

## Pzena International Value ADR (PZE-2)

**Style:** International Equities **GIMA Status:** Approved **Program Inception:** 10/26/2023 **Strategy Minimum:** \$25,000

### EXECUTIVE SUMMARY

To help you better understand the performance results of third-party investment manager strategies within our Select UMA Program, we are including additional information within manager profiles that may inform your decision to invest in this strategy:

- The performance results displayed in this profile may include a composite of Morgan Stanley accounts enrolled in the strategy. These are **unshaded** in the Investment Results and Portfolio Quarterly Returns sections of the profile with the Select UMA label.
- The results also display the performance of the manager's own composite of accounts invested in its version of the investment strategy, prior to the strategy's inception in the Select UMA program. These are shaded in **grey** and labeled Manager. While this performance is relevant, it does not reflect the role that Morgan Stanley plays in delivering this strategy, which is reflected in the unshaded portion of the Investment Results and Portfolio Quarterly Returns sections of the profile. Morgan Stanley works in tandem, with the manager, to deliver this strategy to its clients. For this reason, Morgan Stanley does not display the manager's own composite of accounts invested in its version of the investment strategy beyond the transition month. As a result, the manager's results and the strategy's results may differ, as discussed in further detail below.
- If the transition month between the manager's results and the strategy's results occurs in the middle of a quarter, that quarter or year will be shaded **blue** in the Investment Results and Portfolio Quarterly Returns sections of the profile and labeled Transition.

The manager exercises discretion in selecting securities for your account, but differences between the manager's prior gross results and the strategy's ongoing gross results may arise from variations in who executes the strategy or how it is implemented:

- Some managers may deliver a model portfolio to Morgan Stanley, which may ultimately be responsible for executing those investment decisions.
- In some cases, the manager may act as an "executing manager," which means it implements its investment decisions and transactions directly instead of delivering instructions to Morgan Stanley.
- The manager's prior performance results are based on accounts that do not participate in the Select UMA program, with investment and operational differences such as account size and/or level of customization.
- There may be other reasons why the performance results differ from those of individual Select UMA accounts managed in the same or a substantially similar investment strategy. For example, Morgan Stanley may deviate from strategy models when applying client-requested restrictions.

If you have any questions about any of the information included in this profile, please contact your Morgan Stanley team.

Past performance is not a guarantee of future results. Actual individual account results may differ from the performance shown in this profile. There is no guarantee that any investment strategy will achieve its intended results under all market conditions. Do not rely upon this profile as the sole basis for your investment decisions.

For MAPS Third Party Model Portfolios, 'Manager' illustrated performance is that of the Model Portfolio Provider.

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## Strategy Overview

The Pzena International Value ADR strategy reflects a portfolio composed of approximately 50 to 80 stocks drawn from a universe of the 1,500 largest non-US companies, based on market capitalization. The Pzena International Value strategy employs the same philosophy, process, and investment team as all of our US and non-US strategies. Our objective is to generate significant excess return by applying our disciplined, research-based process to build concentrated portfolios of companies drawn from the most undervalued segment of the public-equity market.

## Target Portfolio Characteristics

Description	Value
Number of security holdings:	50 to 80
Average dividend yield:	Above the S&P 500
Cash level over market cycle:	3 to 4%
Risk (standard deviation):	Similar to/Above the S&P 500
Average turnover rate:	20 to 40%
Capitalization:	Mega, Large, Medium and Small companies
Emerging markets exposure:	—
Eligible Investments:	Individual Stocks, ETFs

## Portfolio Manager Details <sup>1</sup>

Manager Name	Term
Allison Fisch	January 2019 - Present
Caroline Cai	January 2019 - Present
John Goetz	January 2019 - Present
Rakesh Bordia	January 2023 - Present

## Manager's Investment Process

- Rank the universe using our proprietary "Stock Analyzer" modeling system to forecast a naïve estimate of normalized earnings for each stock.
- Focus our research on the most undervalued 20% (top quintile) of the universe. The Director of Research assigns the cheapest stocks to research analysts who complete an initial review of each company. At this stage, approximately 70% of names are eliminated.
- The analysts complete a full research project on the remaining names, approaching each situation with the following question in mind, "Would we buy the entire business at the current price?". Once they have spent enough time to build division and/or regional models and have become particularly knowledgeable about the company and its industry, the analyst and one of the portfolio managers meet with company management. In this process, we seek a meaningful discussion with the CEO, CFO and heads of the major business units about their business and the strategic options available to them over the next several years and their plans to restore the earnings power.
- Following the company visit, we meet with an external analyst who is bearish on the stock. If we determine we may have missed a structural issue, we re-visit our research.
- Incorporate all of the inputs we have gathered through the research process into our models and develop a fully-researched estimate of normalized earnings. At this stage, normalized earnings are the earnings we expect the company to generate five years forward. We evaluate this estimate as a team in our research review meeting, requiring unanimous agreement on the ultimate number.

<sup>1</sup> For more information on Portfolio Managers, please refer to this manager's Form ADV [www.morganstanley.com/wealth-investmentsolutions/advbrochures](http://www.morganstanley.com/wealth-investmentsolutions/advbrochures).

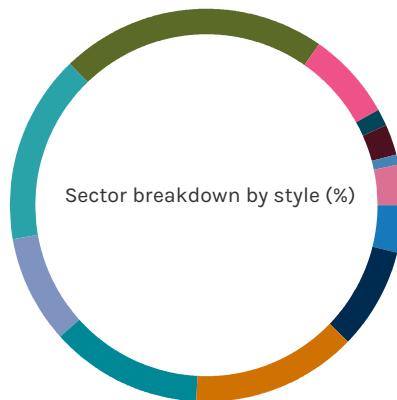
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### Portfolio Statistics \*

	12/25		06/25	
	Pzena	Index***	Pzena	
Number of security holdings	61	—	60	
Dividend Yield	3.8%	—	4.1%	
Wtd avg portfolio beta	0.95	—	1.00	
Giant capitalization	21.0%	0.0%	14.5%	
Large capitalization +	62.5%	0.0%	64.7%	
Medium capitalization +	16.5%	0.0%	20.7%	
Small capitalization +	0.0%	0.0%	0.2%	
Micro capitalization +	0.0%	0.0%	0.0%	

### Portfolio's Equity Sector Weightings +



### Portfolio's Allocation History (%)

	12/25	09/25	06/25	03/25
U.S. Stocks	2	1	1	2
Non-U.S. Stocks	4	4	4	3
ADRs	90	91	91	92
Cash/Cash Equivalents	3	3	4	3

### Portfolio's Top Five Security Holdings

Product Name	Weight (%)
ING Groep NV ADR	3.2
RECKITT BENCKISER GROUP PLC SPON ADR	2.8
DAIKIN INDUSTRIES LTD. UNSPON ADR	2.6
ENEL SPA UNSPON ADR	2.6
UBS GROUP AG	2.5

### Sector Breakdown 12/25 06/25

Sector Breakdown	Pzena	Index***	Pzena
Energy	3.93	0.00	3.35
Materials	8.17	0.00	8.99
Industrials	13.75	0.00	15.08
Consumer Discretionary	12.44	0.00	13.74
Consumer Staples	8.82	0.00	8.34
Health Care	15.71	0.00	14.46
Financials	21.96	0.00	23.46
Information Technology	7.04	0.00	5.23
Communication Services	1.52	0.00	0.00
Utilities	2.56	0.00	2.66
Miscellaneous	0.00	0.00	0.00
Real Estate/REITs	0.81	0.00	1.07
Cash/Cash Equivalents	3.29	0.00	3.62

### Portfolio's Country Weightings % +

Country	12/25		06/25	
	Pzena	Index***	Pzena	

\*Total may not equal 100% due to rounding.

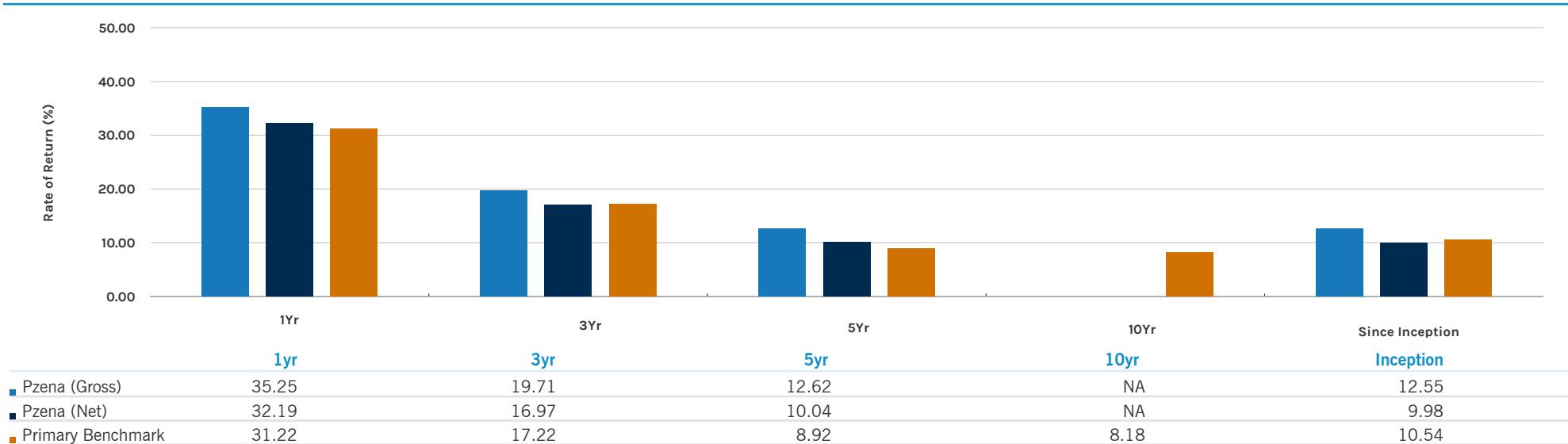
\*\*\*Index : MSCI EAFE Net

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**Strategy Inception Date:** 01/2019 <sup>2</sup> **Morgan Stanley Composite Date:** 11/2024 <sup>2</sup>

Average Annual Return (%) - Periods Ending 12/31/25



### Calendar-Year Performance(%)<sup>1</sup>

	2025	2024	2023	2022	2021	2020	2019
Pzena (Gross)	35.25	6.03	19.63	-7.12	13.70	6.76	18.26
Pzena (Net)	32.19	3.55	16.92	-9.24	11.09	4.29	15.61
Primary Benchmark	31.22	3.82	18.24	-14.45	11.26	7.81	22.01

Manager  Transition  Select UMA

1. MSCI EAFE Net was used as the Primary Benchmark, the 90-Day T-Bills Index as the Risk-free Benchmark

2. For more information on these dates please see the Glossary of Terms section

### Portfolio's Quarterly Returns (%)

	2025	2024	2023	2022	2021	2020	2019
<b>Quarter 1</b>							
Gross	10.19	1.79	9.79	-2.57	12.58	-31.00	7.60
Net	9.57	1.18	9.21	-3.12	11.93	-31.42	7.02
<b>Quarter 2</b>							
Gross	8.36	2.78	4.25	-12.14	3.02	17.13	0.42
Net	7.74	2.18	3.65	-12.69	2.42	16.50	-0.14
<b>Quarter 3</b>							
Gross	6.41	9.96	-2.24	-11.17	-2.92	5.05	-2.02
Net	5.80	9.34	-2.79	-11.68	-3.49	4.45	-2.60
<b>Quarter 4</b>							
Gross	6.44	-7.84	6.92	22.16	0.99	25.74	11.70
Net	5.84	-8.40	6.26	21.49	0.42	24.99	11.07

See important notes and disclosures pages for a discussion of the sources of the performance data used to calculate the performance results and related analyses shown above.

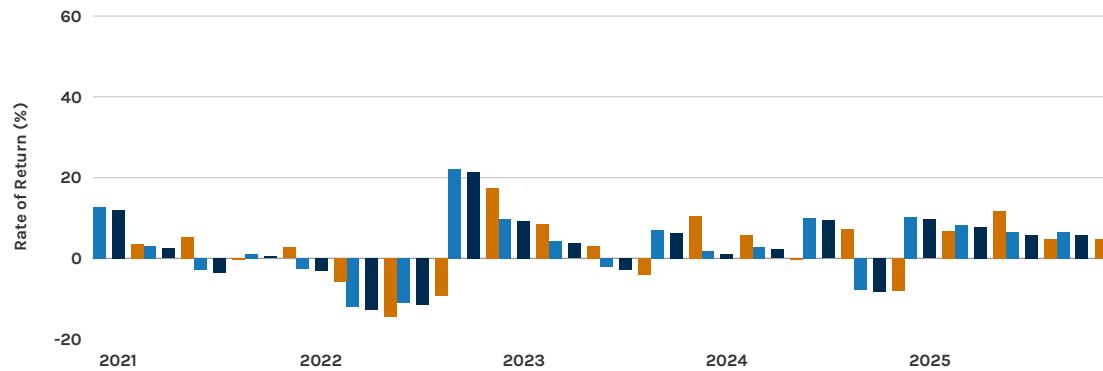
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### Risk Considerations

Equity portfolios are subject to the basic stock market risk that a particular security, or securities in general, may decrease in value. Equity securities' prices may fluctuate in response to specific situations for each company, industry, market conditions and general economic environment. International investing entails greater risk, as well as greater potential rewards compared to U.S. investing. These risks include political and economic uncertainties of foreign countries as well as the risk of currency fluctuations. Investing in the securities of emerging market companies and countries involves certain consideration not usually associated with investing in developed countries, including political and economic situations and instability, adverse diplomatic developments, price volatility, lack of liquidity and fluctuations in the currency exchange. Companies paying dividends can reduce or cut payouts at any time. 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. Strategies 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 portfolios that diversify among a broad range of sectors. If a strategy expects to hold a concentrated portfolio of a limited number of securities, it should be noted that a decline in the value of these investments would cause the portfolio's overall value to decline to a greater degree than that of a less concentrated portfolio. To the extent that this manager employs ESG practices, ESG investments in a portfolio may experience performance that is lower or higher than a portfolio not employing such practices. Please refer to the Disclosure section for additional ESG considerations.

### Rate of Return (%) <sup>2</sup>



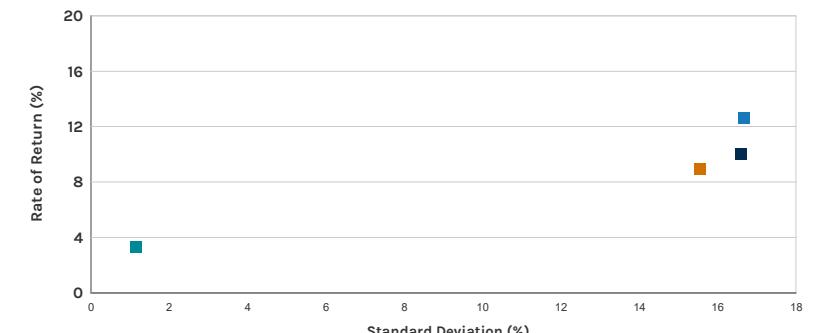
1. Statistics are calculated using gross of fee performance only.

2. MSCI EAFE Net was used as the Primary Benchmark, the 90-Day T-Bills Index as the Risk-free Benchmark

### Portfolio's Risk Statistics - Periods Ending 12/31/25 <sup>12</sup>

	<b>3 Year</b>	<b>5 Year</b>
Standard Deviation	10.88%	16.66%
Standard Deviation of Primary Benchmark	11.72%	15.56%
Sharpe Ratio	1.35	0.56
Sharpe Ratio of Primary Benchmark	1.04	0.36
Alpha	4.16%	3.70%
Beta	0.83	0.99
Downside Risk	3.81%	3.46%
R-Squared	0.80	0.84
Tracking Error	5.31%	6.56%
Information Ratio	0.47	0.56

### Risk/Return Analysis <sup>2</sup> - 5 Years Ending 12/31/25



	<b>STD</b>	<b>ROR</b>
Pzena (Gross)	16.66	12.62
Pzena (Net)	16.59	10.04
Primary Benchmark	15.56	8.92
Risk-free Benchmark	1.14	3.31

## Important Notes and Disclosures

### Composite Disclosures

The disclosures provided below apply to performance information in this profile, if any. Past performance is not a guarantee of future results. Actual individual account results may differ from the performance shown in this profile. There is no guarantee that this investment strategy will achieve its intended results under all market conditions. Do not rely upon this profile as the sole basis for your investment decisions.

Returns for more than one calendar year are annualized and based on quarterly data. Returns for periods of less than a calendar year show the total return for the period and are not annualized. No representation is being made that any portfolio will or is likely to achieve profits or losses similar to those shown. Returns will fluctuate and an investment upon redemption may be worth more or less than its original value. All returns, even those for tax efficient strategies, are shown pre-tax.

**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 profile) may include one or more of the following: (i) the performance results of a composite of Morgan Stanley accounts managed by the third party investment manager, (ii) the performance results for accounts and investment products managed by the third party investment manager, in the same or a substantially similar investment strategy outside of the applicable Morgan Stanley program, and/or (iii) in the case of Model Portfolio Strategies, the Model Portfolio Provider's results in managing accounts outside of the Morgan Stanley Select UMA program prior to Model Portfolio Strategy's inception in the Morgan Stanley Select UMA program. For periods through June 2012, the Fiduciary Services program operated through two channels the 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 these channels.) Please note that the Fiduciary Services program was closed on January 2, 2018. Although the Fiduciary Services and Select UMA programs are both Morgan Stanley managed account programs, the performance results and other features of similar investment strategies in the two programs may differ due to investment and operational differences. Performance in one program is not indicative of potential performance in the other. For example, the individual investment strategies in Select UMA program 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. In addition, any performance results included in this profile that are based on a third party investment manager's accounts that are not part of the Morgan Stanley program accounts or institutional accounts that are part of the Model Portfolio strategy may differ due to investment and operational differences as well. As such, performance results of the third party investment manager's composites and the third party Model Portfolio Strategies may differ from those of Select UMA accounts managed in the same or a substantially similar investment strategy. For example, in the case of Model Portfolio Strategies, Morgan Stanley, as the investment manager, may deviate from the Third Party Model Portfolios.

### Manager Performance:

Pzena Investment Management, LLC (the "Firm") claims compliance with the Global Investment Performance Standards ("GIPS®") and has prepared and presented this report in compliance with the GIPS standards. Pzena Investment Management, LLC has been independently verified for the periods January 1, 1996, to December 31, 2022. The verification reports are available upon request.

A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. The Firm commenced operations on January 1, 1996. The Firm is a registered investment adviser that follows a classic value investment approach.

The Pzena International Value ADR Composite (the "Composite") represents returns for clients invested in Pzena International Value ADR strategy. Pzena International Value ADR is a portfolio generally consisting of 50-80 ADR stocks generally taken from the largest 1,500 non-U.S.-traded companies at the time of initial purchase. The presentation of investment performance sets forth the time-weighted rates of return (the "Return") for the Composite. Past performance is not an indication of future results and may differ for future time periods.

The Composite includes all fee-paying, non fee-paying, and non wrap fee portfolios since inception date that are managed on a fully discretionary basis by the Firm, according to the Pzena International Value ADR strategy. Eligible new portfolios are added to the Composite at the beginning of the first full month under management. Terminated portfolios are removed from the Composite after the last full month that the portfolio is under firm management. FX currency transactions were used to transact in equity securities only, where applicable.

The Total Product Managed Assets represents the total value of all accounts invested in the Pzena International Value ADR strategy managed and traded by the Firm, including accounts with client-imposed restrictions or accounts not fully invested at year-end.

Generally, securities listed on any national securities exchange are valued at the last quoted sale price on the exchange. Certain ADRs which are not frequently traded or may not be listed will be evaluated to determine a daily price using the underlying stock price, currency factor and ADR ratio. Securities transactions are recorded on a trade date basis. Dividend income is recorded as of the ex-dividend date. The results for the Composite for all periods shown are net of withholding taxes, where applicable, on dividends, interest, and capital gains.

The rate of return is calculated on a time-weighted, total return basis and includes all dividends, interest, accrued income and realized and unrealized gains or losses. Returns are calculated in U.S. dollars ("USD").

Gross rates of return are presented gross of investment management fees and net of the deduction of brokerage commissions and transaction costs. Net Returns are derived using a model fee applied monthly to Gross returns. Pzena uses the highest tier fee schedule, excluding performance fees, to illustrate the impact of fees on performance returns. An investor's actual return will be reduced by investment management fees.

# Morgan Stanley

Generally, investment management fees are charged based upon the size of the portfolio, and are applied quarterly. The Firm's standard annual asset-based fee schedule is as follows: 0.55% per annum on the first \$100 million, 0.45% per annum on the next \$200 million, and 0.35% per annum on assets above \$300 million. Generally fees are not negotiable. The fees may vary depending on the date the account is opened or on an account's particular requirements. To illustrate the compounded effect of the deduction of a 1% annual fee on a hypothetical investment of \$1,000 in an account where the average annual return before fees was 10% for a 10-year period, and assuming reinvestment of all dividends and interest, the initial investment would have grown to \$1,100 after one year before fees and \$1,089 after fees; to \$1,611 after five years before fees and \$1,532 after fees; and to \$2,594 at the end of ten years before fees and \$2,346 after fees. Further discussion regarding our advisory fees is contained in our Form ADV Part 2.

Composite returns are benchmarked to the MSCI EAFE Index (the "Index"). The benchmark is used for comparative purposes only and generally reflects the risk or investment style of the investments reported on the schedule of investment performance. The MSCI EAFE Index is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the U.S. and Canada, and provides equity returns including dividends net of withholding tax rates as calculated by MSCI. The Index cannot be invested in directly. The Pzena International Value ADR strategy is significantly more concentrated in its holdings and has different sector and regional weights than the Index. Accordingly, the performance of the Composite will be different from, and at times more volatile, than that of the Index.

The standard deviation of comparable performance over time is a measure of volatility. The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. The Firm also presents the gross returns for the highest and lowest yielding portfolios in the Composite. High and Low performance for the Composite is only presented when two or more accounts were active for the entire year. Additional information is available upon request regarding policies for valuing portfolios, calculating performance, and preparing compliant presentations, as well as a list of composite descriptions and a list of pooled fund descriptions for limited distribution pooled funds and broad distribution pooled funds.

Past performance is no guarantee of future results, and the past performance of Pzena International Value ADR composite should not be considered indicative of the future performance of any accounts or commingled funds managed by the Firm. Investment return and principal value of an investment will fluctuate over time. Additionally, there are special risks associated with investing in foreign companies which may affect performance. For example, the value of foreign currencies may decline relative to the U.S. dollar, or political, social or economic instability in a foreign country in which a client invests may cause the value of the client's investments to decline.

The Firm is the owner of all other copyrights relating to the material presented herein, except as otherwise noted. This report contains proprietary and confidential material of the Firm and others. Any unauthorized use, misuse, disclosure, duplication or redistribution of such items or information is strictly prohibited. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

## Morgan Stanley Performance:

The composite consists of **35** account(s) with a market value of **\$12.9** million as of **12/31/2025**.

In this profile, the performance from Morgan Stanley consists of single strategy accounts and/or Investment Products managed by the investment manager in this strategy in multi-style Select UMA accounts, subject to any other limitations stated in this profile. All fee-paying portfolios, except those accounts with investment restrictions, accounts that participate in tax management services, or single style Select UMA accounts enrolled in dollar cost averaging, are included in Morgan Stanley's calculation of the performance composite. New accounts within select Managed Advisory Portfolio Solutions (MAPS) strategies may be included in a composite, beginning with the second full calendar month of performance. New accounts in the remaining Select UMA strategies may be included in a composite, beginning with the third full calendar month of performance. Terminated accounts are removed from a composite in the month in which they terminate (but prior performance of terminated accounts is retained). Performance is calculated on a total return basis and by asset weighting the individual portfolio returns using the beginning of period values.

**Gross Performance:** Pzena's gross results do not reflect a deduction of any investment advisory fees or program fees, charged by Pzena or Morgan Stanley, but are net of commissions charged on securities transactions.

**Net Performance for all Periods:** Prior to January 1st, 2025, net performance results reflect a deduction from gross performance of two fees: 0.50% maximum quarterly (2.0% maximum annual) MS Advisory Fee plus the quarterly SMA Manager Fee currently charged by this investment manager to clients for managing their assets in this strategy in the Select UMA program. The SMA Manager Fees range from 0% to 0.1875% per quarter (0% to 0.75% per year) and may differ from manager to manager, and from investment return details in this profile. Beginning January 1st 2025, net performance results reflect the deduction of the same MS Advisory Fee and the SMA Manager Fee on a monthly basis (0.1666% and range of 0% to 0.0625%, respectively). The frequency of the deduction of fees is expected to have an impact to the net returns over time. Historical net returns reflect the deduction of (1) the 2.0% maximum annual MS Advisory Fee, which was established on October 1, 2018 and (2) the current SMA Manager Fee, which may not necessarily be the SMA Manager Fee in place throughout this time period. The Morgan Stanley Advisory fee, which differs among programs and clients, is described in the applicable Morgan Stanley ADV brochure, which is available at [www.morganstanley.com/ADV](http://www.morganstanley.com/ADV) or on request from your Financial Advisor. Morgan Stanley Advisory fees are typically calculated and deducted on a monthly basis, which affect performance as described above.

## Focus List, Approved List, and Watch Status:

Global Investment Manager Analysis ("GIMA") uses two methods to evaluate investment products in applicable advisory programs. In general, strategies that have passed a more thorough evaluation may be placed on the "Focus List", while strategies that have passed through a different and less comprehensive evaluation process may be placed on the "Approved List". 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 evaluation process and will no longer be recommended in investment advisory programs (in which case the investment product is given a "Not Approved" status).

# Morgan Stanley

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 to address any concerns. GIMA may, but is not obligated to, note the Watch status in this report with a "W" or "Watch" on the cover page.

For more information on the Focus List, Approved List, and Watch processes, please see the applicable Morgan Stanley ADV brochure ([www.ms.com/adv](http://www.ms.com/adv)). Your Financial Advisor or Private Wealth Advisor can provide on request a copy of a paper entitled "GIMA: At A Glance".

## Additional Disclosures

Actual account holdings, performance and other data will vary depending on the size of an account, cash flows within an account, and restrictions on an account. Holdings are subject to change daily. The information in this profile is not a recommendation to buy, hold or sell securities.

Actual portfolio statistics may vary from target portfolio characteristics.

If this strategy includes eligible mutual funds or exchange traded funds in addition to individual stocks or bonds, the portfolio characteristics within this profile reflect the funds' underlying holdings.

The Top Five Portfolio Holdings listed herein are provided for informational purposes only and should not be deemed to be a recommendation to purchase or sell the securities mentioned. Portfolio characteristics in this profile are based on an allocation weight in the strategy model. There are no guarantees that any of the securities mentioned will be held in a client's account. It should not be assumed that the securities transactions or holdings discussed were or will prove to be profitable.

The Model Portfolio Provider or Investment Manager may use the same or substantially similar investment strategies, and may hold similar portfolios of investments, in other portfolios or products it manages (including mutual funds). These may be available at Morgan Stanley or elsewhere, and may cost an investor more or less than this strategy in Morgan Stanley's Select UMA program.

Generally, investment advisory accounts are subject to an annual asset-based fee (the "Fee") which is payable monthly in advance (some account types may be billed differently). In general, the Fee covers Morgan Stanley investment advisory services, custody of securities with Morgan Stanley, trade execution with or through Morgan Stanley or its affiliates, as well as compensation to any Morgan Stanley Financial Advisor. In addition, each account that is invested in a program that is eligible to purchase certain investment products, such as mutual funds, will also pay a Platform Fee (which is subject to a Platform Fee offset) as described in the applicable ADV brochure. Accounts invested in the Select UMA program may also pay a separate Sub-Manager fee, if applicable. If your account is invested in mutual funds or exchange traded funds (collectively "funds"), you will pay the fees and expenses of any funds in which your account is invested. Fees and expenses are charged directly to the pool of assets the fund invests in and are reflected in each fund's share price. These fees and expenses are an additional cost to you and would not be included in the Fee amount in your account statements. The advisory program you choose is described in the applicable Morgan Stanley Smith Barney LLC ADV Brochure, available at [www.morganstanley.com/ADV](http://www.morganstanley.com/ADV).

Morgan Stanley or Executing Sub-Managers, as applicable, in some of Morgan Stanley's Separately Managed Account ("SMA") programs may affect transactions through broker-dealers other than Morgan Stanley or our affiliates. In such instance, you may be assessed additional costs by the other firm in addition to the Morgan Stanley and Sub-Manager fees. Those costs will be included in the net price of the security, not separately reported on trade confirmations or account statements. Certain sub-managers have historically directed most, if not all, of their trades to outside firms. Information provided by sub-managers concerning trade execution away from Morgan Stanley is summarized at: [www.morganstanley.com/wealth/investmentsolutions/pdfs/adv/sotresponse.pdf](http://www.morganstanley.com/wealth/investmentsolutions/pdfs/adv/sotresponse.pdf). For more information on trading and costs, please refer to the ADV Brochure for your program(s), available at [www.morganstanley.com/ADV](http://www.morganstanley.com/ADV), or contact your Financial Advisor/Private Wealth Advisor.

Morgan Stanley investment advisory programs may require a minimum asset level and, depending on your specific investment objectives and financial position, may not be suitable for you. Investment advisory program accounts are opened pursuant to a written client agreement.

Consulting Group's unified managed account program, Select UMA, allows Financial Advisors to combine separately managed accounts (SMAs), mutual funds and exchange-traded funds (ETFs) within a single investment advisory account for clients.

Certain SMA strategies, ETFs and Mutual Funds that are sponsored, managed or sub advised by, or receive other services from, MSSB or our affiliates, including but not limited to Morgan Stanley Investment Management ("MSIM") and Eaton Vance Management ("EVM"), Boston Management and Research, Calvert Research and Management, Atlanta Capital Management Company and Parametric Portfolio Associates, may be included in a client's account. Morgan Stanley 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. Please see the applicable Form ADV, which can be accessed at [www.morganstanley.com/adv](http://www.morganstanley.com/adv), for information about affiliated investment products that are not reviewed or evaluated by GIMA, as well as additional disclosures and conflicts of interest applicable to affiliated products, that could be included in a strategy.

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

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### *Sources of information*

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Environmental, Social and Governance ("ESG") investments in a portfolio may experience performance that is lower or higher than a portfolio not employing such practices. Portfolios with ESG restrictions and strategies as well as ESG investments may not be able to take advantage of the same opportunities or market trends as portfolios where ESG criteria is not applied. There are inconsistent ESG definitions and criteria within the industry, as well as multiple ESG ratings providers that provide ESG ratings of the same subject companies and/or securities that vary among the providers. Certain issuers of investments may have differing and inconsistent views concerning ESG criteria where the ESG claims made in offering documents or other literature may overstate ESG impact. ESG designations are as of the date of this material, and no assurance is provided that the underlying assets have maintained or will maintain and such designation or any stated ESG compliance. As a result, it is difficult to compare ESG investment products or to evaluate an ESG investment product in comparison to one that does not focus on ESG. Investors should also independently consider whether the ESG investment product meets their own ESG objectives or criteria.

**There is no assurance that an ESG investing strategy or techniques employed will be successful. Past performance is not a guarantee or a dependable measure of future results.**

An investment in an exchange-traded fund involves risks similar to those of investing in a portfolio of equity securities traded on 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 prices. The investment return and principal value of ETF investments will fluctuate, so that an investor's ETF shares, if or when sold, may be worth more or less than the original cost. There is no assurance that the fund will achieve its investment objective. The fund is subject to investment risks, including possible loss of principal invested.

The portfolio characteristics listed in this profile, including but not limited to yield and distribution rate, are displayed without the deduction of fees or expenses.

Asset allocation, diversification and rebalancing do not assure a profit or protect against loss. There may be a potential tax implication with a rebalancing strategy. Please consult your tax advisor before implementing such a strategy.

## Index Descriptions

### 90-Day T-Bills

The 90-Day Treasury Bill is a short-term obligation issued by the United States government. T-bills are purchased at a discount to the full face value, and the investor receives the full value when they mature. The difference of discount is the interest earned. T-bills are issued in denominations of \$1,000 auction and \$1,000 increments thereafter.

### MSCI EAFE Net

The MSCI EAFE Index is an equity index which captures large and mid cap representation across 21 Developed Markets countries around the world, excluding the US and Canada. With 732 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.\* Developed Markets countries in the MSCI EAFE Index include: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the UK. The MSCI EAFE Index was launched on Mar 31, 1986. Data prior to the launch date is back-tested test (i.e. calculations of how the index might have performed over that time period had the index existed). There are frequently material differences between back-tested performance and actual results. Past performance -- whether actual or back-tested -- is no indication or guarantee of future performance.

### S&P 500

The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities. The index includes 500 leading companies and covers approximately 80% of available market capitalization.

**Indices are unmanaged and have no expenses. You cannot invest directly in an index. Depending on your account holdings and investment objectives, indices included may not be an appropriate measure for comparison purposes and are presented for illustration only. The strategy shown does not necessarily seek to track the index, may not be restricted to securities in the index and may be more volatile than the index. The benchmark presented may differ from the benchmark assigned by the manager.**

### Glossary Of Terms

**Alpha** is a mathematical estimate of risk-adjusted return expected from a portfolio above and beyond the benchmark return at any point in time.

**American Depository Receipts (ADRs)** are receipts for shares of a foreign-based corporation held in the vault of a U.S. bank.

**Average Portfolio Beta** is a measure of the sensitivity of a benchmark or portfolio's rates of return to changes against a market return. The market return is the S&P 500 Index. It is the coefficient measuring a stock or a portfolio's relative volatility.

**Beta** is a measure of the sensitivity of a portfolio's rates of return to changes in the market return. It is the coefficient measuring a stock or a portfolio's relative volatility.

**Bond Discount** is the amount by which the market price of a bond is lower than its principal amount due at maturity.

**Bottom-Up Stock Selection** Emphasis primarily on individual stock selection. Considerations of economic and industry factors are of secondary importance in the investment decision-making process.

**Call Protection** is a feature of some bonds that prohibits the issuer from buying it back for a specified period of time. The period during which the bond is protected is known as the deferment period. Bonds with call protection are sometimes referred to as deferred callable bonds.

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**Coupon-Interest Payment** is received by a bondholder from the date of issuance until the date of maturity of a bond.

**Credit Quality** is a measure of a bond issuer's creditworthiness, or ability to repay interest and principal to bondholders in a timely manner.

**Distribution Rate** is defined as 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 returns of capital.

**Dividend** a portion of a company's profit paid to common and preferred shareholders.

**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.

**Downside Risk** is a measure of the risk associated with achieving a specific target return. This statistic separates portfolio volatility into downside risk and upside uncertainty. The downside considers all returns below the target return, while the upside considers all returns equal to or above the target return.

**Duration** is a measure of price sensitivity expressed in years.

**Exchange-Traded Funds (ETFs)** are a form of a security seeking to maintain continued full exposure to broad markets or segments of markets.

**High Grade Corporate Bonds** corporate bonds from issuers with credit ratings of AA or AAA.

**Information Ratio** is a measure of the investment manager's skill to add active value against a given benchmark relative to how stable that active return has been. Essentially, the information ratio explains how significant a manager's alpha is. Therefore, the higher the information ratio, the more significant the alpha.

**Investment Grade Bonds** are those rated by Standard & Poor's AAA (highest rated), AA, A or BBB (or equivalent rating by other rating agencies or, in the case of securities not rated, by the investment manager).

**Market Capitalization** applicable to equity and balanced strategies, classifies a stock as giant, large, mid, small, and micro based on its position in the cumulative capitalization of its style zone (which is the world equity market region that includes the stock's country of domicile). Giant-cap stocks are those that together account for the top 40% of the capitalization of each style zone; large-cap stocks represent the next 30%; mid-cap stocks represent the next 20%; small-cap stocks represent the next 7%; and micro-cap stocks represent the remaining 3% balance.

**Morgan Stanley Composite Start Date** is the date when Morgan Stanley began to calculate the composite performance of the strategy using qualifying advisory accounts.

**Preferred/Hybrid Securities** are stocks that evidence ownership in a corporation and pay a fixed or variable stream of dividends. Preferred stocks have a preference over common stocks in the event of the liquidation of an issuer and usually do not carry voting rights. Preferred stocks have many of the characteristics of both equity securities and fixed-income securities.

**Premium Bond** is a bond trading higher than the face value of the bond.

**Program Inception Date** is the date that the strategy was launched in the Select UMA program.

**Price/Book Ratio (P/B)** weighted average of the stocks' price divided by book value per share. Book value per share is defined as common equity, including intangibles, divided by shares outstanding times the adjustment factor.

**Price/Cash Flow Ratio** a ratio used to compare a company's market value to its cash flow. It is calculated by dividing the company's market cap by the company' operating cash flow in the most recent fiscal year (or the most recent four fiscal quarters); or, equivalently, divide the per-share stock price by the per-share operating cash flow.

**Price/Earnings Ratio (P/E Ratio)** shows the multiple of earnings at which a stock sells. Determined by dividing current stock price by current earnings per share (adjusted for stock splits). Earnings per share for the P/E ratio are determined by dividing earnings for past 12 months by the number of common shares outstanding. The P/E ratio shown here is calculated by the harmonic mean.

**Price/Sales Ratio** determined by dividing current stock price by revenue per share (adjusted for stock splits). Revenue per share for the P/S ratio is determined by dividing revenue for past 12 months by number of shares outstanding.

**R2 (R-Squared)/Portfolio Diversification** indicates the proportion of a security's total variance that is benchmark-related or is explained by variations in the benchmark.

**Sharpe Ratio** measures the efficiency, or excess return per unit of volatility, of a manager's returns. It evaluates managers' performance on a volatility-adjusted basis.

**Standard Deviation** is a statistical measure of historical variability or spread of returns around a mathematical average return that was produced by the investment manager over a given measurement period. The higher the standard deviation, the greater the variability in the investment manager's returns relative to its average return.

**Strategy Inception Date** is the date that the Manager started to calculate the performance of the strategy.

**Top-Down/Economic Analysis** Emphasis primarily on macroeconomic trends as opposed to bottom-up stock selection.

**Tracking Error** represents the standard deviation of the difference between the performance of the investment strategy and the benchmark. This provides a historical measure of the variability of the investment strategy's returns relative to its benchmark.

**U.S. Treasury Bonds** a marketable, fixed interest U.S. government debt security with a maturity of more than 10 years. Treasury bonds make interest payments semi-annually and the income that holders receive is only taxed at the federal level.

**Volatility** a measure of risk based on the standard deviation of the asset return. Volatility is a variable that appears in option pricing formulas, where it denotes the volatility of the underlying asset return from now to the expiration of the option. There are volatility indexes. Such as a scale of 1-9; a higher rating means higher risk.

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