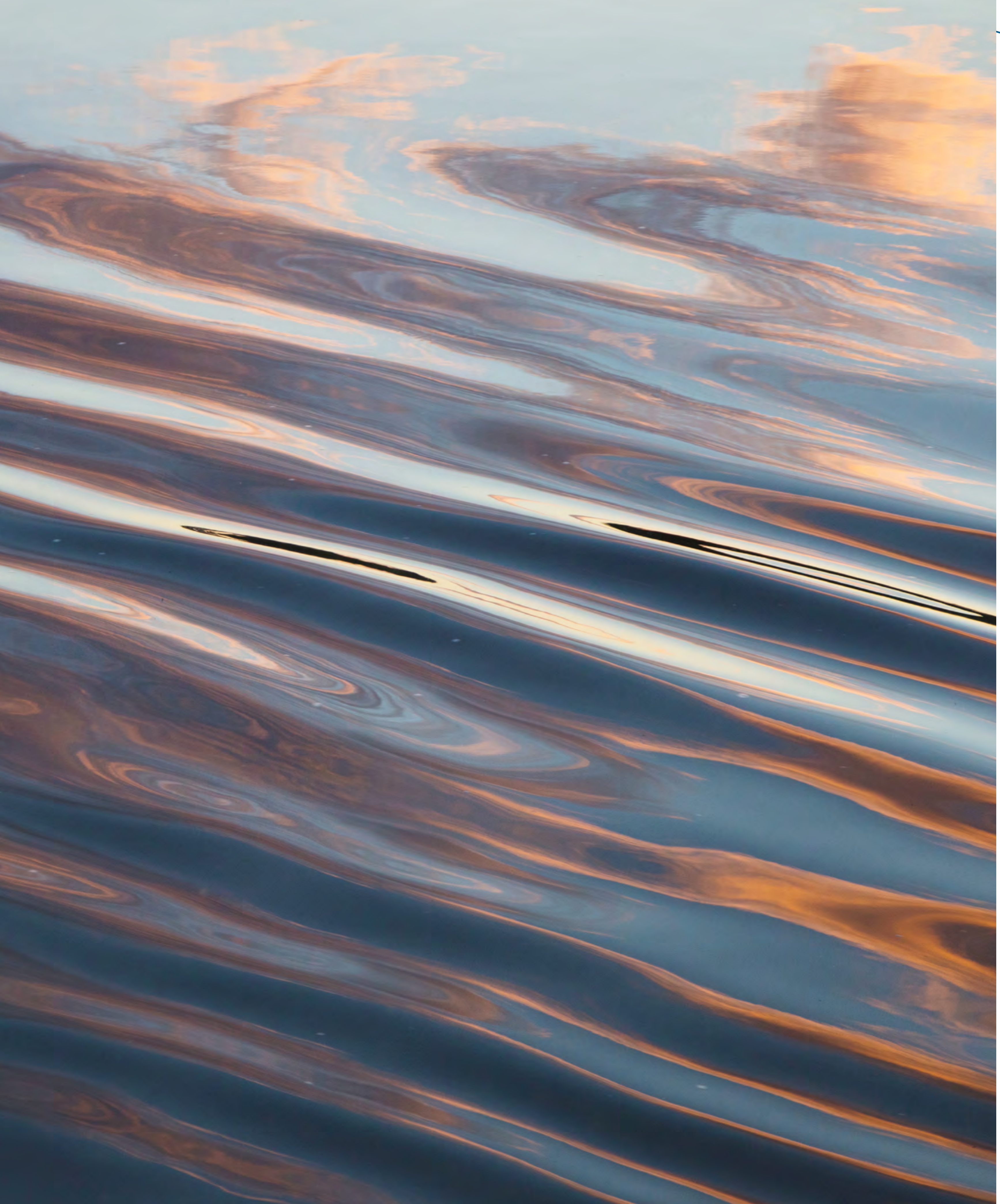
Morgan Stanley

INSIGHTS & OUTCOMES

VOLUME 6



We are delighted to present the latest edition of Insights & Outcomes, our signature publication from Morgan Stanley Family Office Resources, dedicated to providing thought-provoking ideas from industry leaders and specialists within Family Office Resources.

In this issue, we examine a variety of topics, including fostering leadership, innovation in AI, minimizing your digital footprint, flexibility through directed trusts, tennis for health and wellness, and perspectives in philanthropy. We hope you find the articles relevant and inspiring.

Family Office Resources is an extension of your Financial Advisory team to help you address the complex and multifaceted challenges of managing wealth. Collectively, our specialists offer deep and broad expertise across the entire spectrum of wealth management disciplines — from estate planning, family governance and philanthropy to wealth education, lifestyle advisory and our newest offering, health and wellness education. Additionally, our single family office advisory is available for families that have a single family office or are looking to establish one.

We invite you to explore this edition and hope it provides you with insightful ideas to discuss with your family and Morgan Stanley Financial Advisor.

Sincerely,

DAVID BOKMAN
Head of Morgan Stanley
Family Office Resources

GLENN KURLANDER
Head of Morgan Stanley Family
Governance and Wealth Education
Editor of Insights & Outcomes

IN THIS ISSUE

PERSPECTIVES IN PHILANTHROPY

TMI:

MINIMIZING YOUR DIGITAL FOOTPRINT

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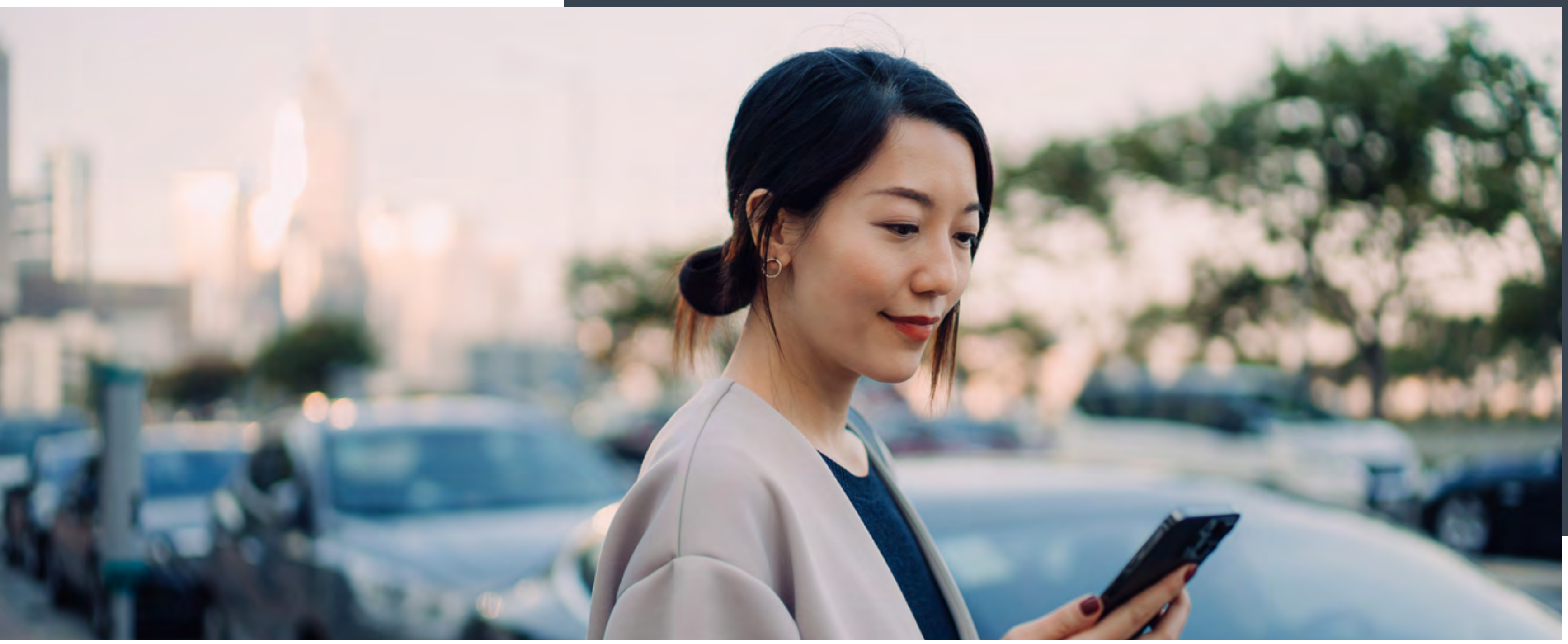
Most people would be hard-pressed to remember the last time their smartphone was not by their side. And for good reason: Smart devices play a key role in maximizing productivity.

But being in frequent use means that your devices are very much privy to almost all of your private information. As you use and share information through the platforms, websites and applications that help you work, socialize, travel, eat and shop, your online activity leaves a trail of data behind. These digital footprints can expose you, your business and even those around you to cybercrime.

Finding the right balance between security and convenience is different for everyone, and it is worthwhile to consider what that looks like for you. These steps can help you get the most from your personal technology while decreasing the size of your digital footprint.

INSIGHTS & OUTCOMES I Volume 6



Finding the right balance between security and convenience is different for everyone, and it is worthwhile to consider what that looks like for you. These steps can help you get the most from your personal technology while decreasing the size of your digital footprint.

WHAT DOES MY DIGITAL FOOTPRINT LOOK LIKE?
Your geolocation is a big part of your footprint, trackable with the IP addresses attached to each of your devices. Similarly, the cookies embedded on the websites you browse capture your visits and activity. This data tracking makes it possible to easily find restaurants nearby or shop online without reentering your payment details. But with that ease come trade-offs for your privacy.

To get an idea of what your digital footprint looks like, start with a quick online search of your name. What comes up?

From there, take a closer inventory of your social media presence. What kind of privacy settings are in place for the platforms you use? Who can see your profile or posts?

Next, conduct a daylong digital audit. Keep track of the internet-connected devices you use, including household "smart" devices and appliances. Scan your inbox to take stock of your different online accounts. And do not forget about your phone. What apps do you have and how are they configured in your settings? Do they have access to your photos, contacts or location?

WHAT DATA ABOUT MYSELF AM I COMFORTABLE SHARING?
If you find that your digital exposure is more than you want or expected, here are some things you can do to rein in your data-sharing:

- Adjust the privacy settings for your social media accounts to limit sharing to friends and family. You can toggle your settings to be more or less restrictive depending on your preferences.
- Reduce your applications to those you use and only give applications permission to access the data they need to function. For instance, a ride-share app needs access to your location, but a diet and exercise app may not. Configure your settings to turn off location-sharing when not using apps that require it to function.
- Disable cookies and/or clear your cookie cache or browser history regularly. This will reduce the amount of data collected about you. You can also use the private browsing features built into all modern web browsers, which automatically clear all browsing data from your device.
- Consider using a private search engine. Popular search engines are so prevalent that we sometimes forget there are alternatives. Private search engines are designed to enhance users' anonymity by both refusing to store data from the user and, in some cases, even preventing sites in the search results from collecting user data.
- Utilize a virtual private network (VPN). A VPN will encrypt your internet connection, prevent it from being intercepted or tampered with, and make it much more difficult for advertisers to track your activities by obscuring your identifying characteristics.

In general, your data is one of your most valuable assets. Before sharing it with a company, do your research and read the fine print of their privacy policies. Be sure you are comfortable with their reputation and how they plan to use, store and share what you disclose to them.

ACCOUNTING FOR YOUR DIGITAL ASSETS
Estate plans are not only for physical or financial assets. It can be helpful to think of your different accounts and digital files as assets and make sure they are included in your planning documents. Your attorney can help you plan or designate someone to govern your music, accounts or other digital items after your death.

However you choose to account for your digital property, taking the time to account for assets in your estate plan can help you preserve your family's privacy for generations, especially as regulations around digital privacy and assets evolve.

PRIVATE INFORMATION IN YOUR ESTATE PLAN
Sensitive documents like estate plans can enter the public sphere during the probate process. If an individual dies owning probate assets, the nominated executor must file the decedent's original will in probate court to begin the probate proceeding. In most jurisdictions, the will is scanned into a court's searchable public file along with a certified death certificate and probate petition.

Throughout the proceeding, documents containing information about family members, beneficiaries and assets, or even accounting information, can be added to the court's file, with public access to these files varying by jurisdiction.

One way to shield this information from the public (or eliminate the probate process) is to transfer your assets to a revocable living trust during your lifetime. Doing so can not only give you, your family and your beneficiaries more privacy, but also ease the administrative burden of probate.

NEED HELP MANAGING YOUR DIGITAL FOOTPRINT?
As our digital consumption continues to grow, it has never been more important to take stock of your approach to privacy and the management of your digital assets.

If you are looking to take extra measures to prioritize your privacy or if you could use some guidance, your Morgan Stanley Financial Advisor can connect you with a cybersecurity provider through our Lifestyle Advisory Platform. These specialists can work with you to customize a strategy that works for you and your family as your needs change. ■

THE NEXT GENERATION OF LEADERS:

Indra Nooyi Shares Ideas for Empowering Talent

JULIA YUE
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Ultra High Net Worth Business Development
Morgan Stanley

Hardly a day goes by in the C-suite today without mention of game-changing technologies like generative AI — and how companies need to evolve by incorporating new tools into their operations and service models.

Yet for seasoned leaders like Indra Nooyi, the former chairman and CEO of PepsiCo, it is not enough for executives to pay lip service to change or delegate it to subordinates. According to Nooyi, leaders need to be the ones spearheading transformation and persistently working behind the scenes to enable a culture of innovation by promoting inclusivity and amplifying everyone's voices — not just those at the top.

In this Q&A, Nooyi reflects on her 13 years helming PepsiCo and shares insights about how today's leaders can shape the leaders of tomorrow by catalyzing innovative thinking and fostering talent that is empowered to think differently.

If you have a mentor who is outside your sphere of influence, they can tell you what you're good at, but they can't really shape your professional life.

Q: WHAT QUALITIES SET YOU APART AS A CEO? HOW DID YOU SHARE THOSE SKILLS AND DEVELOP SO MANY EMERGING LEADERS AT PEPSICO, A TOUTED "CEO FACTORY"?

A: I wanted to make sure PepsiCo was successful for a long time, not just during my tenure. That shaped how I made decisions in terms of the business model, our impact on society and, most importantly, how we developed leaders.

I felt the only way PepsiCo would be successful in the future would be if we had a phenomenal leadership development program that would cultivate talent to constantly renew our company. And that's why PepsiCo is always referred to as a CEO factory—because it was an explicit focus.

Q: IN YOUR BOOK "MY LIFE IN FULL: WORK, FAMILY, AND OUR FUTURE," YOU SPEAK ABOUT THE IMPORTANCE OF MENTORSHIP. WHY IS MENTORSHIP SO VALUABLE IN ANY INDUSTRY?

A: If you have a mentor who is outside your sphere of influence, they can tell you what you're good at, but they can't really shape your professional life. Mentors are most useful if they can influence the trajectory of your career.

When mentoring talent, I pushed them and gave them assignments that were above their capability, and they reached for it and did brilliantly. I gave them balanced but tough feedback, and they always knew where they stood. If you treat people with honesty—tell them and demonstrate that you believe in them and give them assignments to help them grow—they do grow.

Q: WHAT ADVICE DO YOU HAVE FOR BUSINESS LEADERS, WHETHER THEY HAVE DECADES OF TENURE OR THEY'RE JUST EMERGING?

A: You don't inherit leadership. You earn the stripes to be a leader. Leaders have to inspire everyone in the organization to follow them. They have to be supremely competent and show mastery of operations details while setting a direction for the future.

Q: HOW DO YOU THINK LEADERSHIP IS EVOLVING AS INDUSTRIES AND TECHNOLOGY EVOLVE?

A: Leaders of tomorrow have to be digital natives. Take generative AI: How are leaders going to implement it if they don't understand it in great detail? They have to think about new organizational structures and how leaders can operate in the changed environment. Today, the onus is on leaders to go back and be students, in addition to running their companies.

My advice to leaders of the future is to assemble a group of people with varied capabilities who can be advisors and sounding boards for you. It's not just the old CEO group that can support you. Your network might have people much younger than you, and they're the ones who can tell you what you need to learn.

Q: WHAT ADVICE DO YOU HAVE FOR WOMEN RUNNING INTO THE "GLASS CEILING"? HOW CAN COMPANIES BETTER SUPPORT ALL EMERGING TALENT?

A: The glass ceiling certainly does exist, but fortunately it's glass, so it can be broken.

One of the big mistakes we're making is asking women to talk about women, people of color to talk about people of color, or immigrants to talk about immigrants—and we become our own echo chambers.

It can't only be these groups having these conversations. Companies have to get their male leadership talking about these issues. You have to have enlightened leaders who are asking, "Why does the glass ceiling exist? Why aren't we utilizing all talent to their fullest potential?"

Q: YOU ARE HIGHLY RESPECTED FOR YOUR WORK WITHIN THE ASIAN AMERICAN AND PACIFIC ISLANDER (AAPI) COMMUNITY AND AS PART OF THE ADVISORY COUNCIL OF THE ASIAN AMERICAN FOUNDATION (TAAF). WHY IS THAT MISSION SO IMPORTANT TODAY?

A: TAAF was created after a spike in Asian American hate, which is terribly sad. At the end of the day, Asian Americans contribute so much to our country. They over-index in disciplines that many people consider uncool, particularly across STEM fields.

Fortunately, TAAF is helping to draw a positive light to the community, with a focus on recruiting and mentoring. It's important that these networks help Asian Americans speak with one voice.

Q: WHAT CAN ORGANIZATIONS DO TO PROMOTE GREATER REPRESENTATION OF AAPI AND OTHER DIVERSE PROFESSIONALS IN LEADERSHIP ROLES?

A: You need people in positions of leadership who help pull others up. When we look at the barriers that stand in the way of AAPI people, it's usually that they're highly competent but may be less likely to speak up. It's important for leaders to recognize all talent equally and ensure everyone has access to honest feedback and opportunities to stretch themselves.

Once you find great talent, you develop them. ■

It's not just the old CEO group that can support you. Your network might have people much younger than you, and they're the ones who can tell you what you need to learn.

Enhancing Flexibility and Control WITH DIRECTED TRUSTS

CHRIS SMITH
Head of Trust Services
Morgan Stanley

Estate planning today often encompasses a series of goals, ranging from tax planning to asset management and asset control of strategies. Many ultra high net worth families seek asset or divorce protection planning, multigenerational planning, privacy, asset control and flexibility, and income and estate tax savings. Flexibility and control are more and more the centerpiece of estate planning objectives.

Fortunately, many states have changed their laws to adapt to today's changing estate planning landscape. The use of directed trusts within certain state jurisdictions is fast becoming a planning solution that gives ultra high net worth families the control and flexibility they seek.

WHAT IS A DIRECTED TRUST?
To understand what a directed trust is, it is helpful to know how it differs from other trusts. With most trusts, the trustee controls all aspects of the trust, including the investment management of trust assets and distribution decision-making to beneficiaries of the trust.

With most trusts, the trustee controls all aspects of the trust, including the investment management of trust assets and distribution decision-making to beneficiaries of the trust.

A directed trust can be structured differently. It allows you to remove one or more powers from the trustee's control — such as investment authority and/or distribution authority — and give such authority to a designated individual instead, sometimes called a "trust advisor" or "trust director."

WHO IS INVOLVED?

In a directed trust agreement, there is usually an investment direction advisor named to control the investment management of trust assets. The investment direction advisor could be the grantor — the creator of the trust — or someone else known to the grantor.

A directed trust can also name a distribution direction advisor who makes decisions about distributions, in accordance with the language in the trust agreement. The distribution direction advisor cannot be the grantor or anyone who will benefit from the trust but could be someone in whom the grantor has confidence. It is this separation of trustee duties that can make directed trusts so appealing.

A LOOK AT FAVORABLE JURISDICTIONS

While increasingly popular, directed trusts are not new. Delaware adopted the practice of using directed trusts in the early 1900s and modified their usage in the mid-1980s. Directed trust law was designed to accommodate the wealthiest families, and, over the past 40 years, more states have changed their laws to attract more trust business. Currently, 17 states have adopted the Uniform Directed Trust Act, and a few states, including Delaware, South Dakota, Nevada, Alaska and New Hampshire, are considered to have the most flexible and favorable trust laws for ultra high net worth families. But if you are interested in leveraging a directed trust and live outside one of these states, there is no need to pack your bags. You, your assets and your Financial Advisor do not have to be based in a certain state to take advantage of its estate planning benefits. Only the trustee has to be located in the state to take advantage of its trust laws.

THESE FAVORABLE STATE JURISDICTIONS CAN OFFER OTHER PLANNING BENEFITS:

- Significant benefits for dynasty planning and asset protection planning
- Enhanced privacy
- Capabilities to modify existing trusts
- Absence of state tax on trust income and capital gains

THE POWER OF THE PROTECTOR

For another layer of control, flexibility and security, you can use a trust protector — a designated individual who can help make sure the grantor's intentions are carried out. The grantor chooses the individual for the role and spells out their specific powers in the trust agreement.

A TRUST PROTECTOR CAN POTENTIALLY:

- Remove and appoint the trustee or successor trustee
- Change the legal situs and governing law of the trust, which may be useful if the legal situs and governing law in a different state is advantageous to the trust beneficiaries (e.g., a change of situs to a state with no trust income taxes)
- Terminate the trust (i.e., if the trust is small and not economical to continue)
- Amend and modify the trust agreement
- Determine distributions from the trust
- Name a successor trust protector or co-trust protector

Keep in mind that a trust protector is not a trustee but a powerholder named in the trust agreement. A trust protector can be a family member who is not a beneficiary of the trust.

ESTABLISHING A DIRECTED TRUST

Establishing a trust is rarely a one-size-fits-all process. By dividing up responsibilities, creating flexibility and using a favorable jurisdiction, a directed trust can be a valuable tool for you and your family when crafting an estate plan. Consider consulting with an estate planning attorney to learn how directed trusts and estate planning strategies can protect your wealth for generations to come. ■

GAME, SET, MATCH:
Why Tennis Can Be a Major Win
FOR YOUR BODY AND MIND

DR. KIM HENDERSON
Head of Wealth Management
Health and Wellness Education
Morgan Stanley

Tennis has been an internationally beloved sport for well over a century. And for good reason: For millions of players around the world, it delivers countless benefits to physical, mental and social wellbeing, helping players stay active, connect with others and learn invaluable life skills.

Learn how picking up a racket can help you connect with your community and boost your overall health.

A WHOLE-BODY WORKOUT

Whether you are playing competitively or recreationally with friends and family, tennis is an excellent form of exercise that can boost your level of fitness and reaction time, both on and off the court. Specifically, tennis can improve your cardiovascular health by increasing your aerobic capacities. It has been shown to lower your resting heart rate and blood pressure while improving metabolic function and increasing bone density. Moderate activity, such as playing tennis for an hour three times a week, is associated with significant reductions in the incidence and mortality of cardiovascular disease. In fact, a study comparing tennis players and non-athletes showed that playing tennis regularly increases the concentration of vascular-protecting HDL-cholesterol in our blood and decreases harmful deposits in arterial vessels.[1] Over a period of years, the concentration of HDL-cholesterol in the blood is increased, which can have a protective effect against cardiovascular disease.

Tennis can also support healthy weight management. Did you know an hour-long singles game can burn roughly 600 calories for men and 420 calories for women? A study found that playing tennis for longer periods increases the production of energy from fat stores by 20-40%, meaning playing tennis at a lower intensity for longer can help improve your metabolism.[2]

Aerobic exercise from playing a sport like tennis has also been shown to benefit our brains, improving blood flow and even slowing or preventing the progression of Alzheimer's, according to Dr. Jonathan S. Stamler, President, Harrington Discovery Institute at University Hospital in Cleveland. He believes that exercise represents an important new approach to improving memory over time.

Recently, Dr. Stamler and his research team discovered that a molecule called nitric oxide (NO) is released from hemoglobin in red blood cells to dilate small blood vessels and improve brain blood flow. The primary stimulus to release NO in the brain is exercise. "It stands to reason then that if we could increase the amount of NO released from red blood cells, we could better oxygenate and nourish the brain," explained Dr. Stamler.

Breaking Boundaries

WITH MORGAN STANLEY BRAND AMBASSADOR LEYLAH FERNANDEZ

Leylah Fernandez was just 6 years old when a pink tennis racket inspired her journey to become a tennis champion. Around that time, she also learned a critical value that continues to guide her mission off the court: "At the core of our family's principles is the obligation to contribute meaningfully," Fernandez says.

Fernandez sat down with Morgan Stanley to talk about her passion for giving back, her strategies for reducing stress and how she is working to remove barriers that can prevent young players from picking up tennis.

Q: WHAT GOALS DO YOU HAVE FOR YOUR CAREER AND FOR LIFE?

A: Career-wise, I'd love to achieve number one in the world and win a few grand slams — that's always been a dream of mine. Off the court, I'd like to continue giving back to communities and making a positive impact.

Q: WHAT CHARITABLE CAUSES DO YOU FEEL MOST PASSIONATE ABOUT?

A: My passion lies in making a meaningful impact on the lives of underprivileged kids, bringing genuine joy through sports. It's not just about recreation; it's about providing them with opportunities to experience fun and learn valuable lessons, and empowering them to make their own decisions.

Q: YOU JOINED THE WOMEN'S TENNIS ASSOCIATION (WTA) AND PARTNER MORGAN STANLEY AT THEIR 2023 COME PLAY EVENT IN CHARLESTON. WHAT WAS YOUR FAVORITE PART OF THIS EXPERIENCE AND HOW DO YOU THINK EVENTS LIKE THIS ARE POSITIVELY IMPACTING THE SPORT OF TENNIS?

A: Being able to join Morgan Stanley at the Come Play event was a blast! Interacting with the kids and supporting future tennis champs was rewarding and always my top priority. I'm excited to continue the journey with the Morgan Stanley team to spread the love and joy for tennis to future generations, especially among underrepresented communities and diverse youth.

Q: AT THE END OF 2022, YOU LAUNCHED THE LEYLAH ANNIE AND FAMILY FOUNDATION, WHICH FOCUSES ON INCREASING ACCESS TO SPORTS FOR YOUNG ATHLETES AND THEIR FAMILIES. WHAT DO YOU SEE FOR THE FUTURE OF THE FOUNDATION?

A: The Foundation came to life because my family and I firmly believe in ensuring access to character-building, and that life-changing opportunities through education and sports remain boundless. It's an embodiment of our family values and our commitment to facilitating opportunities for other kids and individuals who share the same passion and motivation. Looking ahead to the Foundation's future, I would love to continue the work of seeing children from all walks of life coming together and building bonds through their shared love for the game.

Q: ALL PROFESSIONAL ATHLETES FACE HURDLES THROUGHOUT THEIR CAREER. WHAT'S ONE PIECE OF ADVICE YOU HAVE FOR ASPIRING FEMALE ATHLETES OR PROFESSIONALS REGARDING PERSEVERANCE AND OVERCOMING ADVERSITY ON AND OFF THE COURT?

A: My advice would be to stay focused and enjoy the process and not the end result. Focus on what you can control, and don't let things you can't control negatively impact your mindset. What your mind says, the body will follow.

Q: SPEAKING OF KEEPING A LEVEL MINDSET, HOW DO YOU DECOMPRESS BEFORE OR AFTER A BIG TOURNAMENT?

A: It all depends. I enjoy listening to music before my matches to frame my mindset. I'm a big 80s rock fan: anything Journey, Billy Idol, Def Leppard. My favorite way to decompress is spending time with my family, whether in person or video-chatting while on tour. I'm also a bit of a crime junky and love playing with Legos and solving Rubik's Cube.

MENTAL HEALTH BENEFITS BEYOND STRESS RELIEF

While many focus on the physical benefits of cardiovascular exercise like tennis, the mental health effects should not be overlooked. Exercise supports our mental health in powerful physiological ways by releasing endorphins and reducing feelings of stress, anxiety and depression. But tennis has many other qualities that can increase your mental stamina and emotional wellbeing.

For one, tennis is a social sport. In other words, it creates opportunities for you not only to meet others but also to engage with them in healthy competition. That can foster a deeper social connection than meeting in another setting. Playing tennis can also help you conquer life's other challenges. Staying focused, anticipating your opponent's moves, working through adversity—these are important life and business skills that tennis forces you to fine-tune.

When you combine all the benefits for an individual playing tennis—connectedness, awareness, resilience and more—you get someone who can be more confident on the court and in life.

RISING DIVERSITY IN TENNIS

Tennis is also a great driver of diversity in sports. In 2022, participation in the U.S. grew by one million players, the third consecutive year of growth for the sport. The uptick is largely driven by an increase in Latino, Black and Asian/Pacific Islander players. In fact, people of color now represent 38% of tennis players in the U.S. compared to 32.5% in 2019.[3]
For many players, tennis is a powerful way to increase representation in their social circles and discover new perspectives about sports, business and much more.

While we are highlighting the benefits of playing tennis, it is important to remember that too much of anything, including tennis, can lead to unintended consequences. As with any physical activity, please be mindful of overuse injuries, and prior to starting any new sport or exercise program, please remember to consult your health care provider. ■

Women and Tennis:
A BRIEF HISTORY

Tennis was adapted from a medieval game called *jeu de paume*, or "game of the palm," which historians believe started in 12th-century France. It was played with bare hands until the racket was added in the 16th century. The name actually comes from the French word "tenez!" (here it comes!), which players would call out before serving.

Tennis was codified in England in the 1870s and has drawn a wide following ever since. Women were quick to play and began competing in Wimbledon in 1884, donning long-sleeved dresses, corsets and hats. This was how tennis champion Charlotte Cooper dressed when she won her first Wimbledon title in 1895 at the age of 23. She went on to win gold at the Olympics, becoming the first female athlete to win in an individual event.

[1] International Tennis Federation, "Cardiovascular Health Issues," November 2019, https://www.itftennis.com/media/2143/health-cardiovascular-health-issues.pdf
[2] Bupa Healthlink, "The Health Benefits of Tennis," Tracy McBeth, January 25, 2001, https://www.bupa.com.au/healthlink/health-fitness/exercises-workouts/the-health-benefits-of-tennis
[3] 2023 Tennis National Participation Report, Tennis Industry Association

PERSPECTIVES IN PHILANTHROPY

DANIEL WIDOME
Senior Philanthropic Advisor
Morgan Stanley

IMPACT THAT LASTS:

How To Get Involved in Policy Advocacy

When giving back to your community, it is essential—and often deeply rewarding—to directly support the organizations doing good work on the ground.

These organizations come from their communities, know their challenges and are often best equipped to address them. But it can be hard to drive lasting change by supporting direct service alone. Over time, and despite the essential nature of this work, philanthropists may feel like they are treating the symptoms rather than the root causes of what is ailing their communities.

So how can philanthropists help achieve deeper, systemic, more lasting change? Policy advocacy—the art of influencing the policymaking process—is one approach that can drive outsized impact.

Why Policy Advocacy?

Despite the growth of private giving in recent decades, it still pales in comparison to how much the public sector spends. The sheer magnitude of what federal, state and local governments dedicate to social challenges means that having even a small influence on how those funds are disbursed can have an enormous impact.

More fundamentally, the policymaking process can literally change the rules of the game by which society's challenges are addressed. It defines the scope of what is permissible or forbidden in society, and which collective or individual behaviors are incentivized or discouraged. No amount of private giving on its own can create that kind of change.

How Can I Engage in Policy Advocacy?

Policy advocacy can be intimidating. It presents reputational risks, its impact is often difficult to measure and progress toward change can be slow. But as with any kind of investment, the heightened potential risks are matched by heightened potential rewards. Following these best practices can help you influence policy while navigating the risks.

Utilize the Appropriate Vehicles

When considering which policy-focused organizations to support, it is critical to understand how those organizations are recognized by the government and the resulting trade-offs on what activities their giving can support. Many of the tax-exempt organizations that philanthropists typically support are qualified under section 501(c)(3) of the Internal Revenue Code. These organizations can only engage in policy advocacy in strictly limited ways. For example, they cannot endorse political candidates.

But other types of nonprofits — such as those qualified under section 501(c)(4) of the Internal Revenue Code — can share more overtly partisan political messages, subject to certain limitations. Philanthropists across the political spectrum give to 501(c)(4)s to advance more aggressive messaging strategies around their preferred policies or more explicitly support their favored political candidates. Contributions to 501(c)(3) organizations are deductible from your income tax while contributions to 501(c)(4) organizations are not. However, for many donors, the lack of deductibility may be worthwhile to be able to engage in policy advocacy.

Support the Policymaking Infrastructure

Undergirding the entire policymaking process is an infrastructure of individuals and groups that work patiently over time to provide the necessary fuel for policy change. Investing in the activities and organizations that engage citizens at the grassroots level — those most directly affected by a particular policy — can be essential to craft, deliver and amplify the messages that elected policymakers find impossible to ignore. Focusing support on building the capacity of these grassroots organizations can pay the greatest dividends over the long term.

The policymaking infrastructure also includes the think tanks, academic institutions and thought leaders that nurture the ideas that inform actual legislation. These policy analysts can conduct long-term studies and ideate possible policy interventions over years or even decades, resulting in ready-made solutions that policymakers can take off the shelf when the opportunity presents itself. Supporting this intellectual infrastructure can represent a highly leveraged investment to influence busy policymakers. ■

TRANSFORMATIONAL Philanthropy for Change

The theme of our 2023 Exchange conference — transformational philanthropy — prompted deep conversations about how we can drive fundamental, lasting change through giving and how we can come together to accomplish our largest philanthropic goals.

While giving is ultimately a personal experience, guided by our mission and goals, following these universal principles for transformational philanthropy can help you multiply the impact of your giving strategy.

1 **IT STARTS WITH LISTENING**

Listening is one of the most powerful tools in the philanthropist's toolkit. By centering your focus on the community you want to support, understanding the challenges of its members and learning from the experts within, you can engage more closely in the work on the ground and support effective solutions.

2 **BE CURIOUS**

Every cause is different. Give yourself permission to be creative, try new things and make mistakes. Think of philanthropy as a practice that we learn by doing. Do not let uncertainty or "analysis paralysis" stop you from getting started and exploring new ways to make an impact.

3 **STICK TOGETHER**

Philanthropy is not a solo act. On the contrary, philanthropists have strength in numbers. Leverage your personal network to exchange ideas or interests. Reach out to those you would like to collaborate with or learn from. Transformation is a team sport.

Morgan Stanley Exchange: Fostering Collaboration, Inspiration and Ideas

The Exchange is an annual conference hosted by Morgan Stanley Philanthropy Management that brings together emerging and experienced philanthropists to foster collaboration, spark ideas and inspire lasting change. Since 2016, we have hosted notable thought leaders covering topics such as Philanthropy as Change Capital and Unifying Leadership. The Exchange was created to help us explore what we can achieve together when we align our human, financial and philanthropic capital.

Invest in the Right People

The most promising policy is only as effective as the public officials tasked with its interpretation and implementation. Philanthropists looking to leverage their influence can consider ways to elevate key personnel within the policymaking process to ensure that their preferred policies are implemented — or to navigate around those who present obstacles to change.

For many — philanthropists or not — policymaking may seem to operate with its own unique language. Instead of trying to become fluent in that language themselves, philanthropists can directly engage those who are native to that world. For instance, collaborating with former politicians, activists and lobbyists who have firsthand experience in the policymaking process can empower philanthropists with essential expertise for implementing an advocacy agenda.

As one example of how this can work, during each presidential election over the past 12 years, one policy-focused philanthropist prepared profiles of potential cabinet members who shared their views. They then coordinated with a lobbying firm to ensure that the campaigns of each major candidate had a readily available roster of preferred individuals to fill cabinet positions, should they take office. In doing so, the donor successfully influenced the appointment of multiple cabinet-level officials.

Identify Strategic Policy Windows

Certain moments can trigger "policy windows," during which meaningful change suddenly — and, often, fleetingly — becomes much more realistic. Policy windows can open during election cycles, especially when political candidates are crafting their positions, or during regular budgeting cycles, when policymakers are considering competing alternatives for how to spend public dollars. News events can also create unexpected policy windows — for example, when extreme weather events raise awareness and a sense of urgency about the effects of climate change. Philanthropists can leverage their influence by focusing their efforts on these policy windows.

Policy windows can also open at different levels of government. Although federal policymaking often attracts the most attention, state and local governments possess enormous influence over how (and whether) community challenges are adequately addressed. Education policy is one issue in which this dynamic can be most pronounced. Instead of focusing on the federal level, for example, one notable philanthropist, focused on K-12 teaching effectiveness, directed their grantmaking toward organizations exclusively working within states and even specific counties.

The Importance of Policy Advocacy

Policy advocacy can be intimidating. But it also can be a powerful complement to direct support, opening an avenue to tackle the root causes of some of society's greatest challenges. When done thoughtfully and strategically, it can be an essential tool to help you make a lasting impact. ■

Advancing Equity in EDUCATION:

Expanding Your Giving Strategy

MORGAN GRUNAT
Philanthropic Advisor
Morgan Stanley

Over the past few years, philanthropist MacKenzie Scott has made headlines — and quite a few waves — by donating billions of dollars in unrestricted funds to colleges, universities and nonprofits that serve historically marginalized communities.[1]

Over half of alumni (51%) say they are inspired to "give back," according to the 2022 State of Alumni Giving Report by Hanover Research, and 46% stated that helping make education more affordable is also important to them.[3]

Scott, a Princeton alumna, was clear about her decision to focus on "high-impact organizations … and communities that have been historically underfunded."[2] A significant percentage of her donations went to schools and nonprofits dedicated to underrepresented students, including: community colleges, historically Black colleges and universities (HBCUs), those with a high percentage of Latino and/or Native people, and institutions that support LGBTQ+ rights.

Scott, as one of the world's wealthiest women, could be seen as an outlier. But she's also being hailed as a game changer in the world of educational philanthropy. While alumni giving will always be important, today's donors can also have a powerful impact by investing in organizations that lack access to the kind of capital that has long enriched bigger institutions.

Educational Economics

The reasons that most alumni donate to their schools are well known — and not surprising. Over half of alumni (51%) say they are inspired to "give back," according to the 2022 State of Alumni Giving Report by Hanover Research, and 46% stated that helping make education more affordable is also important to them.[3]

However, what sometimes happens when educational giving is focused solely on one's alma mater is the success of those institutions can inadvertently become part of a cycle that can disproportionately benefit certain populations and not others.

Netflix founder Reed Hastings, a Bowdoin alum, and his wife, documentary film producer Patty Quillin, a Cornell grad, called out this disparity when they donated $120 million to HBCUs in June 2020.[4]

"HBCUs have a tremendous record, yet are disadvantaged when it comes to giving," the couple noted. "Generally, white capital flows to predominantly white institutions, perpetuating capital isolation. We hope this additional $120 million donation will help more Black students … helping to reverse generations of inequity in our country."

Elizabeth Carlock Phillips:

CENTERING COMMUNITY AND SEEDING INNOVATION

TELL US ABOUT YOURSELF

I am the executive director of the Phillips Foundation, a private family foundation and catalytic capital platform. Our foundation is primarily focused on the communities where the family wealth was created, and we align 100% of Phillips Foundation assets with our values and mission through our Morgan Stanley Advisors.

AS EXECUTIVE DIRECTOR OF THE PHILLIPS FOUNDATION, YOU LEAD A GENERATIONAL GRANTMAKING CYCLE FOCUSED ON THE AREA WHERE THE FAMILY BUSINESS IS HEADQUARTERED. CAN YOU SHARE MORE ABOUT THIS APPROACH, AND WHY EDUCATION EQUITY IS SUCH AN IMPORTANT FOCUS FOR THIS GENERATION OF YOUR FAMILY?

We take the approach of asking the community what its needs are. Instead of assigning program areas and inviting applications accordingly, we scan the environment for what the "once in a generation" opportunities are — then do that. Our most recent Generational Grants cycle looked at where we are situated in Guilford County, North Carolina, and identified chronic homelessness, bridging the gap for foster youth and innovating in education as areas where we could move the dial pretty quickly. There is a high rate of poverty in Guilford County, and the environment here is well positioned for innovation in education, given the proximity to two college towns and a superintendent who is willing to responsibly try new things. We believe public education is the core of a community's success and also acknowledge the holistic support needed for children to graduate onto promising post-secondary pathways.

WHAT ADVICE WOULD YOU GIVE TO A PHILANTHROPIST ASPIRING TO LEVERAGE THEIR RESOURCES TO ADVANCE EDUCATIONAL EQUITY?

As philanthropists, we have to provide risk capital — the only way innovation can happen. Let's do so responsibly. We need to have a common ethos that, first and foremost, we must do no harm, protect children, and give them a safe place to learn and grow. We must listen and trust the education professionals who have proximity to the issues and know the solutions for their students' needs.

It Is a Numbers Game

Addressing systemic inequality, particularly in education, isn't just a feel-good stance. The education gap in the United States can be a predictor of economic insecurity. Consider the findings in a recent report from Georgetown's Center for Education and the Workforce (CEW) titled "The Cost of Economic and Racial Injustice in Postsecondary Education."

Among lower earners in the U.S., 49% have only a high school diploma, compared with 23% of top earners, according to the report. Top earners are far more likely to have at least a bachelor's degree or higher.[5]

According to the report, those who identify as white or Asian attain higher levels of education versus populations who are BIPOC (Black, Indigenous and people of color) — more than half of whom do not have a post-secondary degree.

The potential cost of this gap is staggering, the report found. "Our simulation found that the U.S. economy misses out on $956 billion per year, along with numerous nonmonetary benefits, as a result of postsecondary attainment gaps by economic status and race/ethnicity."

Three Steps To Consider If You Would Like To Expand Your Giving Strategy

For those who are intrigued by the idea of giving and leveraging philanthropy to advance equity in education, there are a few factors to keep in mind.

The traditional process of giving through an alumni network is designed to be as seamless as possible. When you step outside that circle, it often requires more due diligence, both to find institutions and organizations you want to support and to give funds confidently.

This journey is a rewarding one, as there are countless organizations and pathways for philanthropists to help make a meaningful difference in the lives of all young people.

1. IDENTIFY YOUR PRIORITIES. Reflect on the educational experiences and decisions that shaped your journey. Do you want to help students to attend a college debt-free? Are you interested in supporting education in certain subject areas, or students in a specific demographic? This can be a chance to focus on issues as broad or niche as you like.

2. FIND ORGANIZATIONS THAT MATCH YOUR FOCUS. Consider tapping into new sources to find programs and organizations that are actively working toward advancing educational equity aligned with causes that matter to you, such as those that:

- Provide access to culturally relevant coursework and academic and extracurricular opportunities that equip students for success in college and beyond.
- Work to strengthen, support and diversify the educator workforce and connect young people with strong mentors.
- Create physically safe and emotionally supportive school environments.
- Support students with the college application and financial aid processes.
- Provide the necessary support for students to persist and graduate from college.
- Educate students who are underrepresented in higher education (e.g. a local community college system, nonprofit colleges committed to social justice, apprenticeships or job training programs).
- Work with policymakers, advocates and educators to effect change at the local, state and national levels.

3. SHARE YOUR EDUCATIONAL GIVING STRATEGY. By having open conversations about the nature of giving and education, and exploring connections and collaborations with other philanthropists, you can reap the benefits of what others have learned — and amplify your impact. ■

[1] https://www.insidehighered.com/news/2021/01/04/mackenzie-scott-surprises-hbcus-tribal-colleges-and-community-colleges-multimillion
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[3] https://insights.hanoverresearch.com/hubfs/2022%20State%20of%20Alumni%20Giving%20Report.pdf
[4] https://philanthropynewsdigest.org/news/reed-hastings-patty-quillin-commit-120-million-for-hbcu-scholarships
[5] https://cew.georgetown.edu/cew-reports/publicbenefit/

The Education Trust

Morgan Stanley Philanthropy Management connected with The Education Trust to discuss how philanthropy can advance equity in education.

TELL US ABOUT THE EDUCATION TRUST AND YOUR ORGANIZATION'S MISSION.

Our mission is to narrow and eliminate opportunity gaps that exist between students of color and students from underresourced communities, and their peers. Through research and data, we identify barriers to educational opportunities to establish the conditions for policy change. We elevate student voices and promote a narrative of excellence that demonstrate their amazing aspirations and achievements.

HOW DOES THE EDUCATION TRUST DEFINE EDUCATIONAL EQUITY?

Educational equity is making sure that all young people, including those from communities of color, those from communities with fewer resources, and those with other marginalized identities, have the resources they need to succeed.

WHAT ARE THE MOST SALIENT BARRIERS TO EDUCATIONAL EQUITY, AND WHERE CAN PHILANTHROPY MAKE THE BIGGEST IMPACT?

There is a continuum of challenges impacting equity in education, and no one thing that will change the landscape for young people. We have to attack all challenges, including inequitable access to rigorous coursework, a diverse educator workforce, early childhood education, and affordable higher education, with the same vigor and energy. Philanthropy allows us to identify and highlight disparities, and bring different voices to the table so that we are sharing data, research, analysis and policy recommendations, and making an impact at every level.

INNOVATION TAKES THE LEAD:

Harnessing AI in Wealth Management

DAVID ROSEN
Head of Wealth Management Innovation
Morgan Stanley

DAVID WU
Wealth Management Head of Knowledge Management & Generative AI
Morgan Stanley

The rise of artificial intelligence (AI) represents a key milestone in innovation — creating global waves across businesses, industries and everyday life. Morgan Stanley Research predicts that this technology will disrupt many industries, from advertising to the shared economy, health care and even finance.[1] In April 2023, Morgan Stanley Research categorized AI as a $6 trillion opportunity in offline spending for tech companies, and in October, $4 trillion for enterprise companies.[2,3]

While some may believe that AI is overhyped, Morgan Stanley's Research team continues to find that this technology is worth the excitement.[4] In addition to delving into how AI will affect the markets and the role it will play in our day-to-day, the Firm has already deployed this technology internally. In particular, our Wealth Management division has been working on many use cases and harvesting AI to change and, ultimately, improve the Financial Advisor/client experience.

AI IS A TOOL, NOT A SUBSTITUTE

Contrary to popular belief, artificial intelligence is not here to replace humans or automate Financial Advisors out of existence. Instead, artificial intelligence should be viewed as a tool — an immensely powerful tool, but a tool nonetheless — that Financial Advisors will use to enhance the client experience.

While an advisor is the key person you think of when you think of your wealth management firm, there are countless people working behind the scenes to incorporate hardware, software, data, analytics and advanced technology so an advisor can do their best work — serving the client.

While the technology is new, the result is the same: The advisor's service to, advice for and relationship with their clients — the human touch — will remain fundamental in the wealth management industry.

The back-office process of wealth management involves many manually intensive tasks requiring exacting attention to detail. The more artificial intelligence can assist with these tasks, the more time will be freed up for an advisor to meet with clients, listen to their needs and wants, and craft a strategy that is bespoke to their goals.

CONTINUING OUR INNOVATION JOURNEY WITH OPENAI

Through ChatGPT, OpenAI stirred the imagination of millions by putting the power of artificial intelligence at their fingertips.

With OpenAI, we aim to collaborate on enhancing the experience for our advisors by leveraging these capabilities with a goal of giving humans more time to do what they do best — listen and communicate with empathy and understanding. That means more time spent by advisors talking to their clients about goals, lifestyle, family and all the aspects that go into building a healthy financial life.

In addition to automating rote, manual tasks, artificial intelligence has the ability to find and synthesize data and content at scale. Our research team has found that AI and other technologies will drive productivity and efficiency.[5] In our internal use case, AI allows Financial Advisors to save time and drive efficiency. This is what we are most excited about and why we collaborated with OpenAI, the artificial intelligence research and deployment lab behind ChatGPT.

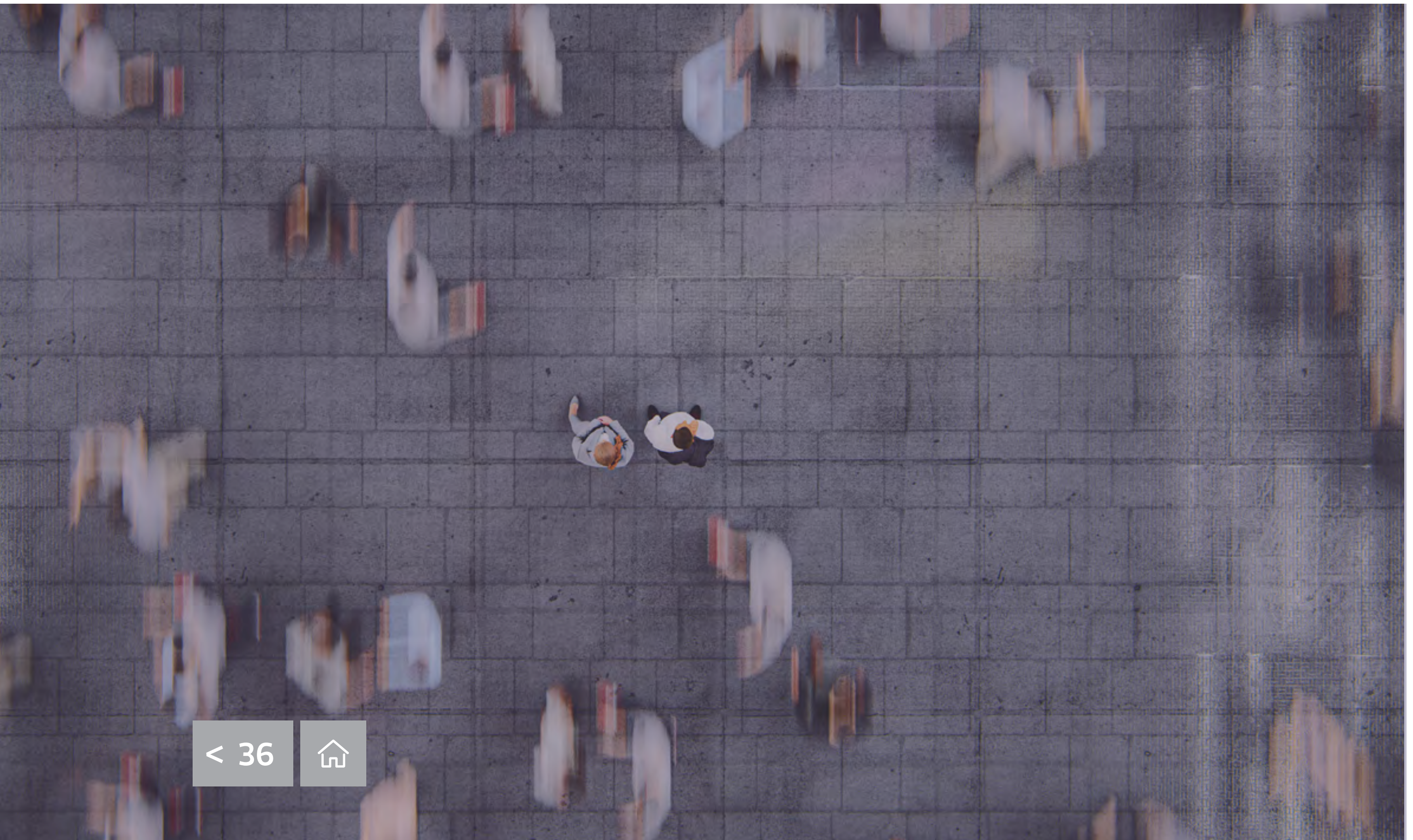
AI @ MORGAN STANLEY ASSISTANT

Our advisors leverage an AI-powered "assistant" to ask questions and analyze research based on the unique needs of each client. The result is that advisors are able to harness Morgan Stanley's vast global universe of information and research in a way that was unthinkable in the past. In addition to research, they are able to use AI to get answers regarding products, procedures and other relevant information to find solutions for clients, something advisors do on a day-to-day basis.

Not only will this help significantly reduce the time advisors have to spend on research, but it will also allow them to apply more of their critical thinking to our expansive intellectual capital so they can have richer, more insightful client conversations. It is the equivalent of giving our advisors on-call access to our Chief Investment Strategist, Chief Global Economist and Chief Global Equities Strategist all at once.

The bottom line: While artificial intelligence is amazing at organizing knowledge and uncovering insights, it is even more powerful when paired with the right people to utilize it. With customized AI models and the right human resourcing, even an industry that has been historically slower to adapt new innovations, such as the finance sector, will be presented with transformative opportunities.[6]

Both internally at Morgan Stanley and externally, as long as we take a thoughtful and measured approach to this technology, it will live up to — and maybe even go beyond — its hype. ■



OpenAI stirred the imagination of millions by putting the powers of artificial intelligence at their fingertips.

[1] https://www.morganstanley.com/ideas/generative-ai-growth-opportunity
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[3] AI Index – Mapping the $4 Trillion Enterprise Impact
[4] https://www.morganstanley.com/ideas/morgan-stanley-tmt-conference-2023-san-francisco
[5] https://www.morganstanley.com/ideas/ai-productivity
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FOR REAL ESTATE FAMILIES, NEW CHALLENGES—AND SOLUTIONS

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Real estate has long been a favored asset class for Baby Boomers for its control, stability and lack of direct connectivity to the stock market. In fact, since 2001, no generation has held more real estate wealth than Americans born between 1946 and 1964.[1]

Boomers' children, on the other hand, have statistically been less enamored with real estate investment.[2] The next generation is often more spread out geographically, deeply engaged in their own careers and less willing to engage in active property management. This often raises the question whether leaving commercial real estate assets to the next generation is a prudent decision.

Along with the generational shift, new economic and legal trends are altering the real estate landscape. Rising interest rates, tenant-favored regulations and limitations on tax deductions are putting even more pressure on owners, prompting many "real estate families" to exit the industry altogether.

Fortunately, there are wealth management solutions that can assist with many of these emerging challenges, helping real estate families build and maintain their portfolios for generations to come.

FROM ACTIVE TO PASSIVE INVESTMENTS

Over the last 20 years, real estate investors have developed strategies to navigate tax challenges and avoid the "terrible T's of active management": toilets, tenants, trash and termites. The solutions have moved from standard 1031 exchanges and installment sales, which were well accepted for decades, to more novel or innovative financial programs and products such as the Delaware Statutory Trust, the umbrella partnership real estate investment trust and qualified opportunity zone funds.

DELAWARE STATUTORY TRUST

Section 1031 exchange has long been a viable solution for real estate investors looking to sell their investment and exchange into like-kind replacement property within 180 days to defer capital gains tax.[3] However, in 2004, the Internal Revenue Service clarified that, if the other requirements of Section 1031 are satisfied, an interest in a Delaware Statutory Trust, where multiple investors hold a beneficial interest in the holdings of the trust, was considered like-kind with fee simple real estate.[4] Before this change, a rental property was not seen as like-kind with a beneficial interest in a statutory trust; however, with this monumental shift, an industry arose.

With this regulatory change came a wave of sponsors syndicating real estate to investors looking to exit individual ownership. With the 2008 financial crisis, many of those sponsors experienced stress, which exposed some of the weaknesses of the investments, the structures themselves and the sponsors. In due course, the industry responded with enhanced due diligence and products continued to evolve, shedding fees, improving credit quality of tenants and providing even more value to the consumer.

UMBRELLA PARTNERSHIP REAL ESTATE INVESTMENT TRUSTS

For families with significant holdings of commercial real estate, there has been an increase in Umbrella Partnership Real Estate Investment Trusts (UPREITs), which permit investors to contribute fee simple property for units in the umbrella partnership and benefit from nonrecognition under Section 721 of the Internal Revenue Code, whereby investors are treated as indirectly owning operating units in a Real Estate Investment Trust the umbrella partnership owns. For this to work, an investor often has to find a REIT willing to acquire their portfolio.[5] This is no easy task, as major REITs typically only look to bring in partners for portfolios over $100 million in value. Because the REITs themselves tend to focus on certain asset subclasses, if individual property owners want to explore this "exit strategy" they often have to curate a large portfolio of one type of commercial real estate (e.g., industrial real estate).

QUALIFIED OPPORTUNITY ZONE FUNDS

Qualified Opportunity Zones (QOZs) originated from the Tax Cuts and Jobs Act passed by Congress on December 22, 2017. QOZs were established to incentivize long-term private investments in an "economically distressed community" by providing preferential tax treatment under certain conditions.

A Qualified Opportunity Fund (QOF) serves as the investment vehicle that funnels investor capital into QOZs. Investors may only reinvest "eligible gains" into a fund, which include both capital gains and qualified 1231 gains that are recognized for federal income tax purposes, subject to certain restrictions. Furthermore, reinvestment into the QOF must take place within 180 days of the effective sale date.

Relative to the 1031 exchange process, investors may find the process of the QOZ fund option more attractive as they are not required to route the investment through a Qualified Intermediary and they only need to invest the eligible gain in order to defer the "capital gain."

The needs of real estate families will continue to change as trends and regulations evolve. Fortunately, many solutions exist to help these families navigate the challenges and preserve their wealth for generations to come.

THE IMPORTANCE OF FAMILY GOVERNANCE

Succession planning is a well known concept in financial planning and should be a priority for real estate families, too. We see aspects of formal business succession planning in both UPREITs and Family Limited Partnerships.

Most importantly, large real estate families need a structure or system for decision-making regarding when to sell certain family real estate, when to make improvements, or when to hire or fire family members. This structure becomes even more important with second- and third-generation family members.

KEY ESTATE AND INCOME TAX CONSIDERATIONS

Many commercial real estate families may also have significant exposure to estate taxes. Estates above the federal gift and estate tax exemption could be subject to a 40% federal estate tax when transitioning wealth between generations (and, possibly, a separate 40% federal generation-skipping transfer tax). To avoid these potentially onerous taxes, many real estate families choose to either gift assets directly or in trust during life to younger generations using their federal gift exemptions, and/or use vehicles such as family limited partnerships.[6] The family limited partnership strategy potentially allows the patriarch or matriarch to maintain some level of control while transferring value to the next generation.

STRATEGIES FOR PHILANTHROPY

Families that have built their wealth through real estate are often pillars in their local communities. It is no surprise that many commercial real estate families establish private foundations, charitable trusts or donor-advised funds (DAFs) as their interests evolve and they seek to further their impact.

Real estate owners contemplating planned giving should think carefully when choosing a vehicle, as each has certain attributes that may or may not have the intended outcome. For instance, contribution of real estate to a family foundation results in an inferior cost-basis income tax deduction versus a fair-market value deduction for contribution to a DAF.

However, due to regulations around concentrations and public charities (a DAF is a 501(c)(3) organization), DAFs cannot buy real property to hold indefinitely. Private foundations, on the other hand, can take in and hold real estate.

Additionally, the unique solution of a charitable remainder unitrust (CRUT) for owners of appreciated property has long provided an exit strategy for appreciated real estate and offered diversification, a tax deduction, and a unitrust distribution for investors seeking an income stream. Many investors see this trust as an alternative to staying in real estate with passive replacement property investments, mentioned earlier in the article, such as Delaware statutory trusts or Qualified Opportunity Zone funds. The CRUT allows investors to sell the property and transition into securities within the trust.

CONCLUSION

The needs of real estate families will continue to change as trends and regulations evolve. Fortunately, many solutions exist to help these families navigate the challenges and preserve their wealth for generations to come. ■

[1] "Baby Boomers: Rich With Real Estate and Not Letting Go," The New York Times (nytimes.com)
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[3] The Internal Revenue Service reminds taxpayers that there are specific guidelines to be followed when deducting travel, entertainment and gift expenses (irs.gov)
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David Bokman develops and expands firmwide resources to help Financial Advisors deliver comprehensive wealth management to ultra high net worth families. David's diverse background includes experience as an estate planning partner with a prominent law firm, and executive positions in the wealth management industry with both RIA and brokerage firms.

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Morgan Grunat provides customized philanthropic advisory services to ultra high net worth individuals, families and family offices, as well as nonprofit, foundation and corporate clients. Prior to joining Morgan Stanley, Morgan served as Director of Institutional Giving at Student Leadership Network, a New York City-based nonprofit focused on educational equity through college access and success and educational opportunities for girls and gender-expansive youth.

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Glenn Kurlander has helped ultra high net worth clients address matters of family governance, complex estate planning and wealth education for over 35 years. Glenn has written in leading professional journals and has lectured extensively on family governance, managing family conflict, the dynamics of family wealth and family offices.

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David Rosen leads the effort to identify and implement innovative solutions with emerging Technology and FinTech firms. Prior to his current role, he led the firm's Traditional Investment Products Business, where he was responsible for overall product development and strategy. He is a member of the Morgan Stanley Wealth Management operating and management committees.

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Dr. Kim Henderson highlights opportunities for clients to consider healthy choices, spearheads thought leadership on health care issues facing ultra high net worth clients, shares best wellness practices and discusses the impact of health and medical developments with clients and their families. Dr. Henderson joined Morgan Stanley two years ago during the height of the COVID-19 pandemic as the Associate Medical Director and provided direct oversight and coordination of global medical, health and wellness services.

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Because of their narrow focus, sector investments tend to be more volatile than investments that diversify across many sectors and companies. Investment returns will fluctuate so that an investor's shares when redeemed may be worth more or less than original cost. Investors should carefully consider the investment objectives and risks, as well as charges and expenses, of a mutual fund, before investing. To obtain a prospectus, contact your Financial Advisor or visit the fund company's website. The prospectus contains this and other information about the mutual fund. Read the prospectus carefully before investing.

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