market, or economic developments on a company. A decrease in the credit quality of a highly leveraged company can lead to a significant decrease in the value of the company's securities. In a liquidation or bankruptcy, a company's creditors take precedence over the company's stockholders.

MLPs involve risks that differ from an investment in common stock. MLPs are controlled by their general partners, which generally have conflicts of interest and limited fiduciary duties to the MLP, which may permit the general partner to favor its own interests over the MLPs. The potential return of MLPs depends largely on the MLPs being treated as partnerships for federal income tax purposes. As a partnership, an MLP has no federal income tax liability at the entity level. Therefore, treatment of one or more MLPs as a corporation for federal income tax purposes could affect the portfolio's ability to meet its investment objective and would reduce the amount of cash available to pay or distribute to you. Legislative, judicial, or administrative changes and differing interpretations, possibly on a retroactive basis, could negatively impact the value of an investment in MLPs and therefore the value of your investment.

The current yield of ***preferred securities*** is calculated by multiplying the coupon by par value divided by the market price. The majority of $25 and $1000 par preferred securities are "callable" meaning that the issuer may retire the securities at specific prices and dates prior to maturity. Interest/dividend payments on certain preferred issues may be deferred by the issuer for periods of up to 5 to 10 years, depending on the particular issue. The investor would still have income tax liability even though payments would not have been received. Price quoted is per $25 or $1,000 share, unless otherwise specified. The initial rate on a floating rate or index-linked preferred security may be lower than that of a fixed-rate security of the same maturity because investors expect to receive additional income due to future increases in the floating/linked index. However, there can be no assurance that these increases will occur.

Convertible securities are convertible to equity at the option of the holder. The market value of the securities, and the underlying common stock into which they are convertible, will fluctuate. In particular, securities whose value depends on the performance of an underlying security entail potentially higher volatility and risk of loss compared to traditional bond investments. You should be aware that the market value of convertible bonds may not correspond directly to increases or decreases in the underlying stock.

NO TAX ADVICE
Tax laws are complex and subject to change. Morgan Stanley Smith Barney LLC ("Morgan Stanley"), its affiliates and Morgan Stanley Financial Advisors and Private Wealth Advisors do not provide tax or legal advice and are not "fiduciaries" (under ERISA, the Internal Revenue Code or otherwise) with respect to the services or activities described herein except as otherwise provided in writing by Morgan Stanley. Individuals are encouraged to consult their tax and legal advisors (a) before establishing a retirement plan or account, and (b) regarding any potential tax, ERISA and related consequences of any investments made under such plan or account.

If any investments in this report are described as "tax free", the income from these investments may be subject to state and local taxes and (if applicable) the federal Alternative Minimum Tax. Realized capital gains on these investments may be subject to federal, state and local capital gains tax.

GLOBAL INVESTMENT MANAGER ANALYSIS

Lazard International Equity Select ADR

Benchmark: MSCI EAFE
September 30, 2017 (Q3)

Status: Focus List
Analyst: Brian Glanz
Phone: 302-888-4146 Email: Brian.Glanz@ms.com

Trailing Returns

	QTR	YTD	1 Yr	3 Yr	5 Yr	7 Yr	10 Yr	2016	2015	2014	2013	2012	2011
Lazard International Equity Select ADR (Gross)	5.79%	21.03%	15.53%	6.07%	8.88%	8.24%	3.43%	-3.63%	5.80%	-5.44%	22.36%	22.34%	-4.82%
Lazard International Equity Select ADR (Net)	5.05%	18.50%	12.27%	3.09%	5.82%	5.22%	0.51%	-6.43%	2.89%	-8.18%	19.02%	18.92%	-7.43%
MSCI EAFE - Net Return	5.40%	19.96%	19.10%	5.04%	8.38%	6.38%	1.34%	1.00%	-0.81%	-4.90%	22.78%	17.32%	-12.14%
Excess Return (Gross)	**0.39%**	**1.07%**	**-3.57%**	**1.03%**	**0.50%**	**1.86%**	**2.09%**	**-4.63%**	**6.62%**	**-0.54%**	**-0.42%**	**5.02%**	**7.32%**

Past performance is no guarantee of future results. This report is not complete without pages 5, 6 and 7, which contain important notes, including disclosures about the Focus List and the Approved List, index descriptions and a glossary of terms. Information shown is as of the date of most recent quarter end unless otherwise noted. All data are subject to change.

Strategy Description

The Lazard International Select ADR has a value-oriented process that is bottom-up driven. The portfolio is seeking profitable companies selling at a discount relative to its historical valuations.

Performance Commentary

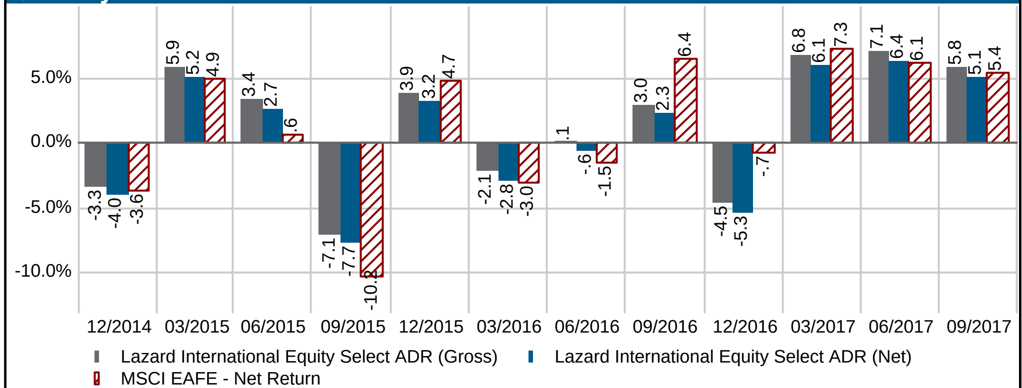
• The portfolio outperformed the MSCI EAFE for the quarter. Stock selection was positive and sector positioning was negative.

• The top contributing sectors were Information Technology, Telecommunication Services, and Industrials. The top detracting sectors were Health Care, Materials, and Financials. From an industry perspective, Diversified Telecommunication Services, Food Products, and Auto Components added value, while Health Care Equipment & Supplies, Biotechnology, and Automobiles detracted.

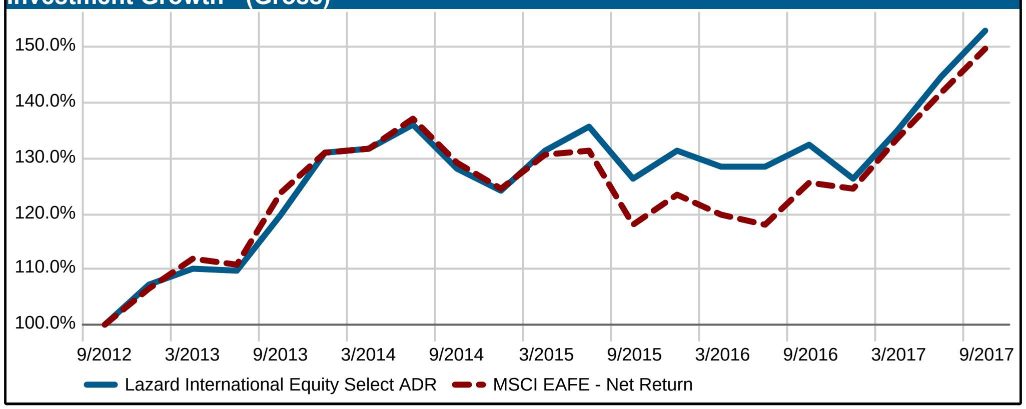
• From a country perspective, Norway, and Australia added value, while United States, and Germany detracted.

• Within the portfolio, companies with a price/earnings greater than 20.0x contributed to returns while companies with a price/earnings between 8.0x and 12.0x detracted. And finally, companies with moderate beta tended to do better than companies with high beta during the quarter.

Quarterly Returns



Investment Growth - (Gross)



INVESTMENT PRODUCTS: NOT FDIC INSURED * NO BANK GUARANTEE * MAY LOSE VALUE

Portfolio Characteristics

Portfolio Characteristics

	Strategy	Bmk
# of Securities	52	926
Market Cap ($M)	53,487	52,266
P/E - Trailing 12-Mo.	20.4	17.2
Adj. P/E - trailing 12-Mo.	19.7	16.5
P/E - Forecast FY1*	15.5	15.4
Price-to- Book	2.7	1.7
Dividend Yield	1.96	3.03
Return on Equity	18.1	14.3
EPS Growth - Forecast*	12.4	12.3
EPS Growth - Hist. 5 Year	3.9	4.7
Active Share	87.5	--

* Forecasts based on analysts' consensus

Economic Sector Allocation

	Strategy	Bmk	Rel.
Consumer Discretionary	14.12	12.20	1.92
Consumer Staples	12.99	11.22	1.77
Energy	5.30	5.05	0.24
Financials	15.80	21.46	-5.66
Health Care	10.06	10.57	-0.51
Industrials	21.51	14.41	7.09
Information Technology	9.09	6.27	2.82
Materials	2.51	7.85	-5.34
Real Estate	3.34	3.54	-0.20
Telecommunication Services	3.89	4.07	-0.18
Utilities	1.39	3.35	-1.96

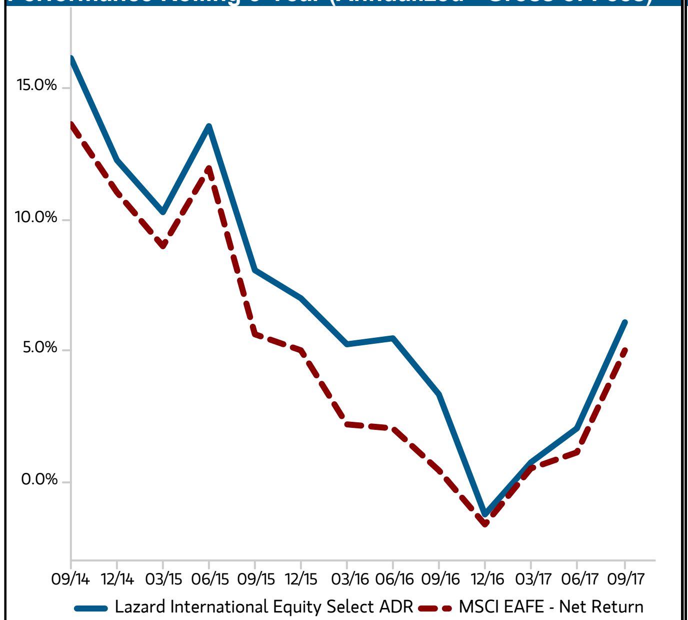
Regional Sector Allocation

	Strategy	Bmk	Rel.
EMEA	--	0.37	-0.37
Europe	67.19	64.26	2.93
Far East	--	0.02	-0.02
North America	10.90	0.63	10.27
Pacific	21.91	34.72	-12.81
Total	**100.00**	**100.00**	
Developed	100.00	99.62	0.38
Emerging	--	0.38	-0.38

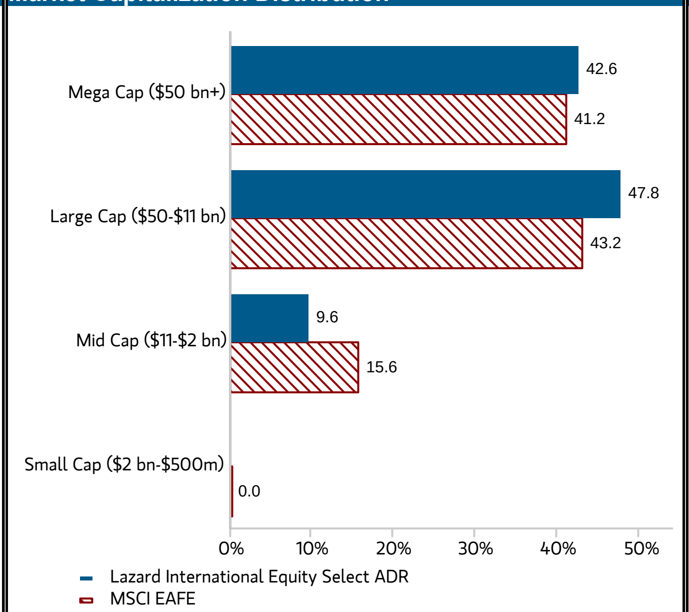
Top 10 Holdings

	% of Equity
Prudential plc Sponsored ADR	3.89
DAIWA HOUSE INDUSTRY CO LTD U	3.34
SAP SE Sponsored ADR	3.19
British American Tobacco PLC Sponso	3.18
Unilever PLC Sponsored ADR	3.06
Valeo SA Sponsored ADR	2.92
Novartis AG Sponsored ADR	2.81
Sampo Oyj Unsponsored ADR	2.70
Accenture Plc Class A	2.66
Ryohin Keikaku Co., Ltd. Unsponsored	2.62
Total	**30.38**

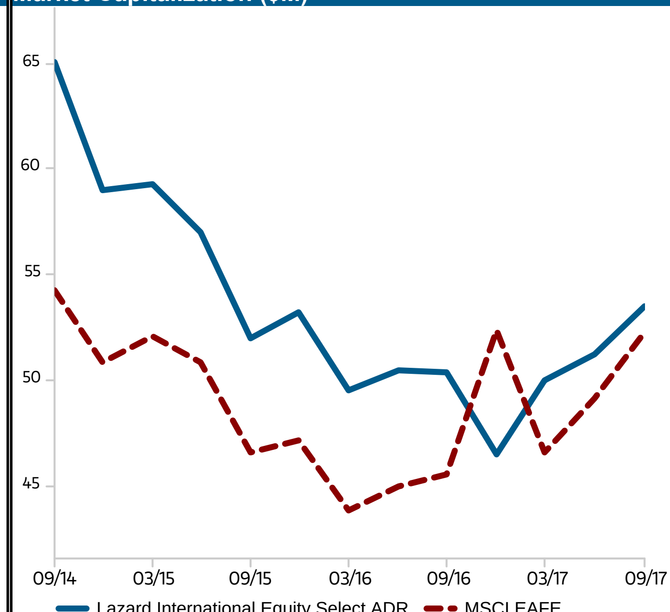
Performance Rolling 3-Year (Annualized - Gross of Fees)



Market Capitalization Distribution



Market Capitalization ($M)



Portfolio Attribution (Gross of Fees)

Economic Sector Attribution - Current Quarter

	Relative Weights	Allocation Effect	Stock Selection	Total Effect
Consumer Discretionary	1.93	0.04	0.25	0.28
Consumer Staples	1.79	-0.05	0.17	0.12
Energy	0.25	0.01	0.22	0.23
Financials	-5.73	0.02	-0.07	-0.05
Health Care	-0.50	-0.03	-0.73	-0.76
Industrials	7.11	0.04	0.27	0.31
Information Technology	2.83	0.09	0.34	0.43
Materials	-5.35	-0.28	0.12	-0.16
Real Estate	-0.20	0.01	-0.05	-0.04
Telecommunication Services	-0.17	0.02	0.31	0.33
Utilities	-1.95	0.02	-0.05	-0.03
Total	--	-0.11	0.78	0.66

Economic Sector Attribution - Year to Date

	Relative Weight	Allocation Effect	Stock Selection	Total Effect
Consumer Discretionary	1.93	0.01	1.37	1.38
Consumer Staples	1.79	0.02	0.44	0.46
Energy	0.25	-0.03	0.08	0.05
Financials	-5.73	-0.05	-0.12	-0.17
Health Care	-0.50	-0.14	-1.37	-1.50
Industrials	7.11	0.27	0.21	0.48
Information Technology	2.83	0.29	-0.02	0.27
Materials	-5.35	-0.13	-0.14	-0.27
Real Estate	-0.20	0.03	0.42	0.45
Telecommunication Services	-0.17	-0.04	0.56	0.52
Utilities	-1.95	0.02	-0.08	-0.06
Total	--	0.24	1.36	1.60

Regional Attribution - Current Quarter

	Relative Weights	Allocation Effect	Stock Selection	Total Effect
EMEA	-0.36	0.12	--	0.12
Europe	2.98	0.03	-0.10	-0.07
Far East	-0.02	-0.00	--	-0.00
North America	10.27	-0.19	0.09	-0.10
Pacific	-12.87	0.19	0.53	0.72
Total	--	0.15	0.52	0.66

Regional Attribution - Year to Date

	Relative Weights	Allocation Effect	Stock Selection	Total Effect
EMEA	-0.36	0.09	-0.05	0.04
Europe	2.98	0.09	-0.11	-0.02
Far East	-0.02	0.02	--	0.02
North America	10.27	0.46	-1.15	-0.68
Pacific	-12.87	0.53	1.72	2.25
Total	--	1.20	0.41	1.60

Top Contributors to Performance

Current Quarter

	Avg. Weight	Wtd. Contrib.
Worldpay Group Plc Unspon...	1.82	0.52
Ryohin Keikaku Co., Ltd. ...	2.52	0.42
BHP Billiton Limited Spon...	2.60	0.41
Telenor ASA Sponsored ADR	1.63	0.40
Royal Dutch Shell Plc Spo...	2.37	0.35

Current Quarter

	Avg. Weight	Wtd. Contrib.
United Kingdom	26.50	1.23
Japan	18.67	1.01
France	6.88	0.73
Norway	2.82	0.65
Australia	2.60	0.41

Year to Date

	Avg. Weight	Wtd. Contrib.
Unilever PLC Sponsored ADR	2.98	1.24
Ryohin Keikaku Co., Ltd. ...	2.35	1.05
VINCI SA Unsponsored ADR	2.42	0.93
Prudential plc Sponsored ADR	3.88	0.93
DAIWA HOUSE INDUSTRY CO L	3.34	0.92

Year to Date

	Avg. Weight	Wtd. Contrib.
United Kingdom	25.69	5.07
Japan	19.91	4.77
France	6.48	2.14
Germany	6.79	1.56
Switzerland	4.27	1.29

Bottom Contributors to Performance

Current Quarter

	Avg. Weight	Wtd. Contrib.
British American Tobacco ...	2.31	-0.35
Medtronic plc	2.62	-0.32
Shire PLC Sponsored ADR	2.71	-0.21
ConvaTec Group Plc Unspon...	0.66	-0.10
Fresenius SE & Co. KGaA S...	1.85	-0.10

Current Quarter

	Avg. Weight	Wtd. Contrib.
Ireland	1.32	-0.01
Spain	1.53	0.02
Denmark	2.05	0.05
Singapore	1.68	0.06
Italy	1.04	0.06

Year to Date

	Avg. Weight	Wtd. Contrib.
Shire PLC Sponsored ADR	2.97	-0.24
Signet Jewelers Limited	0.05	-0.15
Teva Pharmaceutical Indus...	0.11	-0.14
ConvaTec Group Plc Unspon...	0.28	-0.13
Medtronic plc	1.72	-0.13

Year to Date

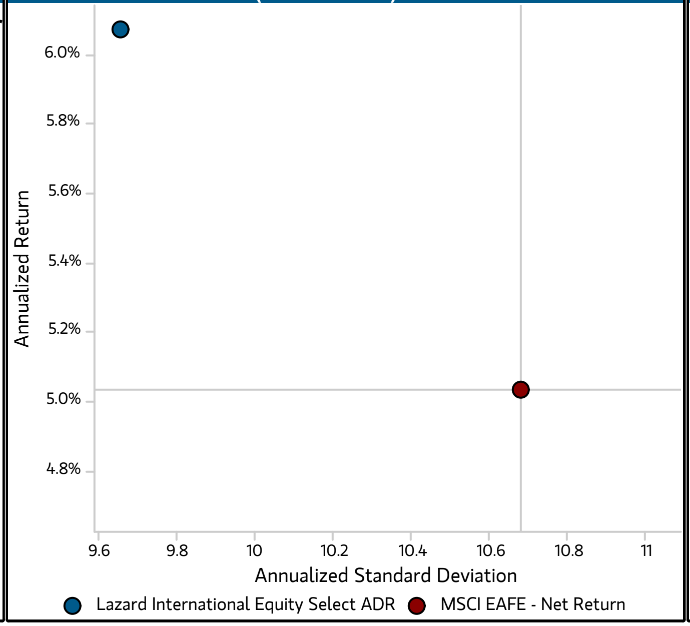
	Avg. Weight	Wtd. Contrib.
Israel	0.11	-0.14
Italy	1.03	0.25
Spain	1.58	0.25
Singapore	1.50	0.31
Ireland	1.36	0.33

Portfolio Performance and Risk Statistics (Gross of Fees)

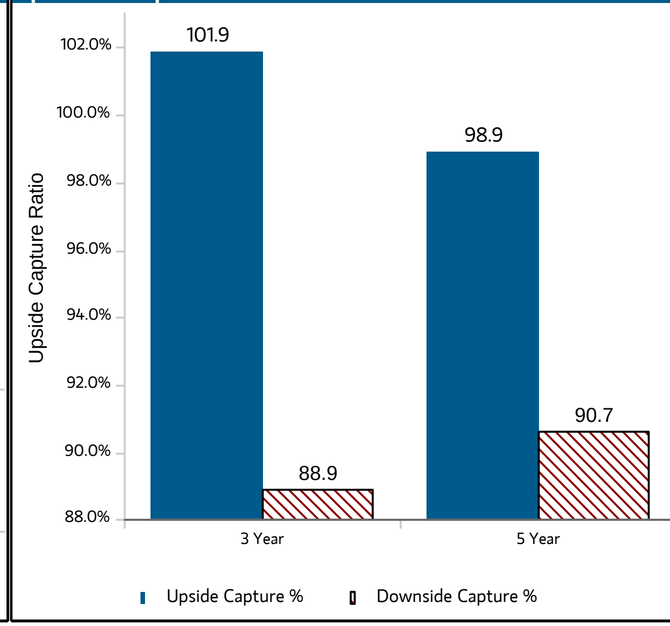
Risk Statistics vs. Benchmark

	3-Year	5-Year
Alpha	1.8%	1.5%
Beta	0.8	0.9
R2	84.0%	86.1%
Tracking Error	4.3%	3.9%
Information Ratio	0.3	0.1
Batting Average	66.7%	60.0%
Up Capture Ratio	101.9%	98.9%
Down Capture Ratio	88.9%	90.7%
Standard Deviation	9.7	9.9
Standard Deviation (Bmk)	10.7	10.6
Sharpe Ratio	0.6	0.9

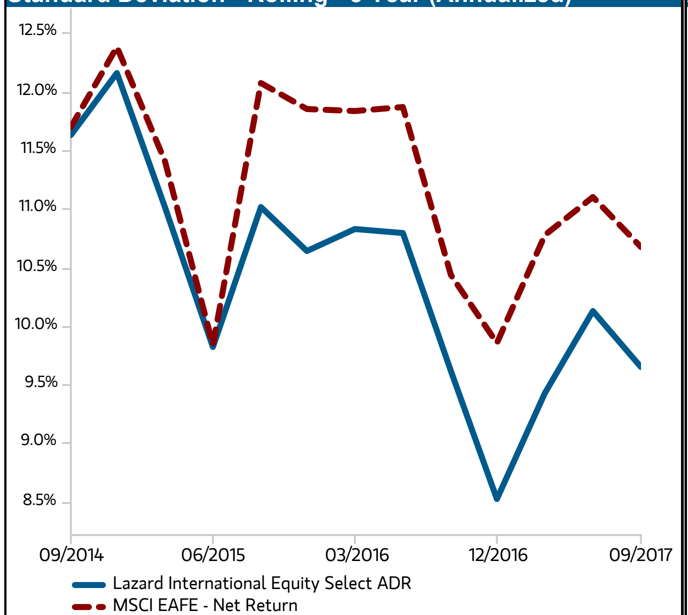
Risk-Reward - 3 Year (Annualized)



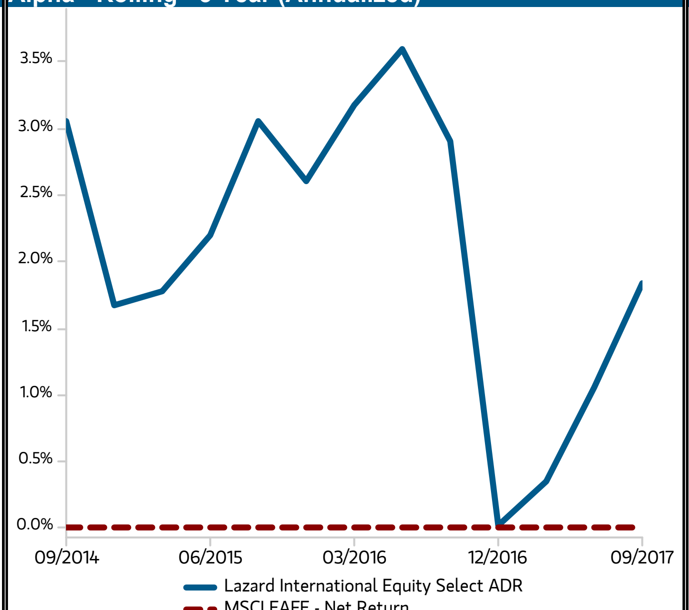
Up/Down Capture Ratio vs. the Benchmark



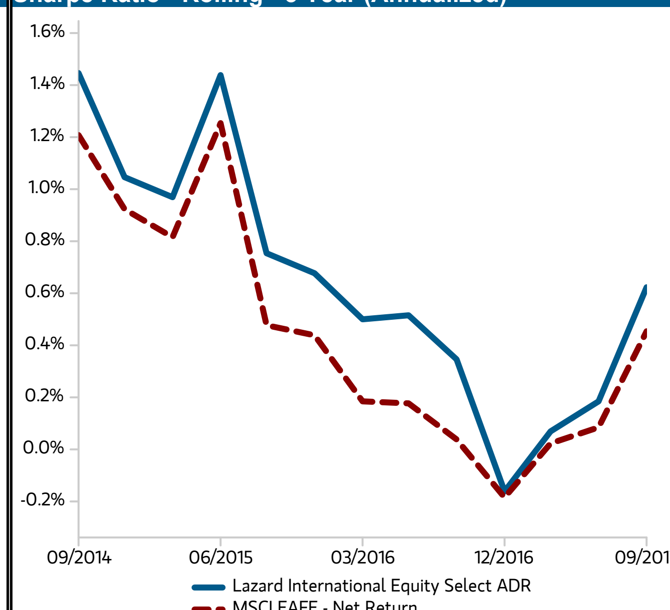
Standard Deviation - Rolling - 3 Year (Annualized)



Alpha - Rolling - 3 Year (Annualized)



Sharpe Ratio - Rolling - 3 Year (Annualized)



Glossary of Terms

Active Share - is a measure of the percentage of stock holdings in a manager's portfolio that differ from the benchmark index. Active Share is calculated by taking the sum of the absolute value of the differences of the weight of each holding in the manager's portfolio versus the weight of each holding in the benchmark index and dividing by two.
Adjusted P/E - Trailing 12 Mo. - is a P/E calculation that excludes outliers (both high and low) from an aggregate P/E calculation. If a company's P/E falls outside the range, that P/E is considered NA. The weighted average is then calculated including only the P/E's of the companies within the range. P/E ratios that are exceedingly high or low (even negative) may potentially distort an unadjusted P/E ratio.
ADRs - American Depositary Receipts are U.S. dollar denominated forms of equity ownership in non-U.S. companies. These shares are issued against the local market shares held in the home market.
Allocation Effect - is the portion of portfolio excess return attributed to taking different group bets from the benchmark. (If either the portfolio or the benchmark has no position in a given group, allocation effect is the lone effect.) A group's allocation effect equals the weight of the portfolio's group minus the weight of the benchmark's group times the total return of the benchmark group minus the total return of the benchmark in aggregate.
Alpha - measures the difference between a portfolio's actual returns and its expected performance, given its level of risk as measured by Beta. A positive Alpha figure indicates the portfolio has performed better than its Beta would predict. A negative Alpha indicates the portfolio's underperformance given the expectations established by the Beta. The accuracy of the Alpha is therefore dependent on the accuracy of the Beta. Alpha is often viewed as a measurement of the value added or subtracted by a portfolio's manager.
Batting Average - measures how frequently a portfolio outperforms its benchmark on a quarterly basis. The statistic is obtained by dividing the number of quarters in which the portfolio outperformed the total return of the benchmark by the total number of quarters. For example, a portfolio with a batting average of 60% has outperformed the index more than it has underperformed.
Beta - measures a portfolio's volatility relative to its benchmark. A portfolio with a Beta higher than 1.0 has historically been more volatile than the benchmark, while a portfolio with a Beta lower than 1.0 has been less volatile. The accuracy of the Beta is dependent on R-Squared.
Dividend Yield - annual dividend per share divided by price per share. Dividend Yield for the portfolio is a weighted average of the results for the individual stocks in the portfolio.
Down Capture Ratio - the ratio of the portfolio's overall performance to the benchmark's overall performance, considering only periods that are negative in the benchmark. A Down Capture Ratio of less than 100% indicates a portfolio that outperforms the relative benchmark in the benchmark's negative quarters and preserves more of the portfolio's value during down markets.
Excess Return - represents the average quarterly total return of the portfolio relative to its benchmark. A portfolio with a positive Excess Return has on average outperformed its benchmark on a quarterly basis. This statistic is obtained by subtracting the benchmark return from the portfolio's return.
Information Ratio - represents the Excess Return divided by the Tracking Error. It provides a measure of the historical consistency of the portfolio's outperformance or underperformance relative to its benchmark. A higher, positive Information Ratio suggests that the portfolio's excess returns may have been the result of making measured or moderate bets against the relevant benchmark's risk exposures.
Market Cap ($M) - the average portfolio market capitalization (market price multiplied by shares outstanding), weighted by the proportion of the portfolio's assets invested in each stock.
P/E - Trailing 12-Mo. - the current price of a stock divided by the most recent 12 months trailing earnings per share. P/E for the portfolio is a weighted average of the results for the individual stocks in the portfolio.
Price-to-Book - price per share divided by book value per share. Price-to-Book for the portfolio is a weighted average of the results for the individual stocks in the portfolio.
Quality Rank Based upon per-share earnings and dividend records of the most recent 10 years, this ranking system attempts to capture the growth and stability of earnings and dividends for individual stocks. For a portfolio, the quality ranking is a weighted average. The quality rankings classification is as follows: A+ (highest), A (high), A- (above avg.), B+ (average), B (below avg.), B- (lower), C (lowest), D (in reorganization), and LIQ (liquidation).
R-Squared (R^2) - represents the percentage of the volatility of returns that is attributable to movements of the benchmark. It is a measure of "co-movement" between portfolio returns and benchmark returns. The closer the portfolio's R^2 is to 100%, the more closely the portfolio correlates to, or follows, the benchmark. Generally, highly diversified portfolios have higher R^2 percentages.
Return on Equity (ROE) - is another profitability ratio which gauges return on investment by measuring how effectually stockholder money is being employed by the company. ROE is calculated by dividing a company's net income by average total equity. Unlike Return on Assets (ROA), ROE considers the degree to which a company uses leveraging, as interest expense paid to creditors is generally deducted from earnings to arrive at net income. ROE for the portfolio is a weighted average of the results for the individual stocks in the portfolio.
Rolling Annualized Performance - measures the consistency of a portfolio's performance. For example, with three-year annualized returns rolled annually, the return shown for a given period is actually an annualized return for a particular year and the previous two years. Since performance is assessed over longer periods, the returns rolled annually give a better indication of trends.
Stock Selection Effect - is the portion of portfolio excess return attributable to choosing different securities within groups from the benchmark. A group's selection effect equals the weight of the benchmark's group multiplied by the total return of the portfolio's group minus the total return of the benchmark's group.
Sharpe Ratio - measures a portfolio's rate of return based on the risk it assumed and is often referred to as its risk-adjusted performance. Using Standard Deviation and returns in excess of the returns of T-bills, it determines reward per unit of risk. This measurement can help determine if the portfolio is reaching its goal of increasing returns while managing risk.
Standard Deviation - quantifies the volatility associated with a portfolio's returns. The statistic measures the variation in returns around the mean return. Unlike Beta, which measures volatility relative to the aggregate market, Standard Deviation measures the absolute volatility of a portfolio's return.
Total Effect - is the sum of all effects.
Tracking Error - represents the Standard Deviation of the Excess Return. This provides a historical measure of the variability of the portfolio's returns relative to its benchmark. A portfolio with a low Tracking Error would have quarterly Excess Returns that have exhibited very low volatility.
Up Capture Ratio - measures the portfolio's overall performance to the benchmark's overall performance, considering only periods that are positive in the benchmark. An Up Capture Ratio of more than 100% indicates a portfolio that outperforms the relative benchmark in the benchmark's positive quarters.

Index Descriptions and Disclosures

Depending on the composition of your account and your investment objectives any indices shown in this report may not be an appropriate measure for comparison purposes and are presented for illustration only. The strategy shown in this report does not necessarily seek to track the index, is not restricted to securities in the index and may be more volatile than the index. The benchmark below may differ from the benchmark assigned by the manager, please refer to the GIMA manager report for more details.

Indices are unmanaged. They do not reflect any management, custody, transaction or other expenses, and generally assume reinvestment of dividends, accrued income and capital gains. Past performance of indices does not guarantee future results. You cannot invest directly in an index.

The Morgan Stanley Capital International Europe, Australasia, and Far East (MSCI EAFE) Index is composed of all the publicly traded stocks in developed non-U.S. Markets.

Important Disclosures

REPORT FOR USE ONLY IN INVESTMENT ADVISORY PROGRAMS

This report is only to be used in Morgan Stanley Smith Barney LLC ("Morgan Stanley") investment advisory programs and not in connection with brokerage accounts.

THE GLOBAL INVESTMENT MANAGER ANALYSIS (GIMA) SERVICES ONLY APPLY TO CERTAIN INVESTMENT ADVISORY PROGRAMS

Global Investment Manager Analysis (GIMA) evaluates certain investment products for the purposes of some - but not all - of Morgan Stanley Smith Barney LLC's investment advisory programs (as described in more detail in the applicable Form ADV Disclosure Document for Morgan Stanley). If you do not invest through one of these investment advisory programs, Morgan Stanley is not obligated to provide you notice of any GIMA status changes even though it may give notice to clients in other programs.

FOCUS LIST, APPROVED LIST AND TACTICAL OPPORTUNITIES LIST; WATCH POLICY

GIMA uses two methods to evaluate investment products in applicable advisory programs: Focus (and investment products meeting this standard are described as being on the Focus List) and Approved (and investment products meeting this standard are described as being on the Approved List). In general, Focus entails a more thorough evaluation of an investment product than Approved. Sometimes an investment product may be evaluated using the Focus List process but then placed on the Approved List instead of the Focus List.

Investment products may move from the Focus List to the Approved List, or vice versa. GIMA may also determine that an investment product no longer meets the criteria under either process and will no longer be recommended in investment advisory programs (in which case the investment product is given a "Not Approved" status).

GIMA has a "Watch" policy and may describe a Focus List or Approved List investment product as being on "Watch" if GIMA identifies specific areas that (a) merit further evaluation by GIMA and (b) may, but are not certain to, result in the investment product becoming "Not Approved." The Watch period depends on the length of time needed for GIMA to conduct its evaluation and for the investment manager or fund to address any concerns. GIMA may, but is not obligated to, note the Watch status in this report with a "W" or "Watch" next to the "Status" on the cover page.

Certain investment products on either the Focus List or Approved List may also be recommended for the Tactical Opportunities List based in part on tactical opportunities existing at a given time. The investment products on the Tactical Opportunities List change over time.

For more information on the Focus List, Approved List, Tactical Opportunities List and Watch processes, please see the applicable Form ADV Disclosure Document for Morgan Stanley. Your Financial Advisor or Private Wealth Advisor can also provide upon request a copy of a publication entitled "GIMA At A Glance."

NO OBLIGATION TO UPDATE

Morgan Stanley has no obligation to update you when any information or opinion in this report changes.

STRATEGY MAY BE AVAILABLE AS A SEPARATELY MANAGED ACCOUNT OR MUTUAL FUND

Strategies are sometimes available in Morgan Stanley investment advisory programs both in the form of a separately managed account ("SMA") and a mutual fund. These may have different expenses and investment minimums. Your Financial Advisor or Private Wealth Advisor can provide more information on whether any particular strategy is available in more than one form in a particular investment advisory program.

CONSIDER YOUR OWN INVESTMENT NEEDS

This report is not intended to be a client-specific suitability analysis or recommendation, an offer to participate in any investment, or a recommendation to buy, hold or sell securities (includes securities of Morgan Stanley, and/or their affiliates if shown in this report). Do not use this report as the sole basis for investment decisions. Do not select an asset class or investment product based on performance alone. Consider all relevant information, including your existing portfolio, investment objectives, risk tolerance, liquidity needs and investment time horizon.

PERFORMANCE AND OTHER PORTFOLIO INFORMATION

General

Past performance does not guarantee future results. There is no guarantee that this investment strategy will work under all market conditions. As a result of recent market activity, current performance may vary from the performance shown in this report.

Performance results are time weighted and include all cash and cash equivalents, realized and unrealized capital gains and losses, and reinvestment of dividends, interest and other income. Performance results are annualized for periods greater than one year. Returns for periods of less than a calendar year show the total return for the period and are not annualized.

Performance results may be presented in a currency other than the currency of the country in which you live. Your actual return on this investment product may increase or decrease with fluctuations between currencies.

Sources of Performance Results and Other Data

The performance data and certain other information for this strategy (including the data on page 1 of this report) reflect the investment manager's results in managing Morgan Stanley program accounts, or the investment manager's results in managing accounts and investment products, in the same or a substantially similar investment discipline. (For periods through June 2012, the Fiduciary Services program operated through two channels Morgan Stanley channel and the Smith Barney channel and any performance and other data relating to Fiduciary Services accounts shown here for these periods is calculated using accounts in only one of the these channels.) This information for the investment manager is presented solely to provide information about accounts that were managed according to investment objectives and strategies the same or substantially similar to the corresponding investment discipline in the Select UMA program. Although the Fiduciary Services and Select UMA programs are both Morgan Stanley managed account programs, the performance results and other features of similar investment disciplines in the two programs may differ due to investment and operational differences. For example, the individual investment disciplines in the Select UMA accounts may contain fewer securities, which would lead to a more concentrated portfolio. The automatic rebalancing, wash sale loss and tax harvesting features of the Select UMA program, which are not available in Fiduciary Services, also could cause differences in performance. Accordingly, the performance of the accounts in the Fiduciary Services program is not, and may differ significantly from, the performance of the accounts in the Select UMA program and should not be considered indicative of or a substitute for Select UMA performance. Similarly, performance results of the investment manager's composites may differ from those of Select UMA accounts managed in the same or a substantially similar investment discipline.

Net performance information

Net performance results reflect a deduction from the gross performance of three components: 0.625% maximum quarterly (2.5% maximum annual) MS Advisory Fee and 0.0175% maximum quarterly (0.07% maximum annual) Program Overlay Fee (which, together cover the services provided by Morgan Stanley), plus the quarterly SMA Manager Fee currently charged by this investment manager to new clients for managing their assets in this strategy in the Select UMA program. The SMA Manager Fees range from 0.025% to 0.1875% per Quarter (0.10% to 0.75% per year) and may differ from manager to manager, and managers may change their fee to new clients from time to time.

The maximum total annual fee chargeable in a Morgan Stanley investment advisory program is generally no more than 3%. If you invest through a program in which your program fee is higher than 3%, then the net results would be lower.

Please see the Select UMA Manager Profile for this investment manager and strategy, for more details on the SMA Manager Fee for this strategy and performance and other information. The Profiles are available from your Financial Advisor and at www.morganstanley.com/ADV. Also, if you select this manager for your account, check the SMA Manager Fees specified in the written confirmation you receive when you open your investment advisory account, in case these have changed since you received the Select UMA Manager Profile. Historical net fees reflect the Advisory Fee Schedule as of March 31, 2014.

Benchmark index

Depending on the composition of your account and your investment objectives, any indices shown in this report may not be an appropriate measure for comparison purposes and are therefore presented for illustration only. Indices are unmanaged. They do not reflect any management, custody, transaction or other expenses, and generally assume reinvestment of dividends, accrued income and capital gains. Past performance of indices does not guarantee future results. You cannot invest directly in an index.

Performance of indices may be more or less volatile than any investment product. The risk of loss in value of a specific investment (such as with an investment manager or in a fund) is not the same as the risk of loss in a broad market index. Therefore, the historical returns of an index will not be the same as the historical returns of a particular investment product.

Other data

Portfolio analysis may be based on information on less than all of the securities held in the portfolio. For equity portfolios, the analysis typically reflects securities representing at least 95% of portfolio assets. This may differ for other strategies, including those in the fixed income and specialty asset classes, due to availability of portfolio information.

Economic Sector Allocations and 10 Largest Holdings are accurate as of the most recent quarter end for which information was available when this report was prepared, and are subject to change at any time. 10 Largest Holdings lists indicate the largest security holdings in the portfolio, and Economic Sector Allocations are based on industry standard sector identification codes. Both are measured as a percentage of the total portfolio in terms of asset value as of the date indicated above.

Other data in this report is accurate as of the date this report was prepared unless stated otherwise. Data in this report may be calculated by the fund's investment manager, Morgan Stanley or a third party service provider.

Important Disclosures

ASSET CLASS AND OTHER RISKS

Investing in ***stocks, mutual funds*** and ***exchange-traded funds ("ETFs")*** entails the risks of market volatility. The value of all types of investments may increase or decrease over varying time periods.

Nondiversification: For a portfolio that holds a concentrated or limited number of securities, a decline in the value of these investments would cause the portfolio's overall value to decline to a greater degree than a less concentrated portfolio. Portfolios that invest a large percentage of assets in only one industry sector (or in only a few sectors) are more vulnerable to price fluctuation than those that diversify among a broad range of sectors.

Value and ***growth investing*** also carry risks. Value investing involves the risk that the market may not recognize that securities are undervalued and they may not appreciate as anticipated. Growth investing does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations.

International securities may carry additional risks, including foreign economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes and differences in financial and accounting standards. International investing may not be for everyone. These risks may be magnified in ***emerging markets.***

Small- and mid- capitalization companies may lack the financial resources, product diversification and competitive strengths of larger companies. The securities of small capitalization companies may not trade as readily as, and be subject to higher volatility than, those of larger, more established companies.

Bonds are subject to interest rate risk. When interest rates rise, bond prices fall; generally the longer a bond's maturity, the more sensitive it is to this risk. Bonds may also be subject to call risk, which allows the issuer to retain the right to redeem the debt, fully or partially, before the scheduled maturity date. Proceeds from sales prior to maturity may be more or less than originally invested due to changes in market conditions or changes in the credit quality of the issuer.

Ultra-short bond funds generally invest in fixed income securities with very short maturities, typically less than one year. They are not money market funds. While money market funds attempt to maintain a stable net asset value, an ultra-short bond fund's net asset value will fluctuate, which may result in the loss of the principal amount invested. They are therefore subject to the risks associated with debt securities such as credit and interest rate risk.

High yield bonds are subject to additional risks such as increased risk of default and greater volatility because of the lower credit quality of the issues.***Real estate investments:*** property values can fall due to environmental, economic or other reasons, and changes in interest rates can negatively impact the performance of real estate companies.

Derivatives, in general, involve special risks and costs that may result in losses. The successful use of derivatives requires sophisticated management, in order to manage and analyze derivatives transactions. The prices of derivatives may move in unexpected ways, especially in abnormal market conditions. In addition, correlation between the particular derivative and an asset or liability of the manager may not be what the investment manager expected. Some derivatives are "leveraged" and therefore may magnify or otherwise increase investment losses. Other risks include the potential inability to terminate or sell derivative positions, as a result of counterparty failure to settle or other reasons.

Mortgage-backed securities ("MBS"), which include collateralized mortgage obligations ("CMOs"), also referred to as real estate mortgage investment conduits ("REMICs"), may not be suitable for all investors. There is the possibility of early return of principal due to mortgage prepayments, which can reduce expected yield and result in reinvestment risk. Conversely, return of principal may be slower than initial prepayment speed assumptions, extending the average life of the security up to its listed maturity date (also referred to as extension risk). Additionally, the underlying collateral supporting MBS may default on principal and interest payments. Investments in subordinated MBS involve greater credit risk of default than the senior classes of the same issue. MBS are also sensitive to interest rate changes which can negatively impact the market value of the security. During times of heightened volatility, MBS can experience greater levels of illiquidity and larger price movements.

Commodities: The commodities markets may fluctuate widely based on a variety of factors including, but not limited to, changes in supply and demand relationships; governmental programs and policies; national and international political and economic events, war and terrorist events; changes in interest and exchange rates; trading activities in commodities and related contracts; pestilence, technological change and weather; and the price volatility of a commodity.

Alternative/hedged strategies may use various investment strategies and techniques for both hedging and more speculative purposes such as short selling, leverage, derivatives and options, which can increase volatility and the risk of investment loss. Alternative/hedged strategies are not appropriate for all investors. A short sales strategy includes the risk of loss due to an increase in the market value of borrowed securities. Such a strategy may be combined with purchasing long positions in an attempt to improve portfolio performance. A short sales strategy may result in greater losses or lower positive returns than if the portfolio held only long positions, and the portfolio's loss on a short sale is potentially unlimited. The use of leverage can magnify the impact of adverse issuer, political, regulatory, market, or economic developments on a company. A decrease in the credit quality of a highly leveraged company can lead to a significant decrease in the value of the company's securities. In a liquidation or bankruptcy, a company's creditors take precedence over the company's stockholders.

MLPs involve risks that differ from an investment in common stock. MLPs are controlled by their general partners, which generally have conflicts of interest and limited fiduciary duties to the MLP, which may permit the general partner to favor its own interests over the MLPs. The potential return of MLPs depends largely on the MLPs being treated as partnerships for federal income tax purposes. As a partnership, an MLP has no federal income tax liability at the entity level. Therefore, treatment of one or more MLPs as a corporation for federal income tax purposes could affect the portfolio's ability to meet its investment objective and would reduce the amount of cash available to pay or distribute to you. Legislative, judicial, or administrative changes and differing interpretations, possibly on a retroactive basis, could negatively impact the value of an investment in MLPs and therefore the value of your investment.

The current yield of ***preferred securities*** is calculated by multiplying the coupon by par value divided by the market price. The majority of $25 and $1000 par preferred securities are "callable" meaning that the issuer may retire the securities at specific prices and dates prior to maturity. Interest/dividend payments on certain preferred issues may be deferred by the issuer for periods of up to 5 to 10 years, depending on the particular issue. The investor would still have income tax liability even though payments would not have been received. Price quoted is per $25 or $1,000 share, unless otherwise specified. The initial rate on a floating rate or index-linked preferred security may be lower than that of a fixed-rate security of the same maturity because investors expect to receive additional income due to future increases in the floating/linked index. However, there can be no assurance that these increases will occur.

Convertible securities are convertible to equity at the option of the holder. The market value of the securities, and the underlying common stock into which they are convertible, will fluctuate. In particular, securities whose value depends on the performance of an underlying security entail potentially higher volatility and risk of loss compared to traditional bond investments. You should be aware that the market value of convertible bonds may not correspond directly to increases or decreases in the underlying stock.

NO TAX ADVICE

Tax laws are complex and subject to change. Morgan Stanley Smith Barney LLC ("Morgan Stanley"), its affiliates and Morgan Stanley Financial Advisors and Private Wealth Advisors do not provide tax or legal advice and are not "fiduciaries" (under ERISA, the Internal Revenue Code or otherwise) with respect to the services or activities described herein except as otherwise provided in writing by Morgan Stanley. Individuals are encouraged to consult their tax and legal advisors (a) before establishing a retirement plan or account, and (b) regarding any potential tax, ERISA and related consequences of any investments made under such plan or account.

If any investments in this report are described as "tax free", the income from these investments may be subject to state and local taxes and (if applicable) the federal Alternative Minimum Tax. Realized capital gains on these investments may be subject to federal, state and local capital gains tax.

GLOBAL INVESTMENT MANAGER ANALYSIS

Lazard Emerging Markets Select ADR

Status: Focus List
Analyst: Brian Glanz
Phone: 302-888-4146 Email: Brian.Glanz@ms.com

Benchmark: MSCI Emerging Markets
September 30, 2017 (Q3)

Trailing Returns

	QTR	YTD	1 Yr	3 Yr	5 Yr	7 Yr	10 Yr	2016	2015	2014	2013	2012	2011
Lazard Emerging Markets Select ADR (Gross)	8.30%	23.27%	19.17%	5.44%	5.27%	3.92%	3.26%	22.63%	-19.34%	-2.43%	1.52%	22.14%	-15.73%
Lazard Emerging Markets Select ADR (Net)	7.54%	20.66%	15.79%	2.42%	2.22%	0.92%	0.25%	19.09%	-21.66%	-5.35%	-1.40%	18.63%	-18.15%
MSCI EMF (Emerging Markets) - Net Return	7.89%	27.78%	22.46%	4.90%	3.99%	2.54%	1.32%	11.19%	-14.92%	-2.19%	-2.60%	18.22%	-18.42%
Excess Return (Gross)	**0.41%**	**-4.51%**	**-3.29%**	**0.54%**	**1.28%**	**1.38%**	**1.94%**	**11.44%**	**-4.42%**	**-0.25%**	**4.12%**	**3.92%**	**2.69%**

Past performance is no guarantee of future results. This report is not complete without pages 5, 6 and 7, which contain important notes, including disclosures about the Focus List and the Approved List, index descriptions and a glossary of terms. Information shown is as of the date of most recent quarter end unless otherwise noted. All data are subject to change.

Strategy Description

The Lazard Emerging Markets Select strategy has a value-oriented process that is bottom-up driven. The portfolio seeks profitable companies selling at a discount relative to their world, local market and sector benchmarks. The portfolio tends to be smaller cap in nature than its peers.

Performance Commentary

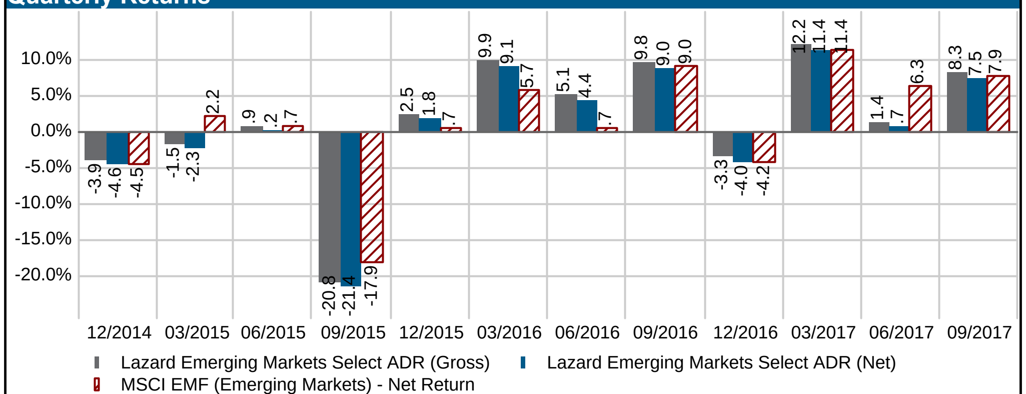
• The portfolio outperformed the MSCI Emerging Markets for the quarter. Stock selection was positive and sector positioning was negative.

• The top contributing sectors were Industrials, Financials, and Consumer Staples. The top detracting sectors were Information Technology, Energy, and Consumer Discretionary. From an industry perspective, Banks, Machinery, and Beverages added value, while Internet Software & Services, Automobiles, and Oil Gas & Consumable Fuels detracted.

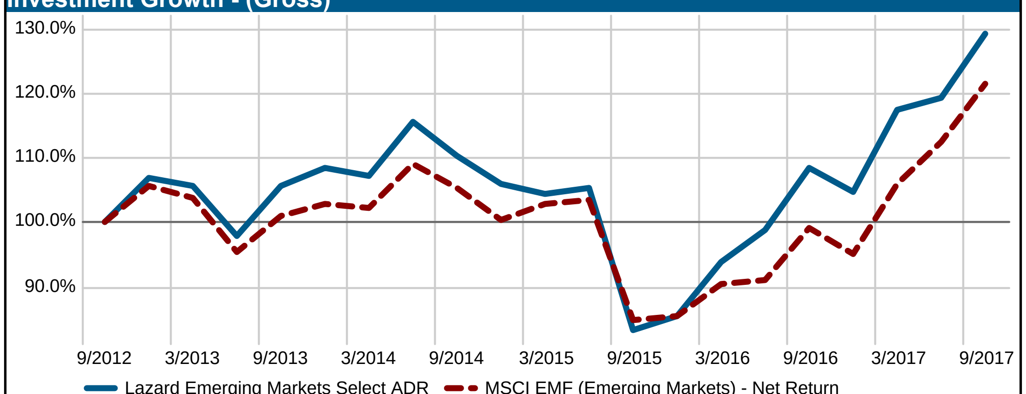
• From a country perspective, Russia, and Taiwan added value, while China, and Indonesia detracted.

• Within the portfolio, companies with a price/earnings between 8.0x and 12.0x contributed to returns while companies with a price/earnings greater than 20.0x detracted. And finally, companies with low beta added value during the quarter.

Quarterly Returns



Investment Growth - (Gross)



Portfolio Characteristics

Portfolio Characteristics

	Strategy	Bmk
# of Securities	47	839
Market Cap ($M)	42,686	51,804
P/E - Trailing 12-Mo.	12.5	14.8
Adj. P/E - trailing 12-Mo.	12.5	14.2
P/E - Forecast FY1*	11.3	13.4
Price-to- Book	1.7	1.7
Dividend Yield	2.29	2.30
Return on Equity	18.0	15.2
EPS Growth - Forecast*	16.2	19.0
EPS Growth - Hist. 5 Year	-2.5	11.8
Active Share	84.4	--

Economic Sector Allocation

	Strategy	Bmk	Rel.
Consumer Discretionary	4.96	10.29	-5.33
Consumer Staples	7.48	6.48	0.99
Energy	8.60	6.79	1.80
Financials	33.73	23.40	10.33
Health Care	0.70	2.28	-1.58
Industrials	8.86	5.40	3.46
Information Technology	18.04	27.59	-9.55
Materials	1.05	7.22	-6.17
Real Estate	--	2.88	-2.88
Telecommunication Services	14.97	5.09	9.88
Utilities	1.61	2.57	-0.96

Regional Sector Allocation

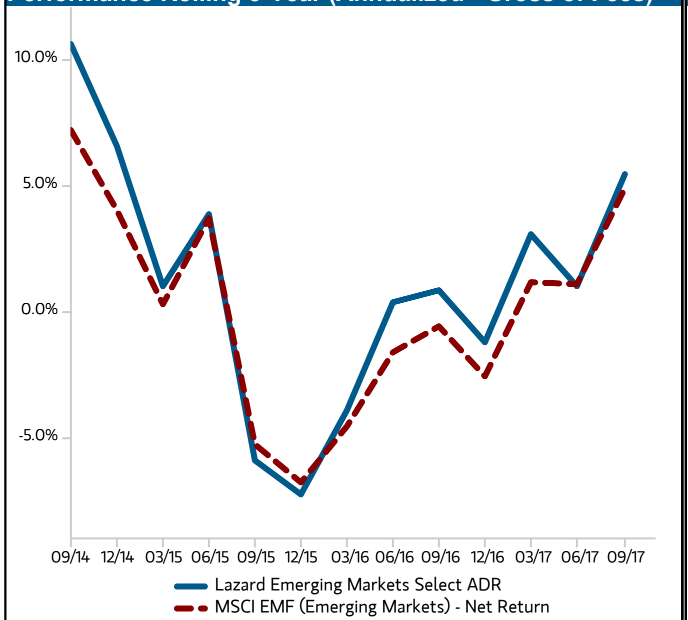
	Strategy	Bmk	Rel.
EMEA	28.91	14.17	14.75
Europe	0.06	0.27	-0.21
Far East	33.57	70.29	-36.73
Frontier Markets	6.96	0.12	6.83
Latin America	17.44	13.05	4.39
North America	--	1.63	-1.63
Pacific	13.07	0.47	12.60
Total	**100.00**	**100.00**	
Developed	13.13	2.37	10.76
Emerging	86.87	97.63	-10.76

Top 10 Holdings

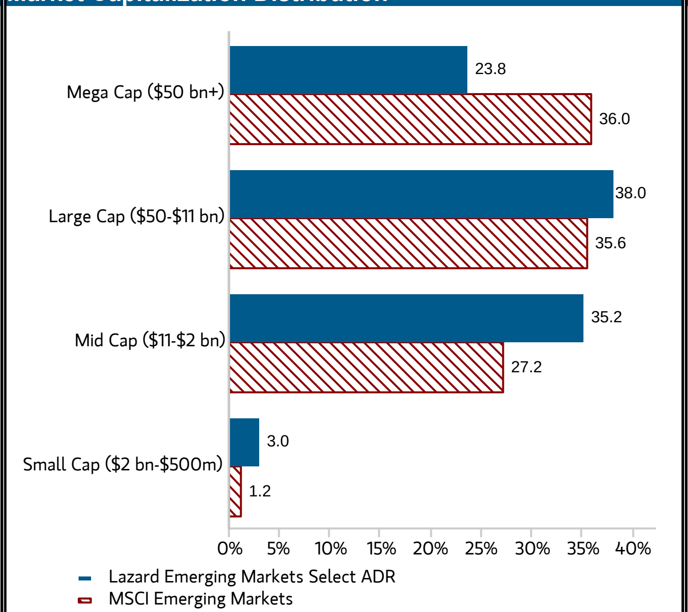
	% of Equity
Taiwan Semiconductor Manufacturing (	4.67
Baidu, Inc. Sponsored ADR Class A	4.60
NetEase, Inc. Sponsored ADR	4.53
China Construction Bank Corporation U	4.51
Banco Macro SA Sponsored ADR Clas	4.03
Sberbank Russia OJSC Sponsored AD	3.38
KB Financial Group Inc. Sponsored AD	3.36
Weichai Power Co., Ltd. Unsponsored /	3.04
Localiza Rent A Car S.A. Sponsored AI	3.04
Banco do Brasil S.A. Sponsored ADR	3.00
Total	**38.16**

* Forecasts based on analysts' consensus

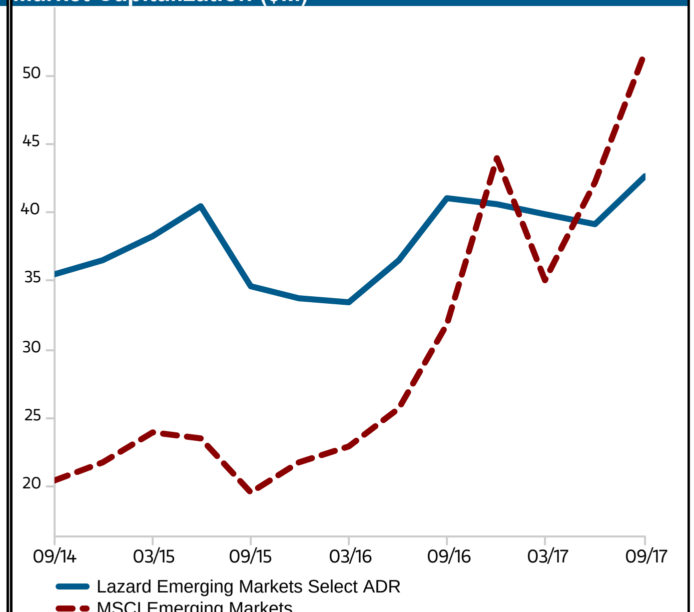
Performance Rolling 3-Year (Annualized - Gross of Fees)



Market Capitalization Distribution



Market Capitalization ($M)



Portfolio Attribution (Gross of Fees)

Economic Sector Attribution - Current Quarter

	Relative Weights	Allocation Effect	Stock Selection	Total Effect
Consumer Discretionary	-5.33	0.15	-0.44	-0.29
Consumer Staples	0.99	-0.04	0.42	0.38
Energy	1.80	0.08	-0.39	-0.31
Financials	10.33	-0.04	0.95	0.91
Health Care	-1.58	0.08	-0.09	-0.02
Industrials	3.46	-0.24	1.65	1.40
Information Technology	-9.55	-0.25	-0.49	-0.74
Materials	-6.17	-0.14	-0.11	-0.25
Real Estate	-2.88	-0.25	--	-0.25
Telecommunication Services	9.88	-0.45	0.40	-0.06
Utilities	-0.96	0.03	0.11	0.13
Total	--	-1.07	1.99	0.92

Economic Sector Attribution - Year to Date

	Relative Weight	Allocation Effect	Stock Selection	Total Effect
Consumer Discretionary	-5.33	-0.05	-1.71	-1.77
Consumer Staples	0.99	-0.09	0.87	0.79
Energy	1.80	-0.41	0.21	-0.20
Financials	10.33	-0.47	-0.24	-0.71
Health Care	-1.58	0.15	-0.31	-0.16
Industrials	3.46	-0.30	1.84	1.54
Information Technology	-9.55	-1.39	-2.22	-3.62
Materials	-6.17	0.20	-0.14	0.06
Real Estate	-2.88	-0.39	--	-0.39
Telecommunication Services	9.88	-1.26	0.98	-0.28
Utilities	-0.96	0.26	0.07	0.34
Total	--	-3.80	-0.66	-4.45

Regional Attribution - Current Quarter

	Relative Weights	Allocation Effect	Stock Selection	Total Effect
EMEA	14.74	-0.14	0.52	0.38
Europe	-0.21	0.06	0.02	0.08
Far East	-36.72	0.33	-1.64	-1.31
Frontier Markets	6.83	-1.46	1.91	0.44
Latin America	4.39	0.33	0.09	0.43
North America	-1.63	0.04	--	0.04
Pacific	12.60	3.07	-2.20	0.87
Total	--	2.22	-1.30	0.92

Regional Attribution - Year to Date

	Relative Weights	Allocation Effect	Stock Selection	Total Effect
EMEA	14.74	-2.39	-0.64	-3.03
Europe	-0.21	0.07	-0.04	0.03
Far East	-36.72	-1.18	-2.28	-3.46
Frontier Markets	6.83	-4.39	5.82	1.43
Latin America	4.39	-0.20	0.82	0.62
North America	-1.63	-0.34	--	-0.34
Pacific	12.60	3.83	-3.54	0.29
Total	--	-4.60	0.14	-4.45

Top Contributors to Performance

Current Quarter

	Avg. Weight	Wtd. Contrib.
Baidu, Inc. Sponsored ADR...	4.09	1.34
Localiza Rent A Car S.A. ...	3.67	1.07
Sberbank Russia OJSC Spon...	3.01	0.95
Banco do Brasil S.A. Spon...	2.70	0.87
Banco Macro SA Sponsored ...	3.38	0.86

Current Quarter

	Avg. Weight	Wtd. Contrib.
China	24.68	2.65
Brazil	13.49	2.41
Russia	8.22	1.87
Argentina	6.15	0.91
South Africa	14.97	0.51

Year to Date

	Avg. Weight	Wtd. Contrib.
Banco Macro SA Sponsored ...	3.18	2.14
Localiza Rent A Car S.A. ...	3.18	2.08
Baidu, Inc. Sponsored ADR...	3.78	1.74
Taiwan Semiconductor Manu...	4.57	1.48
KB Financial Group Inc. S...	3.36	1.25

Year to Date

	Avg. Weight	Wtd. Contrib.
China	23.34	6.74
Brazil	13.41	3.99
Argentina	6.42	3.22
Korea	5.87	1.74
Taiwan	4.57	1.48

Bottom Contributors to Performance

Current Quarter

	Avg. Weight	Wtd. Contrib.
NetEase, Inc. Sponsored ADR	5.03	-0.62
PT Astra International Tb...	2.48	-0.36
Cielo Sponsored ADR	2.67	-0.13
KB Financial Group Inc. S...	3.49	-0.10
PLDT, Inc Sponsored ADR	1.22	-0.10

Current Quarter

	Avg. Weight	Wtd. Contrib.
Indonesia	8.99	-0.16
Philippines	1.22	-0.10
Korea	5.94	-0.05
[Unassigned]	--	--
Spain	0.05	0.01

Year to Date

	Avg. Weight	Wtd. Contrib.
Public Joint-Stock Compan...	1.01	-0.21
Nedbank Group Limited Spo...	1.72	-0.16
Woolworths Holdings Ltd S...	1.28	-0.14
Oil company LUKOIL PJSC S...	2.60	-0.14
Life Healthcare Group Hol...	0.97	-0.14

Year to Date

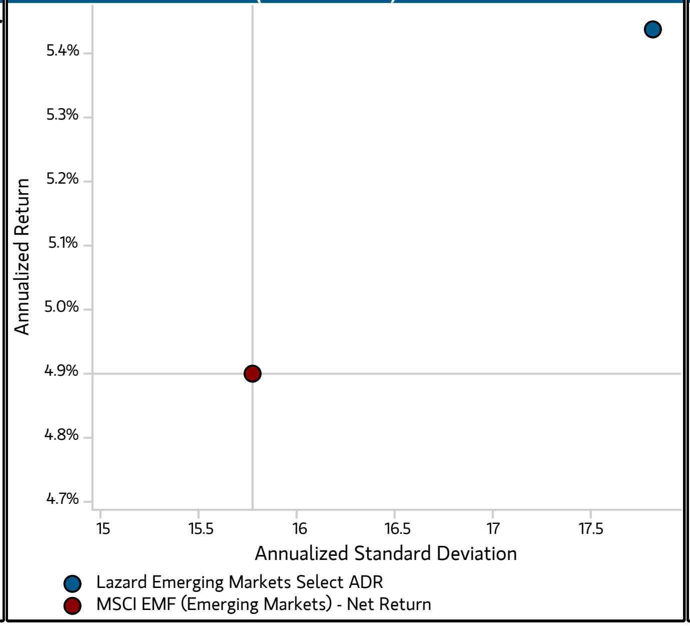
	Avg. Weight	Wtd. Contrib.
[Unassigned]	--	--
Spain	0.02	0.01
Egypt	1.20	0.22
Philippines	1.25	0.27
Thailand	1.27	0.37

Portfolio Performance and Risk Statistics (Gross of Fees)

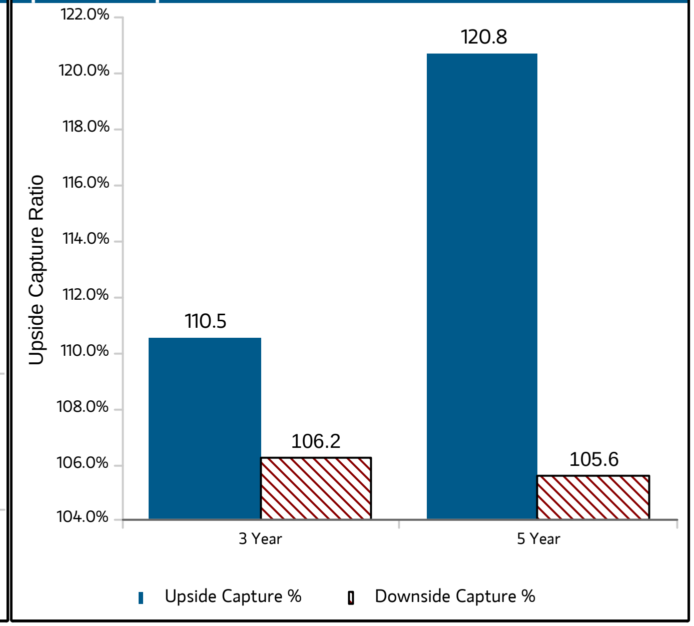
Risk Statistics vs. Benchmark

	3-Year	5-Year
Alpha	0.4%	1.1%
Beta	1.1	1.1
R2	90.2%	91.7%
Tracking Error	5.7%	4.6%
Information Ratio	0.1	0.3
Batting Average	75.0%	75.0%
Up Capture Ratio	110.5%	120.8%
Down Capture Ratio	106.2%	105.6%
Standard Deviation	17.8	15.4
Standard Deviation (Bmk)	15.8	13.6
Sharpe Ratio	0.3	0.3

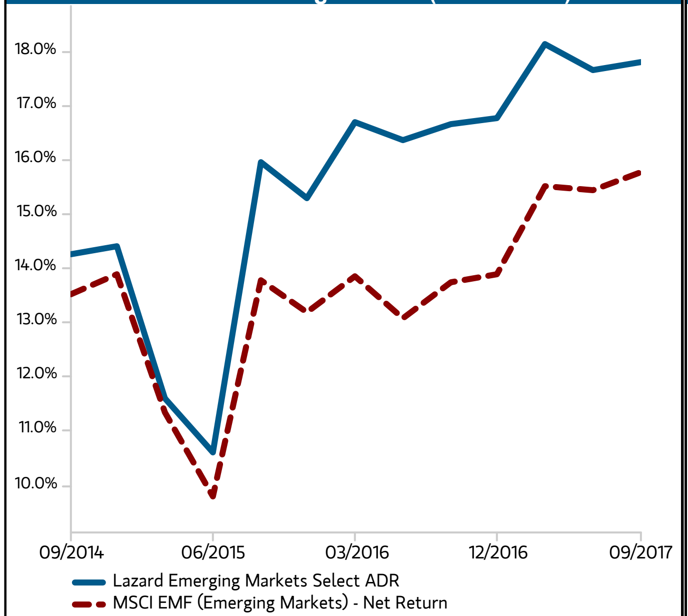
Risk-Reward - 3 Year (Annualized)



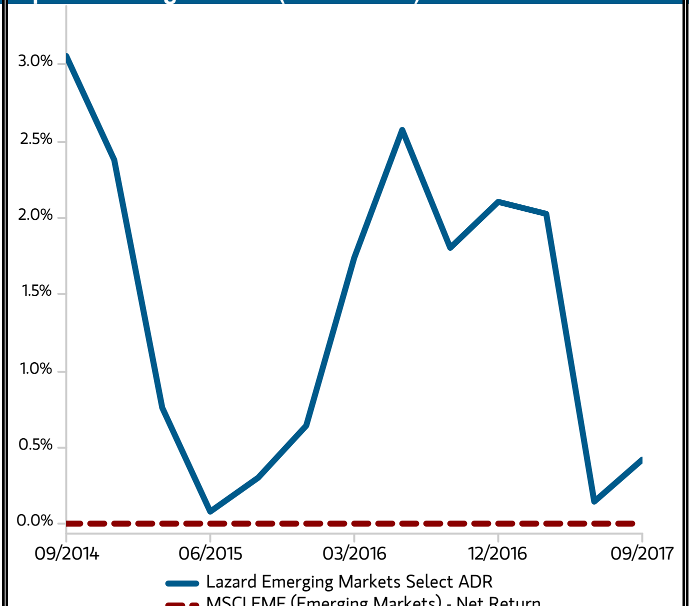
Up/Down Capture Ratio vs. the Benchmark



Standard Deviation - Rolling - 3 Year (Annualized)



Alpha - Rolling - 3 Year (Annualized)



Sharpe Ratio - Rolling - 3 Year (Annualized)

Glossary of Terms

Active Share - is a measure of the percentage of stock holdings in a manager's portfolio that differ from the benchmark index. Active Share is calculated by taking the sum of the absolute value of the differences of the weight of each holding in the manager's portfolio versus the weight of each holding in the benchmark index and dividing by two.
Adjusted P/E - Trailing 12 Mo. - is a P/E calculation that excludes outliers (both high and low) from an aggregate P/E calculation. If a company's P/E falls outside the range, that P/E is considered NA. The weighted average is then calculated including only the P/E's of the companies within the range. P/E ratios that are exceedingly high or low (even negative) may potentially distort an unadjusted P/E ratio.
ADRs - American Depositary Receipts are U.S. dollar denominated forms of equity ownership in non-U.S. companies. These shares are issued against the local market shares held in the home market.
Allocation Effect - is the portion of portfolio excess return attributed to taking different group bets from the benchmark. (If either the portfolio or the benchmark has no position in a given group, allocation effect is the lone effect.) A group's allocation effect equals the weight of the portfolio's group minus the weight of the benchmark's group times the total return of the benchmark group minus the total return of the benchmark in aggregate.
Alpha - measures the difference between a portfolio's actual returns and its expected performance, given its level of risk as measured by Beta. A positive Alpha figure indicates the portfolio has performed better than its Beta would predict. A negative Alpha indicates the portfolio's underperformance given the expectations established by the Beta. The accuracy of the Alpha is therefore dependent on the accuracy of the Beta. Alpha is often viewed as a measurement of the value added or subtracted by a portfolio's manager.
Batting Average - measures how frequently a portfolio outperforms its benchmark on a quarterly basis. The statistic is obtained by dividing the number of quarters in which the portfolio outperformed the total return of the benchmark by the total number of quarters. For example, a portfolio with a batting average of 60% has outperformed the index more than it has underperformed.
Beta - measures a portfolio's volatility relative to its benchmark. A portfolio with a Beta higher than 1.0 has historically been more volatile than the benchmark, while a portfolio with a Beta lower than 1.0 has been less volatile. The accuracy of the Beta is dependent on R-Squared.
Dividend Yield - annual dividend per share divided by price per share. Dividend Yield for the portfolio is a weighted average of the results for the individual stocks in the portfolio.
Down Capture Ratio - the ratio of the portfolio's overall performance to the benchmark's overall performance, considering only periods that are negative in the benchmark. A Down Capture Ratio of less than 100% indicates a portfolio that outperforms the relative benchmark in the benchmark's negative quarters and preserves more of the portfolio's value during down markets.
Excess Return - represents the average quarterly total return of the portfolio relative to its benchmark. A portfolio with a positive Excess Return has on average outperformed its benchmark on a quarterly basis. This statistic is obtained by subtracting the benchmark return from the portfolio's return.
Information Ratio - represents the Excess Return divided by the Tracking Error. It provides a measure of the historical consistency of the portfolio's outperformance or underperformance relative to its benchmark. A higher, positive Information Ratio suggests that the portfolio's excess returns may have been the result of making measured or moderate bets against the relevant benchmark's risk exposures.
Market Cap ($M) - the average portfolio market capitalization (market price multiplied by shares outstanding), weighted by the proportion of the portfolio's assets invested in each stock.
P/E - Trailing 12-Mo. - the current price of a stock divided by the most recent 12 months trailing earnings per share. P/E for the portfolio is a weighted average of the results for the individual stocks in the portfolio.
Price-to-Book - price per share divided by book value per share. Price-to-Book for the portfolio is a weighted average of the results for the individual stocks in the portfolio.
Quality Rank Based upon per-share earnings and dividend records of the most recent 10 years, this ranking system attempts to capture the growth and stability of earnings and dividends for individual stocks. For a portfolio, the quality ranking is a weighted average. The quality rankings classification is as follows: A+ (highest), A (high), A- (above avg.), B+ (average), B (below avg.), B- (lower), C (lowest), D (in reorganization), and LIQ (liquidation).
R-Squared (R^2) - represents the percentage of the volatility of returns that is attributable to movements of the benchmark. It is a measure of "co-movement" between portfolio returns and benchmark returns. The closer the portfolio's R^2 is to 100%, the more closely the portfolio correlates to, or follows, the benchmark. Generally, highly diversified portfolios have higher R^2 percentages.
Return on Equity (ROE) - is another profitability ratio which gauges return on investment by measuring how effectually stockholder money is being employed by the company. ROE is calculated by dividing a company's net income by average total equity. Unlike Return on Assets (ROA), ROE considers the degree to which a company uses leveraging, as interest expense paid to creditors is generally deducted from earnings to arrive at net income. ROE for the portfolio is a weighted average of the results for the individual stocks in the portfolio.
Rolling Annualized Performance - measures the consistency of a portfolio's performance. For example, with three-year annualized returns rolled annually, the return shown for a given period is actually an annualized return for a particular year and the previous two years. Since performance is assessed over longer periods, the returns rolled annually give a better indication of trends.
Stock Selection Effect - is the portion of portfolio excess return attributable to choosing different securities within groups from the benchmark. A group's selection effect equals the weight of the benchmark's group multiplied by the total return of the portfolio's group minus the total return of the benchmark's group.
Sharpe Ratio - measures a portfolio's rate of return based on the risk it assumed and is often referred to as its risk-adjusted performance. Using Standard Deviation and returns in excess of the returns of T-bills, it determines reward per unit of risk. This measurement can help determine if the portfolio is reaching its goal of increasing returns while managing risk.
Standard Deviation - quantifies the volatility associated with a portfolio's returns. The statistic measures the variation in returns around the mean return. Unlike Beta, which measures volatility relative to the aggregate market, Standard Deviation measures the absolute volatility of a portfolio's return.
Total Effect - is the sum of all effects.
Tracking Error - represents the Standard Deviation of the Excess Return. This provides a historical measure of the variability of the portfolio's returns relative to its benchmark. A portfolio with a low Tracking Error would have quarterly Excess Returns that have exhibited very low volatility.
Up Capture Ratio - measures the portfolio's overall performance to the benchmark's overall performance, considering only periods that are positive in the benchmark. An Up Capture Ratio of more than 100% indicates a portfolio that outperforms the relative benchmark in the benchmark's positive quarters.

Index Descriptions and Disclosures

Depending on the composition of your account and your investment objectives any indices shown in this report may not be an appropriate measure for comparison purposes and are presented for illustration only. The strategy shown in this report does not necessarily seek to track the index, is not restricted to securities in the index and may be more volatile than the index. The benchmark below may differ from the benchmark assigned by the manager, please refer to the GIMA manager report for more details.

Indices are unmanaged. They do not reflect any management, custody, transaction or other expenses, and generally assume reinvestment of dividends, accrued income and capital gains. Past performance of indices does not guarantee future results. You cannot invest directly in an index.

The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets.

Important Disclosures

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Global Investment Manager Analysis (GIMA) evaluates certain investment products for the purposes of some - but not all - of Morgan Stanley Smith Barney LLC's investment advisory programs (as described in more detail in the applicable Form ADV Disclosure Document for Morgan Stanley). If you do not invest through one of these investment advisory programs, Morgan Stanley is not obligated to provide you notice of any GIMA status changes even though it may give notice to clients in other programs.

FOCUS LIST, APPROVED LIST AND TACTICAL OPPORTUNITIES LIST; WATCH POLICY

GIMA uses two methods to evaluate investment products in applicable advisory programs: Focus (and investment products meeting this standard are described as being on the Focus List) and Approved (and investment products meeting this standard are described as being on the Approved List). In general, Focus entails a more thorough evaluation of an investment product than Approved. Sometimes an investment product may be evaluated using the Focus List process but then placed on the Approved List instead of the Focus List.

Investment products may move from the Focus List to the Approved List, or vice versa. GIMA may also determine that an investment product no longer meets the criteria under either process and will no longer be recommended in investment advisory programs (in which case the investment product is given a "Not Approved" status).

GIMA has a "Watch" policy and may describe a Focus List or Approved List investment product as being on "Watch" if GIMA identifies specific areas that (a) merit further evaluation by GIMA and (b) may, but are not certain to, result in the investment product becoming "Not Approved." The Watch period depends on the length of time needed for GIMA to conduct its evaluation and for the investment manager or fund to address any concerns. GIMA may, but is not obligated to, note the Watch status in this report with a "W" or "Watch" next to the "Status" on the cover page.

Certain investment products on either the Focus List or Approved List may also be recommended for the Tactical Opportunities List based in part on tactical opportunities existing at a given time. The investment products on the Tactical Opportunities List change over time.

For more information on the Focus List, Approved List, Tactical Opportunities List and Watch processes, please see the applicable Form ADV Disclosure Document for Morgan Stanley. Your Financial Advisor or Private Wealth Advisor can also provide upon request a copy of a publication entitled "GIMA At A Glance."

NO OBLIGATION TO UPDATE

Morgan Stanley has no obligation to update you when any information or opinion in this report changes.

STRATEGY MAY BE AVAILABLE AS A SEPARATELY MANAGED ACCOUNT OR MUTUAL FUND

Strategies are sometimes available in Morgan Stanley investment advisory programs both in the form of a separately managed account ("SMA") and a mutual fund. These may have different expenses and investment minimums. Your Financial Advisor or Private Wealth Advisor can provide more information on whether any particular strategy is available in more than one form in a particular investment advisory program.

CONSIDER YOUR OWN INVESTMENT NEEDS

This report is not intended to be a client-specific suitability analysis or recommendation, an offer to participate in any investment, or a recommendation to buy, hold or sell securities (includes securities of Morgan Stanley, and/or their affiliates if shown in this report). Do not use this report as the sole basis for investment decisions. Do not select an asset class or investment product based on performance alone. Consider all relevant information, including your existing portfolio, investment objectives, risk tolerance, liquidity needs and investment time horizon.

PERFORMANCE AND OTHER PORTFOLIO INFORMATION

General

Past performance does not guarantee future results. There is no guarantee that this investment strategy will work under all market conditions. As a result of recent market activity, current performance may vary from the performance shown in this report.

Performance results are time weighted and include all cash and cash equivalents, realized and unrealized capital gains and losses, and reinvestment of dividends, interest and other income. Performance results are annualized for periods greater than one year. Returns for periods of less than a calendar year show the total return for the period and are not annualized.

Performance results may be presented in a currency other than the currency of the country in which you live. Your actual return on this investment product may increase or decrease with fluctuations between currencies.

Sources of Performance Results and Other Data

The performance data and certain other information for this strategy (including the data on page 1 of this report) reflect the investment manager's results in managing Morgan Stanley program accounts, or the investment manager's results in managing accounts and investment products, in the same or a substantially similar investment discipline. (For periods through June 2012, the Fiduciary Services program operated through two channels Morgan Stanley channel and the Smith Barney channel and any performance and other data relating to Fiduciary Services accounts shown here for these periods is calculated using accounts in only one of the these channels.) This information for the investment manager is presented solely to provide information about accounts that were managed according to investment objectives and strategies the same or substantially similar to the corresponding investment discipline in the Select UMA program. Although the Fiduciary Services and Select UMA programs are both Morgan Stanley managed account programs, the performance results and other features of similar investment disciplines in the two programs may differ due to investment and operational differences. For example, the individual investment disciplines in the Select UMA accounts may contain fewer securities, which would lead to a more concentrated portfolio. The automatic rebalancing, wash sale loss and tax harvesting features of the Select UMA program, which are not available in Fiduciary Services, also could cause differences in performance. Accordingly, the performance of the accounts in the Fiduciary Services program is not, and may differ significantly from, the performance of the accounts in the Select UMA program and should not be considered indicative of or a substitute for Select UMA performance. Similarly, performance results of the investment manager's composites may differ from those of Select UMA accounts managed in the same or a substantially similar investment discipline.

Net performance information

Net performance results reflect a deduction from the gross performance of three components: 0.625% maximum quarterly (2.5% maximum annual) MS Advisory Fee and 0.0175% maximum quarterly (0.07% maximum annual) Program Overlay Fee (which, together cover the services provided by Morgan Stanley), plus the quarterly SMA Manager Fee currently charged by this investment manager to new clients for managing their assets in this strategy in the Select UMA program. The SMA Manager Fees range from 0.025% to 0.1875% per Quarter (0.10% to 0.75% per year) and may differ from manager to manager, and managers may change their fee to new clients from time to time.

The maximum total annual fee chargeable in a Morgan Stanley investment advisory program is generally no more than 3%. If you invest through a program in which your program fee is higher than 3%, then the net results would be lower.

Please see the Select UMA Manager Profile for this investment manager and strategy, for more details on the SMA Manager Fee for this strategy and performance and other information. The Profiles are available from your Financial Advisor and at www.morganstanley.com/ADV. Also, if you select this manager for your account, check the SMA Manager Fees specified in the written confirmation you receive when you open your investment advisory account, in case these have changed since you received the Select UMA Manager Profile. Historical net fees reflect the Advisory Fee Schedule as of March 31, 2014.

Benchmark index

Depending on the composition of your account and your investment objectives, any indices shown in this report may not be an appropriate measure for comparison purposes and are therefore presented for illustration only. Indices are unmanaged. They do not reflect any management, custody, transaction or other expenses, and generally assume reinvestment of dividends, accrued income and capital gains. Past performance of indices does not guarantee future results. You cannot invest directly in an index.

Performance of indices may be more or less volatile than any investment product. The risk of loss in value of a specific investment (such as with an investment manager or in a fund) is not the same as the risk of loss in a broad market index. Therefore, the historical returns of an index will not be the same as the historical returns of a particular investment product.

Other data

Portfolio analysis may be based on information on less than all of the securities held in the portfolio. For equity portfolios, the analysis typically reflects securities representing at least 95% of portfolio assets. This may differ for other strategies, including those in the fixed income and specialty asset classes, due to availability of portfolio information.

Economic Sector Allocations and 10 Largest Holdings are accurate as of the most recent quarter end for which information was available when this report was prepared, and are subject to change at any time. 10 Largest Holdings lists indicate the largest security holdings in the portfolio, and Economic Sector Allocations are based on industry standard sector identification codes. Both are measured as a percentage of the total portfolio in terms of asset value as of the date indicated above.

Other data in this report is accurate as of the date this report was prepared unless stated otherwise. Data in this report may be calculated by the fund's investment manager, Morgan Stanley or a third party service provider.

Important Disclosures

ASSET CLASS AND OTHER RISKS

Investing in ***stocks, mutual funds*** and ***exchange-traded funds ("ETFs")*** entails the risks of market volatility. The value of all types of investments may increase or decrease over varying time periods.

Nondiversification: For a portfolio that holds a concentrated or limited number of securities, a decline in the value of these investments would cause the portfolio's overall value to decline to a greater degree than a less concentrated portfolio. Portfolios that invest a large percentage of assets in only one industry sector (or in only a few sectors) are more vulnerable to price fluctuation than those that diversify among a broad range of sectors.

Value and ***growth investing*** also carry risks. Value investing involves the risk that the market may not recognize that securities are undervalued and they may not appreciate as anticipated. Growth investing does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations.

International securities may carry additional risks, including foreign economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes and differences in financial and accounting standards. International investing may not be for everyone. These risks may be magnified in ***emerging markets.***

Small- and mid- capitalization companies may lack the financial resources, product diversification and competitive strengths of larger companies. The securities of small capitalization companies may not trade as readily as, and be subject to higher volatility than, those of larger, more established companies.

Bonds are subject to interest rate risk. When interest rates rise, bond prices fall; generally the longer a bond's maturity, the more sensitive it is to this risk. Bonds may also be subject to call risk, which allows the issuer to retain the right to redeem the debt, fully or partially, before the scheduled maturity date. Proceeds from sales prior to maturity may be more or less than originally invested due to changes in market conditions or changes in the credit quality of the issuer.

Ultra-short bond funds generally invest in fixed income securities with very short maturities, typically less than one year. They are not money market funds. While money market funds attempt to maintain a stable net asset value, an ultra-short bond fund's net asset value will fluctuate, which may result in the loss of the principal amount invested. They are therefore subject to the risks associated with debt securities such as credit and interest rate risk.

High yield bonds are subject to additional risks such as increased risk of default and greater volatility because of the lower credit quality of the issues.***Real estate investments:*** property values can fall due to environmental, economic or other reasons, and changes in interest rates can negatively impact the performance of real estate companies.

Derivatives, in general, involve special risks and costs that may result in losses. The successful use of derivatives requires sophisticated management, in order to manage and analyze derivatives transactions. The prices of derivatives may move in unexpected ways, especially in abnormal market conditions. In addition, correlation between the particular derivative and an asset or liability of the manager may not be what the investment manager expected. Some derivatives are "leveraged" and therefore may magnify or otherwise increase investment losses. Other risks include the potential inability to terminate or sell derivative positions, as a result of counterparty failure to settle or other reasons.

Mortgage-backed securities ("MBS"), which include collateralized mortgage obligations ("CMOs"), also referred to as real estate mortgage investment conduits ("REMICs"), may not be suitable for all investors. There is the possibility of early return of principal due to mortgage prepayments, which can reduce expected yield and result in reinvestment risk. Conversely, return of principal may be slower than initial prepayment speed assumptions, extending the average life of the security up to its listed maturity date (also referred to as extension risk). Additionally, the underlying collateral supporting MBS may default on principal and interest payments. Investments in subordinated MBS involve greater credit risk of default than the senior classes of the same issue. MBS are also sensitive to interest rate changes which can negatively impact the market value of the security. During times of heightened volatility, MBS can experience greater levels of illiquidity and larger price movements.

Commodities: The commodities markets may fluctuate widely based on a variety of factors including, but not limited to, changes in supply and demand relationships; governmental programs and policies; national and international political and economic events, war and terrorist events; changes in interest and exchange rates; trading activities in commodities and related contracts; pestilence, technological change and weather; and the price volatility of a commodity.

Alternative/hedged strategies may use various investment strategies and techniques for both hedging and more speculative purposes such as short selling, leverage, derivatives and options, which can increase volatility and the risk of investment loss. Alternative/hedged strategies are not appropriate for all investors. A short sales strategy includes the risk of loss due to an increase in the market value of borrowed securities. Such a strategy may be combined with purchasing long positions in an attempt to improve portfolio performance. A short sales strategy may result in greater losses or lower positive returns than if the portfolio held only long positions, and the portfolio's loss on a short sale is potentially unlimited. The use of leverage can magnify the impact of adverse issuer, political, regulatory, market, or economic developments on a company. A decrease in the credit quality of a highly leveraged company can lead to a significant decrease in the value of the company's securities. In a liquidation or bankruptcy, a company's creditors take precedence over the company's stockholders.

MLPs involve risks that differ from an investment in common stock. MLPs are controlled by their general partners, which generally have conflicts of interest and limited fiduciary duties to the MLP, which may permit the general partner to favor its own interests over the MLPs. The potential return of MLPs depends largely on the MLPs being treated as partnerships for federal income tax purposes. As a partnership, an MLP has no federal income tax liability at the entity level. Therefore, treatment of one or more MLPs as a corporation for federal income tax purposes could affect the portfolio's ability to meet its investment objective and would reduce the amount of cash available to pay or distribute to you. Legislative, judicial, or administrative changes and differing interpretations, possibly on a retroactive basis, could negatively impact the value of an investment in MLPs and therefore the value of your investment.

The current yield of ***preferred securities*** is calculated by multiplying the coupon by par value divided by the market price. The majority of $25 and $1000 par preferred securities are "callable" meaning that the issuer may retire the securities at specific prices and dates prior to maturity. Interest/dividend payments on certain preferred issues may be deferred by the issuer for periods of up to 5 to 10 years, depending on the particular issue. The investor would still have income tax liability even though payments would not have been received. Price quoted is per $25 or $1,000 share, unless otherwise specified. The initial rate on a floating rate or index-linked preferred security may be lower than that of a fixed-rate security of the same maturity because investors expect to receive additional income due to future increases in the floating/linked index. However, there can be no assurance that these increases will occur.

Convertible securities are convertible to equity at the option of the holder. The market value of the securities, and the underlying common stock into which they are convertible, will fluctuate. In particular, securities whose value depends on the performance of an underlying security entail potentially higher volatility and risk of loss compared to traditional bond investments. You should be aware that the market value of convertible bonds may not correspond directly to increases or decreases in the underlying stock.

NO TAX ADVICE

Tax laws are complex and subject to change. Morgan Stanley Smith Barney LLC ("Morgan Stanley"), its affiliates and Morgan Stanley Financial Advisors and Private Wealth Advisors do not provide tax or legal advice and are not "fiduciaries" (under ERISA, the Internal Revenue Code or otherwise) with respect to the services or activities described herein except as otherwise provided in writing by Morgan Stanley. Individuals are encouraged to consult their tax and legal advisors (a) before establishing a retirement plan or account, and (b) regarding any potential tax, ERISA and related consequences of any investments made under such plan or account.

If any investments in this report are described as "tax free", the income from these investments may be subject to state and local taxes and (if applicable) the federal Alternative Minimum Tax. Realized capital gains on these investments may be subject to federal, state and local capital gains tax.

GLOBAL INVESTMENT MANAGER ANALYSIS

Cushing Institutional Alpha Strategy

Benchmark: Alerian MLP
September 30, 2017 (Q3)

Status: Approved
Analyst: Calvin Roach
Phone: 212-296-0864 Email: Calvin.Roach@ms.com

Trailing Returns

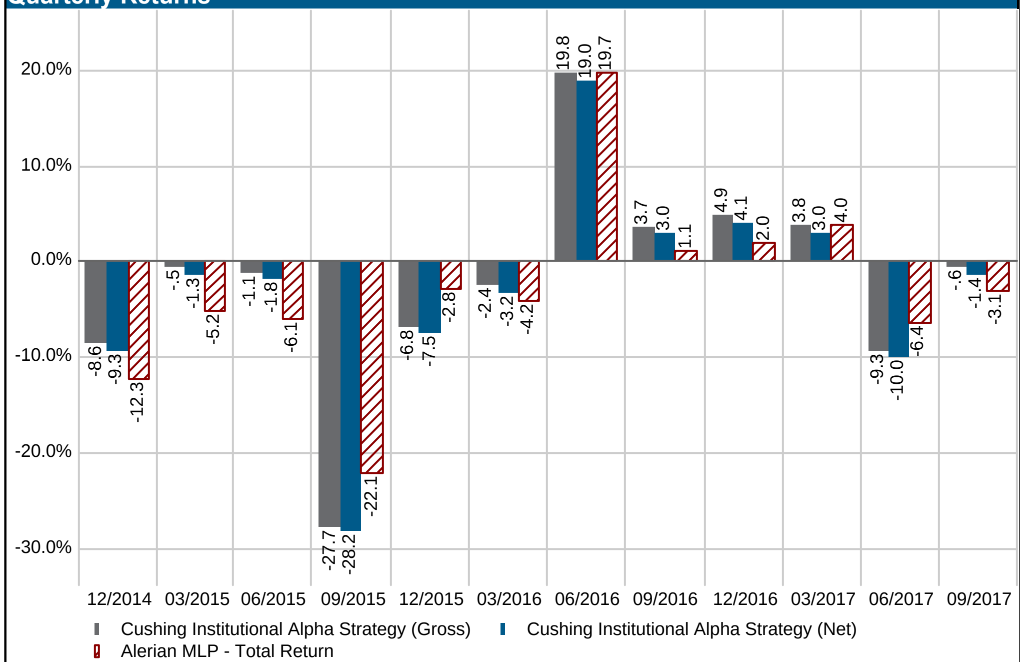
	QTR	YTD	1 Yr	3 Yr	5 Yr	7 Yr	10 Yr	2016	2015	2014	2013	2012	2011
Cushing Institutional Alpha Strategy (Gross)	-0.63%	-6.50%	-1.91%	-10.30%	6.32%	10.23%	6.02%	27.31%	-33.71%	18.26%	45.74%	9.06%	17.78%
Cushing Institutional Alpha Strategy (Net)	-1.36%	-8.55%	-4.82%	-12.97%	3.26%	7.18%	3.16%	23.44%	-35.65%	14.70%	41.97%	6.33%	14.86%
Alerian MLP	-3.05%	-5.62%	-3.70%	-12.93%	-0.57%	3.96%	6.49%	18.31%	-32.59%	4.80%	27.58%	4.80%	13.88%
Excess Return (Gross)	**2.42%**	**-0.87%**	**1.79%**	**2.62%**	**6.89%**	**6.27%**	**-0.47%**	**9.00%**	**-1.12%**	**13.45%**	**18.16%**	**4.26%**	**3.90%**

Past performance is no guarantee of future results. This report is not complete without pages 5, 6 and 7, which contain important notes, including disclosures about the Focus List and the Approved List, index descriptions and a glossary of terms. Information shown is as of the date of most recent quarter end unless otherwise noted. All data are subject to change.

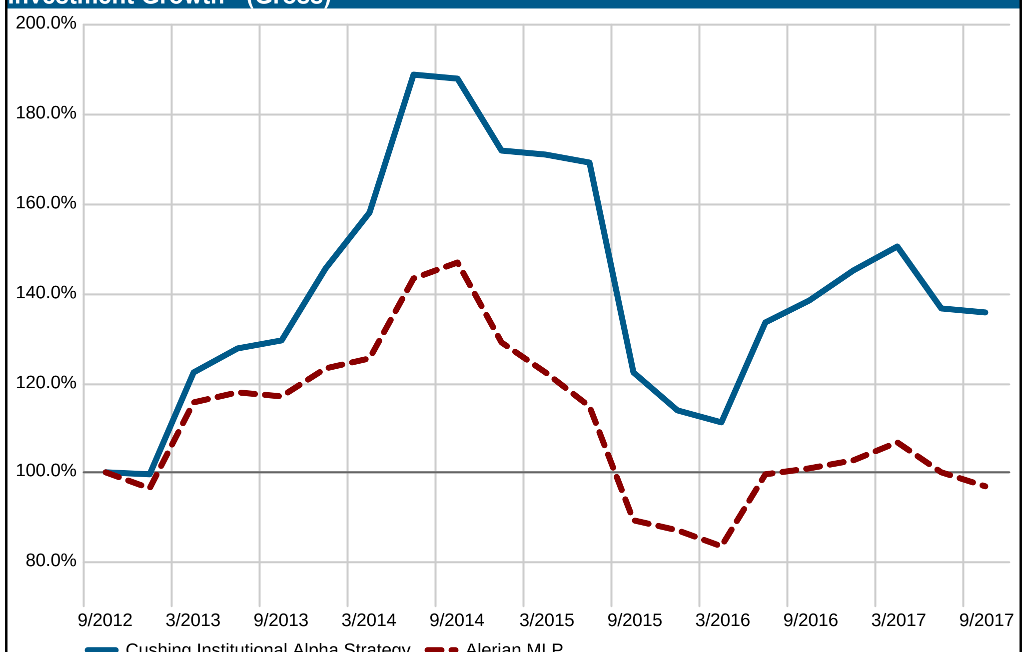
Strategy Description

The philosophy of the Cushing Institutional Alpha Strategy is to use comprehensive, fundamental analysis to identify the MLPs with the most attractive total return prospects. This can include both value and growth opportunities. Technical analysis plays a small role and is used as one of several inputs that help create the firm's buy and sell disciplines.

Quarterly Returns



Investment Growth - (Gross)



INVESTMENT PRODUCTS: NOT FDIC INSURED * NO BANK GUARANTEE * MAY LOSE VALUE

This report is only to be used in connection with investment advisory programs and not brokerage accounts.
Please use this report in tandem with the associated Manager Profile which contains additional information about this strategy.

Portfolio Characteristics

Portfolio Characteristics

	Strategy	Bmk
# of Securities	27	40
Market Cap ($M)	12,912	21,115
P/E - Trailing 12-Mo.	24.3	18.0
Adj. P/E - trailing 12-Mo.	22.3	17.6
P/E - Forecast FY1*	22.3	20.6
Price-to- Book	2.0	1.7
Dividend Yield	5.84	7.61
Return on Equity	9.1	10.5
EPS Growth - Forecast*	9.3	6.4
EPS Growth - Hist. 5 Year	8.2	-0.3
Quality	B-	--
Active Share	66.96	--

Economic Sector Allocation

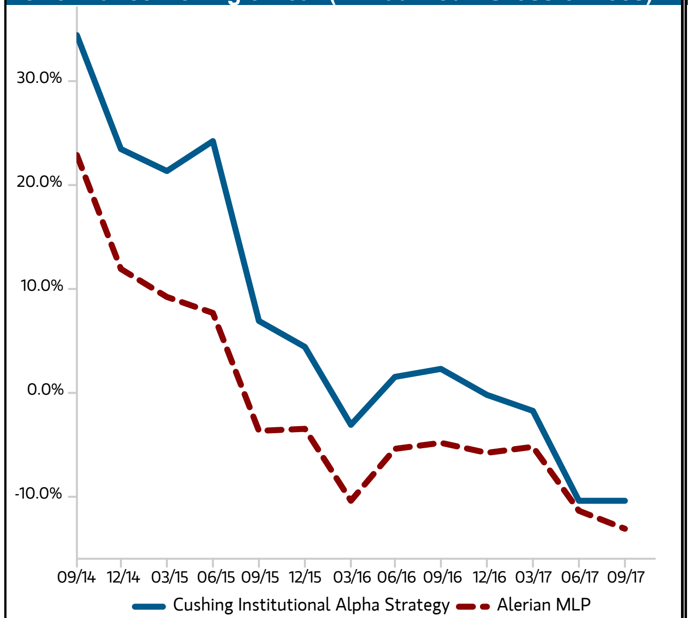
	Strategy	Bmk	Rel.
Energy	100.00	97.38	2.62
Utilities	--	2.62	-2.62
[Unassigned]	--	--	--

Top 10 Holdings

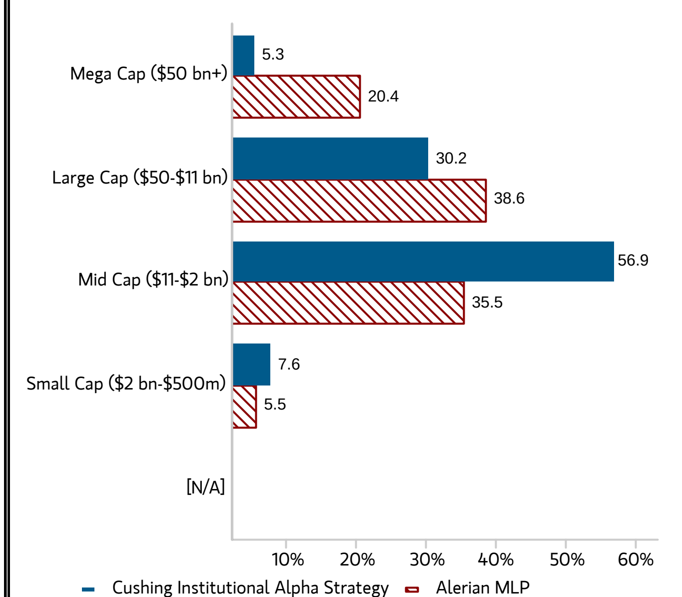
	% of Equity
Williams Companies, Inc.	6.59
Targa Resources Corp.	6.28
Rice Midstream Partners LP	5.56
Enterprise Products Partners L.P.	5.33
Antero Midstream Partners LP	5.15
MPLX LP	5.08
ONEOK, Inc.	4.53
Energy Transfer Equity, L.P.	4.53
Andeavor Logistics LP	4.35
SemGroup Corporation Class A	4.11
Total	**51.50**

* Forecasts based on analysts' consensus

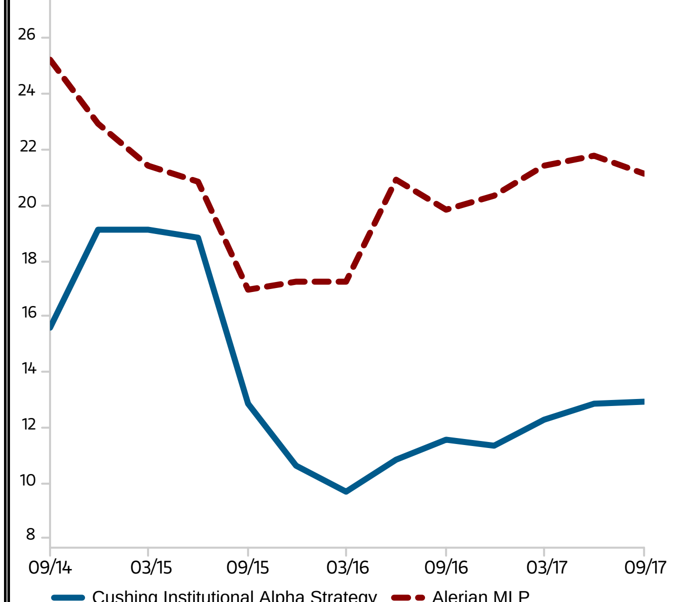
Performance Rolling 3-Year (Annualized - Gross of Fees)



Market Capitalization Distribution



Market Capitalization ($B)



Portfolio Attribution (Gross of Fees)

Economic Sector Attribution - Current Quarter

	Relative Weights	Allocation Effect	Stock Selection	Total Effect
Energy	3.11	-0.05	2.62	2.57
Utilities	-3.11	-0.26	--	-0.26
Total	--	-0.31	2.62	2.31

Economic Sector Attribution - Year to Date

	Relative Weight	Allocation Effect	Stock Selection	Total Effect
Energy	3.11	-0.12	1.02	0.89
Materials	--	-0.04	--	-0.04
Utilities	-3.11	-0.18	--	-0.18
Total	--	-0.68	1.15	0.47

Top Contributors to Performance

Current Quarter

	Avg. Weight	Wtd. Contrib.
Dominion Energy Midstream...	3.43	0.48
Targa Resources Corp.	5.93	0.40
SemGroup Corporation Class A	3.65	0.36
Rice Midstream Partners LP	5.35	0.33
ONEOK, Inc.	4.34	0.33

Current Quarter

	Avg. Weight	Wtd. Contrib.
Energy	100.00	-0.63

Year to Date

	Avg. Weight	Wtd. Contrib.
EQT GP Holdings LP	3.31	0.59
VTTI Energy Partners LP	2.48	0.52
Dominion Energy Midstream...	3.31	0.45
Phillips 66 Partners LP	3.29	0.37
MPLX LP	4.63	0.22

Year to Date

	Avg. Weight	Wtd. Contrib.
Energy	100.00	-5.90

Bottom Contributors to Performance

Current Quarter

	Avg. Weight	Wtd. Contrib.
NGL Energy Partners LP	3.28	-0.59
Genesis Energy, L.P.	3.44	-0.59
Plains GP Holdings LP Cla...	2.24	-0.36
Energy Transfer Partners LP	3.32	-0.29
Antero Midstream Partners LP	5.26	-0.24

Current Quarter

	Avg. Weight	Wtd. Contrib.
Energy	100.00	-0.63

Year to Date

	Avg. Weight	Wtd. Contrib.
NGL Energy Partners LP	4.44	-2.05
SemGroup Corporation Class A	4.07	-1.29
Plains GP Holdings LP Cla...	2.42	-0.95
Rice Midstream Partners LP	5.52	-0.85
Genesis Energy, L.P.	3.47	-0.84

Year to Date

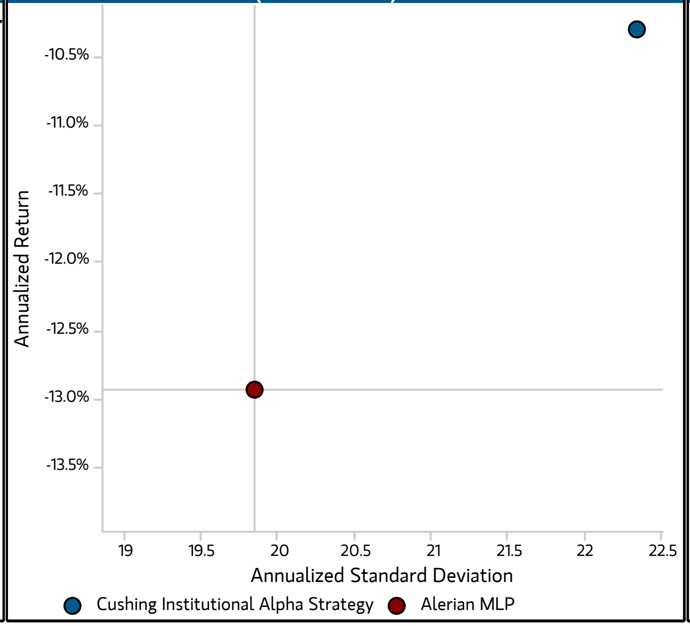
	Avg. Weight	Wtd. Contrib.
Energy	100.00	-5.90

Portfolio Performance and Risk Statistics (Gross of Fees)

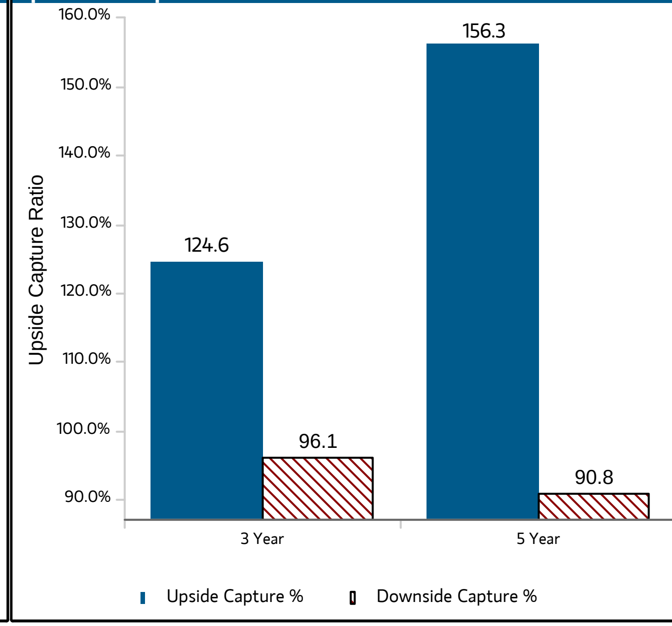
Risk Statistics vs. Benchmark

	3-Year	5-Year
Alpha	4.4%	7.5%
Beta	1.1	1.1
R2	90.8%	91.3%
Tracking Error	6.9%	7.1%
Information Ratio	0.4	1.0
Batting Average	66.7%	75.0%
Up Capture Ratio	124.6%	156.3%
Down Capture Ratio	96.1%	90.8%
Standard Deviation	22.3	22.8
Standard Deviation (Bmk)	19.9	19.6
Sharpe Ratio	-0.5	0.3

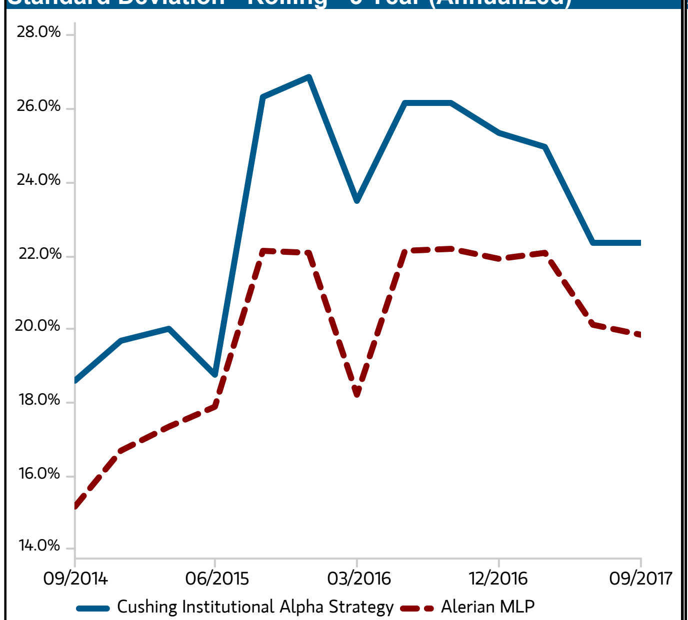
Risk-Reward - 3 Year (Annualized)



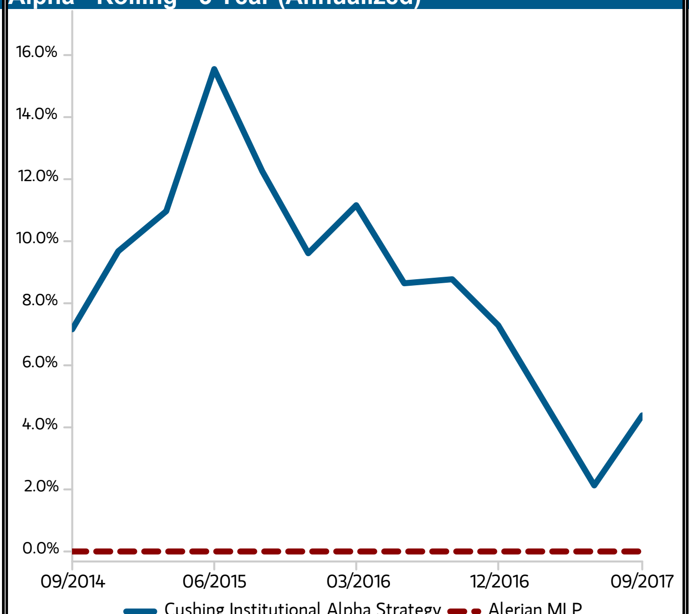
Up/Down Capture Ratio vs. the Benchmark



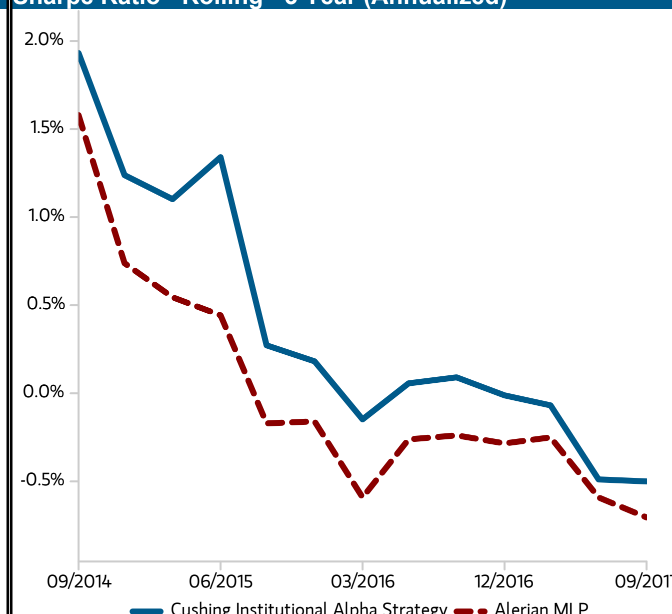
Standard Deviation - Rolling - 3 Year (Annualized)



Alpha - Rolling - 3 Year (Annualized)



Sharpe Ratio - Rolling - 3 Year (Annualized)



Glossary of Terms

Active Share - is a measure of the percentage of stock holdings in a manager's portfolio that differ from the benchmark index. Active Share is calculated by taking the sum of the absolute value of the differences of the weight of each holding in the manager's portfolio versus the weight of each holding in the benchmark index and dividing by two.
Adjusted P/E - Trailing 12 Mo. - is a P/E calculation that excludes outliers (both high and low) from an aggregate P/E calculation. If a company's P/E falls outside the range, that P/E is considered NA. The weighted average is then calculated including only the P/E's of the companies within the range. P/E ratios that are exceedingly high or low (even negative) may potentially distort an unadjusted P/E ratio.
ADRs - American Depositary Receipts are U.S. dollar denominated forms of equity ownership in non-U.S. companies. These shares are issued against the local market shares held in the home market.
Allocation Effect - is the portion of portfolio excess return attributed to taking different group bets from the benchmark. (If either the portfolio or the benchmark has no position in a given group, allocation effect is the lone effect.) A group's allocation effect equals the weight of the portfolio's group minus the weight of the benchmark's group times the total return of the benchmark group minus the total return of the benchmark in aggregate.
Alpha - measures the difference between a portfolio's actual returns and its expected performance, given its level of risk as measured by Beta. A positive Alpha figure indicates the portfolio has performed better than its Beta would predict. A negative Alpha indicates the portfolio's underperformance given the expectations established by the Beta. The accuracy of the Alpha is therefore dependent on the accuracy of the Beta. Alpha is often viewed as a measurement of the value added or subtracted by a portfolio's manager.
Batting Average - measures how frequently a portfolio outperforms its benchmark on a quarterly basis. The statistic is obtained by dividing the number of quarters in which the portfolio outperformed the total return of the benchmark by the total number of quarters. For example, a portfolio with a batting average of 60% has outperformed the index more than it has underperformed.
Beta - measures a portfolio's volatility relative to its benchmark. A portfolio with a Beta higher than 1.0 has historically been more volatile than the benchmark, while a portfolio with a Beta lower than 1.0 has been less volatile. The accuracy of the Beta is dependent on R-Squared.
Dividend Yield - annual dividend per share divided by price per share. Dividend Yield for the portfolio is a weighted average of the results for the individual stocks in the portfolio.
Down Capture Ratio - the ratio of the portfolio's overall performance to the benchmark's overall performance, considering only periods that are negative in the benchmark. A Down Capture Ratio of less than 100% indicates a portfolio that outperforms the relative benchmark in the benchmark's negative quarters and preserves more of the portfolio's value during down markets.
Excess Return - represents the average quarterly total return of the portfolio relative to its benchmark. A portfolio with a positive Excess Return has on average outperformed its benchmark on a quarterly basis. This statistic is obtained by subtracting the benchmark return from the portfolio's return.
Information Ratio - represents the Excess Return divided by the Tracking Error. It provides a measure of the historical consistency of the portfolio's outperformance or underperformance relative to its benchmark. A higher, positive Information Ratio suggests that the portfolio's excess returns may have been the result of making measured or moderate bets against the relevant benchmark's risk exposures.
Market Cap ($M) - the average portfolio market capitalization (market price multiplied by shares outstanding), weighted by the proportion of the portfolio's assets invested in each stock.
P/E - Trailing 12-Mo. - the current price of a stock divided by the most recent 12 months trailing earnings per share. P/E for the portfolio is a weighted average of the results for the individual stocks in the portfolio.
Price-to-Book - price per share divided by book value per share. Price-to-Book for the portfolio is a weighted average of the results for the individual stocks in the portfolio.
Quality Rank Based upon per-share earnings and dividend records of the most recent 10 years, this ranking system attempts to capture the growth and stability of earnings and dividends for individual stocks. For a portfolio, the quality ranking is a weighted average. The quality rankings classification is as follows: A+ (highest), A (high), A- (above avg.), B+ (average), B (below avg.), B- (lower), C (lowest), D (in reorganization), and LIQ (liquidation).
R-Squared (R^2) - represents the percentage of the volatility of returns that is attributable to movements of the benchmark. It is a measure of "co-movement" between portfolio returns and benchmark returns. The closer the portfolio's R^2 is to 100%, the more closely the portfolio correlates to, or follows, the benchmark. Generally, highly diversified portfolios have higher R^2 percentages.
Return on Equity (ROE) - is another profitability ratio which gauges return on investment by measuring how effectually stockholder money is being employed by the company. ROE is calculated by dividing a company's net income by average total equity. Unlike Return on Assets (ROA), ROE considers the degree to which a company uses leveraging, as interest expense paid to creditors is generally deducted from earnings to arrive at net income. ROE for the portfolio is a weighted average of the results for the individual stocks in the portfolio.
Rolling Annualized Performance - measures the consistency of a portfolio's performance. For example, with three-year annualized returns rolled annually, the return shown for a given period is actually an annualized return for a particular year and the previous two years. Since performance is assessed over longer periods, the returns rolled annually give a better indication of trends.
Stock Selection Effect - is the portion of portfolio excess return attributable to choosing different securities within groups from the benchmark. A group's selection effect equals the weight of the benchmark's group multiplied by the total return of the portfolio's group minus the total return of the benchmark's group.
Sharpe Ratio - measures a portfolio's rate of return based on the risk it assumed and is often referred to as its risk-adjusted performance. Using Standard Deviation and returns in excess of the returns of T-bills, it determines reward per unit of risk. This measurement can help determine if the portfolio is reaching its goal of increasing returns while managing risk.
Standard Deviation - quantifies the volatility associated with a portfolio's returns. The statistic measures the variation in returns around the mean return. Unlike Beta, which measures volatility relative to the aggregate market, Standard Deviation measures the absolute volatility of a portfolio's return.
Total Effect - is the sum of all effects.
Tracking Error - represents the Standard Deviation of the Excess Return. This provides a historical measure of the variability of the portfolio's returns relative to its benchmark. A portfolio with a low Tracking Error would have quarterly Excess Returns that have exhibited very low volatility.
Up Capture Ratio - measures the portfolio's overall performance to the benchmark's overall performance, considering only periods that are positive in the benchmark. An Up Capture Ratio of more than 100% indicates a portfolio that outperforms the relative benchmark in the benchmark's positive quarters.

Index Descriptions and Disclosures

Depending on the composition of your account and your investment objectives any indices shown in this report may not be an appropriate measure for comparison purposes and are presented for illustration only. The strategy shown in this report does not necessarily seek to track the index, is not restricted to securities in the index and may be more volatile than the index. The benchmark below may differ from the benchmark assigned by the manager, please refer to the GIMA manager report for more details.

Indices are unmanaged. They do not reflect any management, custody, transaction or other expenses, and generally assume reinvestment of dividends, accrued income and capital gains. Past performance of indices does not guarantee future results. You cannot invest directly in an index.

The Alerian MLP Index is a composite of the 50 most prominent energy Master Limited Partnerships that provides investors with an unbiased, comprehensive benchmark for this emerging asset class. The index, which is calculated using a float-adjusted, capitalization-weighted methodology, is disseminated real-time on a price-return basis and on a total-return basis.

Important Disclosures

REPORT FOR USE ONLY IN INVESTMENT ADVISORY PROGRAMS

This report is only to be used in Morgan Stanley Smith Barney LLC ("Morgan Stanley") investment advisory programs and not in connection with brokerage accounts.

THE GLOBAL INVESTMENT MANAGER ANALYSIS (GIMA) SERVICES ONLY APPLY TO CERTAIN INVESTMENT ADVISORY PROGRAMS

Global Investment Manager Analysis (GIMA) evaluates certain investment products for the purposes of some - but not all - of Morgan Stanley Smith Barney LLC's investment advisory programs (as described in more detail in the applicable Form ADV Disclosure Document for Morgan Stanley). If you do not invest through one of these investment advisory programs, Morgan Stanley is not obligated to provide you notice of any GIMA status changes even though it may give notice to clients in other programs.

FOCUS LIST, APPROVED LIST AND TACTICAL OPPORTUNITIES LIST; WATCH POLICY

GIMA uses two methods to evaluate investment products in applicable advisory programs: Focus (and investment products meeting this standard are described as being on the Focus List) and Approved (and investment products meeting this standard are described as being on the Approved List). In general, Focus entails a more thorough evaluation of an investment product than Approved. Sometimes an investment product may be evaluated using the Focus List process but then placed on the Approved List instead of the Focus List.

Investment products may move from the Focus List to the Approved List, or vice versa. GIMA may also determine that an investment product no longer meets the criteria under either process and will no longer be recommended in investment advisory programs (in which case the investment product is given a "Not Approved" status).

GIMA has a "Watch" policy and may describe a Focus List or Approved List investment product as being on "Watch" if GIMA identifies specific areas that (a) merit further evaluation by GIMA and (b) may, but are not certain to, result in the investment product becoming "Not Approved." The Watch period depends on the length of time needed for GIMA to conduct its evaluation and for the investment manager or fund to address any concerns. GIMA may, but is not obligated to, note the Watch status in this report with a "W" or "Watch" next to the "Status" on the cover page.

Certain investment products on either the Focus List or Approved List may also be recommended for the Tactical Opportunities List based in part on tactical opportunities existing at a given time. The investment products on the Tactical Opportunities List change over time.

For more information on the Focus List, Approved List, Tactical Opportunities List and Watch processes, please see the applicable Form ADV Disclosure Document for Morgan Stanley. Your Financial Advisor or Private Wealth Advisor can also provide upon request a copy of a publication entitled "GIMA At A Glance."

NO OBLIGATION TO UPDATE

Morgan Stanley has no obligation to update you when any information or opinion in this report changes.

STRATEGY MAY BE AVAILABLE AS A SEPARATELY MANAGED ACCOUNT OR MUTUAL FUND

Strategies are sometimes available in Morgan Stanley investment advisory programs both in the form of a separately managed account ("SMA") and a mutual fund. These may have different expenses and investment minimums. Your Financial Advisor or Private Wealth Advisor can provide more information on whether any particular strategy is available in more than one form in a particular investment advisory program.

CONSIDER YOUR OWN INVESTMENT NEEDS

This report is not intended to be a client-specific suitability analysis or recommendation, an offer to participate in any investment, or a recommendation to buy, hold or sell securities (includes securities of Morgan Stanley, and/or their affiliates if shown in this report). Do not use this report as the sole basis for investment decisions. Do not select an asset class or investment product based on performance alone. Consider all relevant information, including your existing portfolio, investment objectives, risk tolerance, liquidity needs and investment time horizon.

PERFORMANCE AND OTHER PORTFOLIO INFORMATION

General

Past performance does not guarantee future results. There is no guarantee that this investment strategy will work under all market conditions. As a result of recent market activity, current performance may vary from the performance shown in this report.

Performance results are time weighted and include all cash and cash equivalents, realized and unrealized capital gains and losses, and reinvestment of dividends, interest and other income. Performance results are annualized for periods greater than one year. Returns for periods of less than a calendar year show the total return for the period and are not annualized.

Performance results may be presented in a currency other than the currency of the country in which you live. Your actual return on this investment product may increase or decrease with fluctuations between currencies.

Sources of Performance Results and Other Data

The performance data and certain other information for this strategy (including the data on page 1 of this report) reflect the investment manager's results in managing Morgan Stanley program accounts, or the investment manager's results in managing accounts and investment products, in the same or a substantially similar investment discipline. (For periods through June 2012, the Fiduciary Services program operated through two channels Morgan Stanley channel and the Smith Barney channel and any performance and other data relating to Fiduciary Services accounts shown here for these periods is calculated using accounts in only one of the these channels.) This information for the investment manager is presented solely to provide information about accounts that were managed according to investment objectives and strategies the same or substantially similar to the corresponding investment discipline in the Select UMA program. Although the Fiduciary Services and Select UMA programs are both Morgan Stanley managed account programs, the performance results and other features of similar investment disciplines in the two programs may differ due to investment and operational differences. For example, the individual investment disciplines in the Select UMA accounts may contain fewer securities, which would lead to a more concentrated portfolio. The automatic rebalancing, wash sale loss and tax harvesting features of the Select UMA program, which are not available in Fiduciary Services, also could cause differences in performance. Accordingly, the performance of the accounts in the Fiduciary Services program is not, and may differ significantly from, the performance of the accounts in the Select UMA program and should not be considered indicative of or a substitute for Select UMA performance. Similarly, performance results of the investment manager's composites may differ from those of Select UMA accounts managed in the same or a substantially similar investment discipline.

Net performance information

Net performance results reflect a deduction from the gross performance of three components: 0.625% maximum quarterly (2.5% maximum annual) MS Advisory Fee and 0.0175% maximum quarterly (0.07% maximum annual) Program Overlay Fee (which, together cover the services provided by Morgan Stanley), plus the quarterly SMA Manager Fee currently charged by this investment manager to new clients for managing their assets in this strategy in the Select UMA program. The SMA Manager Fees range from 0.025% to 0.1875% per Quarter (0.10% to 0.75% per year) and may differ from manager to manager, and managers may change their fee to new clients from time to time.

The maximum total annual fee chargeable in a Morgan Stanley investment advisory program is generally no more than 3%. If you invest through a program in which your program fee is higher than 3%, then the net results would be lower.

Please see the Select UMA Manager Profile for this investment manager and strategy, for more details on the SMA Manager Fee for this strategy and performance and other information. The Profiles are available from your Financial Advisor and at www.morganstanley.com/ADV. Also, if you select this manager for your account, check the SMA Manager Fees specified in the written confirmation you receive when you open your investment advisory account, in case these have changed since you received the Select UMA Manager Profile. Historical net fees reflect the Advisory Fee Schedule as of March 31, 2014.

Benchmark index

Depending on the composition of your account and your investment objectives, any indices shown in this report may not be an appropriate measure for comparison purposes and are therefore presented for illustration only. Indices are unmanaged. They do not reflect any management, custody, transaction or other expenses, and generally assume reinvestment of dividends, accrued income and capital gains. Past performance of indices does not guarantee future results. You cannot invest directly in an index.

Performance of indices may be more or less volatile than any investment product. The risk of loss in value of a specific investment (such as with an investment manager or in a fund) is not the same as the risk of loss in a broad market index. Therefore, the historical returns of an index will not be the same as the historical returns of a particular investment product.

Other data

Portfolio analysis may be based on information on less than all of the securities held in the portfolio. For equity portfolios, the analysis typically reflects securities representing at least 95% of portfolio assets. This may differ for other strategies, including those in the fixed income and specialty asset classes, due to availability of portfolio information.

Economic Sector Allocations and 10 Largest Holdings are accurate as of the most recent quarter end for which information was available when this report was prepared, and are subject to change at any time. 10 Largest Holdings lists indicate the largest security holdings in the portfolio, and Economic Sector Allocations are based on industry standard sector identification codes. Both are measured as a percentage of the total portfolio in terms of asset value as of the date indicated above.

Other data in this report is accurate as of the date this report was prepared unless stated otherwise. Data in this report may be calculated by the fund's investment manager, Morgan Stanley or a third party service provider.

Important Disclosures

ASSET CLASS AND OTHER RISKS

Investing in ***stocks, mutual funds*** and ***exchange-traded funds ("ETFs")*** entails the risks of market volatility. The value of all types of investments may increase or decrease over varying time periods.

Nondiversification: For a portfolio that holds a concentrated or limited number of securities, a decline in the value of these investments would cause the portfolio's overall value to decline to a greater degree than a less concentrated portfolio. Portfolios that invest a large percentage of assets in only one industry sector (or in only a few sectors) are more vulnerable to price fluctuation than those that diversify among a broad range of sectors.

Value and ***growth investing*** also carry risks. Value investing involves the risk that the market may not recognize that securities are undervalued and they may not appreciate as anticipated. Growth investing does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations.

International securities may carry additional risks, including foreign economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes and differences in financial and accounting standards. International investing may not be for everyone. These risks may be magnified in ***emerging markets.***

Small- and mid- capitalization companies may lack the financial resources, product diversification and competitive strengths of larger companies. The securities of small capitalization companies may not trade as readily as, and be subject to higher volatility than, those of larger, more established companies.

Bonds are subject to interest rate risk. When interest rates rise, bond prices fall; generally the longer a bond's maturity, the more sensitive it is to this risk. Bonds may also be subject to call risk, which allows the issuer to retain the right to redeem the debt, fully or partially, before the scheduled maturity date. Proceeds from sales prior to maturity may be more or less than originally invested due to changes in market conditions or changes in the credit quality of the issuer.

Ultra-short bond funds generally invest in fixed income securities with very short maturities, typically less than one year. They are not money market funds. While money market funds attempt to maintain a stable net asset value, an ultra-short bond fund's net asset value will fluctuate, which may result in the loss of the principal amount invested. They are therefore subject to the risks associated with debt securities such as credit and interest rate risk.

High yield bonds are subject to additional risks such as increased risk of default and greater volatility because of the lower credit quality of the issues.***Real estate investments:*** property values can fall due to environmental, economic or other reasons, and changes in interest rates can negatively impact the performance of real estate companies.

Derivatives, in general, involve special risks and costs that may result in losses. The successful use of derivatives requires sophisticated management, in order to manage and analyze derivatives transactions. The prices of derivatives may move in unexpected ways, especially in abnormal market conditions. In addition, correlation between the particular derivative and an asset or liability of the manager may not be what the investment manager expected. Some derivatives are "leveraged" and therefore may magnify or otherwise increase investment losses. Other risks include the potential inability to terminate or sell derivative positions, as a result of counterparty failure to settle or other reasons.

Mortgage-backed securities ("MBS"), which include collateralized mortgage obligations ("CMOs"), also referred to as real estate mortgage investment conduits ("REMICs"), may not be suitable for all investors. There is the possibility of early return of principal due to mortgage prepayments, which can reduce expected yield and result in reinvestment risk. Conversely, return of principal may be slower than initial prepayment speed assumptions, extending the average life of the security up to its listed maturity date (also referred to as extension risk). Additionally, the underlying collateral supporting MBS may default on principal and interest payments. Investments in subordinated MBS involve greater credit risk of default than the senior classes of the same issue. MBS are also sensitive to interest rate changes which can negatively impact the market value of the security. During times of heightened volatility, MBS can experience greater levels of illiquidity and larger price movements.

Commodities: The commodities markets may fluctuate widely based on a variety of factors including, but not limited to, changes in supply and demand relationships; governmental programs and policies; national and international political and economic events, war and terrorist events; changes in interest and exchange rates; trading activities in commodities and related contracts; pestilence, technological change and weather; and the price volatility of a commodity.

Alternative/hedged strategies may use various investment strategies and techniques for both hedging and more speculative purposes such as short selling, leverage, derivatives and options, which can increase volatility and the risk of investment loss. Alternative/hedged strategies are not appropriate for all investors. A short sales strategy includes the risk of loss due to an increase in the market value of borrowed securities. Such a strategy may be combined with purchasing long positions in an attempt to improve portfolio performance. A short sales strategy may result in greater losses or lower positive returns than if the portfolio held only long positions, and the portfolio's loss on a short sale is potentially unlimited. The use of leverage can magnify the impact of adverse issuer, political, regulatory, market, or economic developments on a company. A decrease in the credit quality of a highly leveraged company can lead to a significant decrease in the value of the company's securities. In a liquidation or bankruptcy, a company's creditors take precedence over the company's stockholders.

MLPs involve risks that differ from an investment in common stock. MLPs are controlled by their general partners, which generally have conflicts of interest and limited fiduciary duties to the MLP, which may permit the general partner to favor its own interests over the MLPs. The potential return of MLPs depends largely on the MLPs being treated as partnerships for federal income tax purposes. As a partnership, an MLP has no federal income tax liability at the entity level. Therefore, treatment of one or more MLPs as a corporation for federal income tax purposes could affect the portfolio's ability to meet its investment objective and would reduce the amount of cash available to pay or distribute to you. Legislative, judicial, or administrative changes and differing interpretations, possibly on a retroactive basis, could negatively impact the value of an investment in MLPs and therefore the value of your investment.

The current yield of ***preferred securities*** is calculated by multiplying the coupon by par value divided by the market price. The majority of $25 and $1000 par preferred securities are "callable" meaning that the issuer may retire the securities at specific prices and dates prior to maturity. Interest/dividend payments on certain preferred issues may be deferred by the issuer for periods of up to 5 to 10 years, depending on the particular issue. The investor would still have income tax liability even though payments would not have been received. Price quoted is per $25 or $1,000 share, unless otherwise specified. The initial rate on a floating rate or index-linked preferred security may be lower than that of a fixed-rate security of the same maturity because investors expect to receive additional income due to future increases in the floating/linked index. However, there can be no assurance that these increases will occur.

Convertible securities are convertible to equity at the option of the holder. The market value of the securities, and the underlying common stock into which they are convertible, will fluctuate. In particular, securities whose value depends on the performance of an underlying security entail potentially higher volatility and risk of loss compared to traditional bond investments. You should be aware that the market value of convertible bonds may not correspond directly to increases or decreases in the underlying stock.

NO TAX ADVICE

Tax laws are complex and subject to change. Morgan Stanley Smith Barney LLC ("Morgan Stanley"), its affiliates and Morgan Stanley Financial Advisors and Private Wealth Advisors do not provide tax or legal advice and are not "fiduciaries" (under ERISA, the Internal Revenue Code or otherwise) with respect to the services or activities described herein except as otherwise provided in writing by Morgan Stanley. Individuals are encouraged to consult their tax and legal advisors (a) before establishing a retirement plan or account, and (b) regarding any potential tax, ERISA and related consequences of any investments made under such plan or account.

If any investments in this report are described as "tax free", the income from these investments may be subject to state and local taxes and (if applicable) the federal Alternative Minimum Tax. Realized capital gains on these investments may be subject to federal, state and local capital gains tax.