City of Margate Employee Benefit Fund Trust

REIT Manager Search Summary

Performance as of December 31, 2020 and Other Information as of September 30, 2020

	Cohen & Steers Realty Shares	Invesco US Real Estate Securities	Principal Real Estate Securities	FTSE Nareit All Equity REITs
Sub-Style	*Public REITs - Domestic*	*Public REITs - Domestic*	*Public REITs - Domestic*	
GIMA Status	*Focus*	*Approved*	*Focus*	
Decision Making	Fundamental Analysis	Fundamental Analysis	Bottom-Up	
# of Securities	35-55	30-50	30-50	
Foreign Secs. Permitted	20% (Maximum)	25% (Maximum)	No	
Market Timer	Cash < 15% (0-5% Typically)	Cash < 10% (1-5% Typically)	Cash < 5%	
FEES	0.30%	0.36%	0.36%	
RISK **(5 year)**				
Standard Deviation	17.02%	16.16%	16.08%	16.83
PERFORMANCE				
Equity				
1 year	(1.29)	(9.16)	(1.65)	(5.12)
3 year	8.93	3.76	7.83	5.41
5 year	8.29	5.56	7.88	6.70
10 year	10.47	8.76	10.62	9.27
OTHER IMPORTANT CONSIDERATIONS				
Year Firm Established	1986	1935	1998	
Who Est. Performance	Team	Team	Team	
Commitment	Owners/Well Paid	Well Paid	Well Paid	
Total Assets	$70.5B Firm/$12.8B Strategy	$1.2T Firm/$5.3B Strategy	$85.5B Firm/$378M Strategy	
Total PM's & Analysts	12	18	9	
Pooled vs. Separate	Separate	Separate	Separate	

Performance calculated Gross of Fees

Sources: Morgan Stanley Global Investment Manager Analysis team, Informa PSN, and Zephyr StyleADVISOR

This summary contains select data for each investment manager and index listed and should not be considered inclusive of all material information available for each investment. Please refer to additional information provided in the complete manager search analysis for each manager.

Graystone Consulting

REIT INVESTMENT MANAGER SEARCH

Prepared for:

City of Margate Employee Benefit Fund Trust

February 2021

Graystone Consulting Tampa

David A. Wheeler, CIMA®, CFP®, CRPS®
Executive Director
Institutional Consulting Director
Corporate Retirement Director

Scott Owens, CFA®, CIMA®
Executive Director
Institutional Consulting Director

Andrew McIlvaine
Institutional Consultant

100 North Tampa Street, Suite 3000
Tampa, FL 33602
800-282-0655, ext. 2061 / 813-227-2061

Important Disclosures

Graystone Consulting

This report must be accompanied by a separate profile document or other report for each mutual fund and exchange-traded fund (ETF), referred to herein as "fund" or "funds", shown in this report, and for each investment manager shown in this report and approved by Morgan Stanley to be offered to investors in any investment advisory program in which you may invest. These separate documents show, for each manager and fund, various information which may include both gross and net performance (which may be more up-to-date than the gross performance shown in this report).

Morgan Stanley has prepared this report for your personal use, at your request, to help you evaluate the investment disciplines and investment managers/funds shown in this report. It is for informational purposes only. It is not a recommendation of a particular portfolio, investment manager or fund. It is not tax or legal advice. The report is based on information you gave Morgan Stanley about your financial situation, investment objectives, risk tolerance and investment time horizon.

IT IS TO BE PRESENTED TO YOU IN A ONE-ON-ONE PRESENTATION WITH YOUR MORGAN STANLEY FINANCIAL ADVISOR OR PRIVATE WEALTH ADVISOR SO THAT YOU HAVE AN OPPORTUNITY TO ASK QUESTIONS.

If you asked us to do so, we have included one or more investment managers/funds that have not been approved by Morgan Stanley to be offered to investors in any investment advisory program in which you may invest. Morgan Stanley does not and will not recommend any such manager/fund for investment in these programs, and has included the manager/fund in the report solely at your request and for your information. The performance shown in this report for any such managers or funds could differ materially from their performance in investment advisory programs offered by firms other than Morgan Stanley. If you have invested with any such manager/fund through another firm, we recommend that you seek information from that firm on the manager's or fund's gross and net performance in its programs.

This report is not complete unless it contains all pages (as indicated in the page numbering below). Please see "Important Notes About Performance" and "Important Notes About this Report" for other important information (including the effect of fees and a summary of the risks associated with particular investment disciplines).

Important Notes About Performance

Graystone Consulting

The performance data in this report is historical. Past performance does not guarantee future results.

GROSS PERFORMANCE

The past performance and statistics for investment managers in this report are calculated based on gross performance and do not reflect the deduction of investment management fees and expenses (including Morgan Stanley program fees) that would apply if you invest with any of these managers. The past performance for funds in this report is, and statistics calculated use, gross performance. Returns reflect the funds' internal fees and expenses (such as the funds' management fees and 12b-1 fees), but do not reflect any Morgan Stanley program fees (nor any sales charge or brokerage commission that might apply if you purchased fund shares outside of our investment advisory programs). If you engaged any investment manager or invested in any fund, fees and other expenses would reduce your returns.

NET PERFORMANCE

See the accompanying investment manager profiles for each investment manager in this report for net performance information on the manager. See the accompanying Morningstar profiles for each fund in the report for standardized fund performance (i.e. returns net of any maximum sales charges that apply if you purchase the fund outside of our investment advisory programs) and also returns net of the maximum annual investment advisory fees that apply if you purchase the fund in one of our investment advisory programs. You should carefully read the manager/fund profiles, which may contain more up-to-date performance information than in this report.

NOTE ABOUT ETF PERFORMANCE

For ETFs, performance shown may be based on net asset value (NAV), market price (MKT) or both. The Morningstar profile that must accompany this report shows performance based on both NAV and market price.

COMPOUNDING EFFECT OF FEES AND EXPENSES

The impact of fees and expenses can be material. In most Morgan Stanley investment advisory accounts, fees are deducted quarterly and have a compounding effect on performance. For example, on an account with a 1% annual fee, if the gross annual performance is 6%, the compounding effect of the fees will result in a net performance of approximately 4.94% after one year, 4.81% after three years and 4.66% after five years.

GENERAL DISCLOSURE

The investment return and principal value of an investment will fluctuate so that an investor's shares in a fund, when redeemed, may be worth more or less than their original cost, and investments in separately managed accounts may be worth more or less than the original amount. Current performance may be lower or higher than the performance quoted. For performance data for a fund current to the most recent month end, please either contact the fund (at the toll-free number or website address specified in that fund's profile given to you with this report) or call your Financial Advisor or Private Wealth Advisor at the toll-free number on the cover page of this report.

You would not necessarily have obtained the performance results shown in this report if you had invested with these managers or funds for the periods indicated. Actual performance results of accounts vary due to factors such as the timing of contributions and withdrawals, client restrictions, rebalancing schedules, and fees and costs. THE SELECTION OF MANAGERS/FUNDS IN THIS REPORT MAY REFLECT THE BENEFIT OF HINDSIGHT BASED ON HISTORICAL RATES OF RETURN.

In this report, all performance returns for periods of more than one year are annualized returns and for periods of less than one year are not annualized.

See the applicable Morgan Stanley ADV brochure for an explanation of the fees and charges that would apply if you invest with an investment manager or in a fund through a Morgan Stanley investment advisory program. See "Important Notes About This Report" for information on the sources of performance information in this report.

Manager and Fund Designations

Managers shown in this report may be approved managers offered in some or all of Morgan Stanley's Consulting and Evaluation Services program or Select UMA program. Please ask your Financial Advisor or Private Wealth Advisor about availability in particular programs. See "Important Notes About This Report" for more information on how Morgan Stanley approves managers for these programs.

Any strategies designated with "GIS" in this report are managed in the Global Investment Solutions program by a team of portfolio managers employed by Morgan Stanley or third party subadvisors.

For managers in Morgan Stanley's investment advisory programs, the following terms have the following meanings:

(S) Manager participates in the Select UMA program, performance is Gross of advisory fees
(n) Manager participates in the Select UMA program, performance is Net of advisory fees
(C) Manager participates in the Consulting and Evaluation Services program, performance is Gross of advisory fees
(Cn) Manager participates in the Consulting and Evaluation Services program, performance is Net of advisory fees

The "Inception Date" is, for separately managed accounts, the date when the investment manager began managing the applicable investment discipline and, for funds, the date the fund was established. In either case, this date may be before the investment discipline or fund became available in any applicable Morgan Stanley investment advisory program.

Graystone Consulting

REITs
Quantitative Analysis

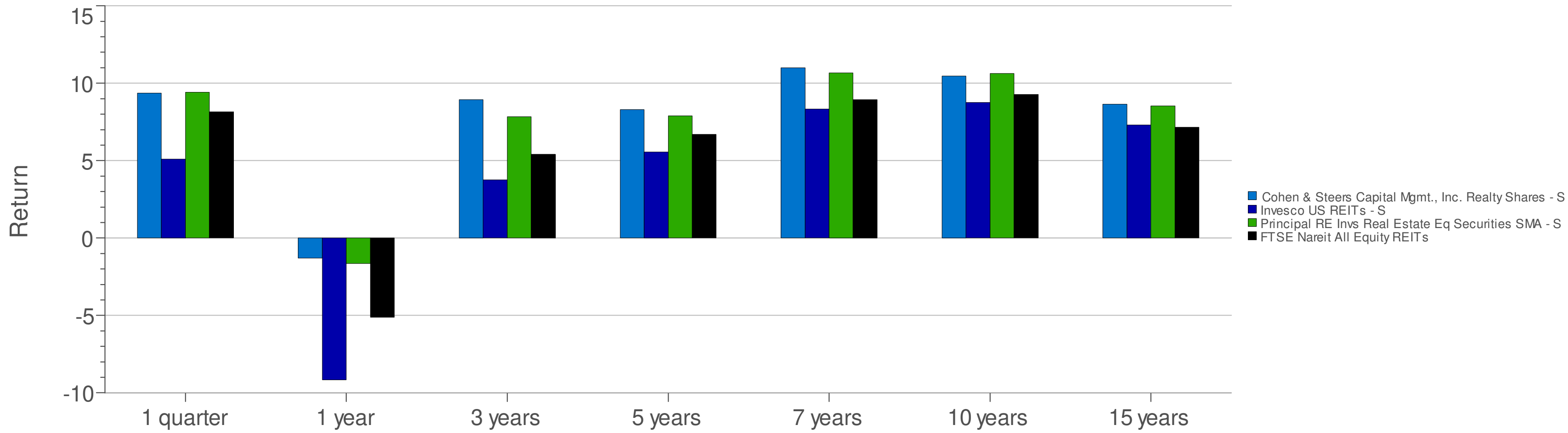
Trailing Periods Return Analysis

Graystone Consulting

Zephyr StyleADVISOR

Zephyr StyleADVISOR: MSSB - Tampa, FL

Manager vs Benchmark: Return
January 2006 - December 2020 (not annualized if less than 1 year)



Manager vs Benchmark: Return
January 2006 - December 2020 (not annualized if less than 1 year)

	1 quarter	1 year	3 years	5 years	7 years	10 years	15 years
Cohen & Steers Capital Mgmt., Inc. Realty Shares - S	9.37%	-1.29%	8.93%	8.29%	11.00%	10.47%	8.64%
Invesco US REITs - S	5.09%	-9.16%	3.76%	5.56%	8.34%	8.76%	7.29%
Principal RE Invs Real Estate Eq Securities SMA - S	9.42%	-1.65%	7.83%	7.88%	10.67%	10.62%	8.54%
FTSE Nareit All Equity REITs	8.15%	-5.12%	5.41%	6.70%	8.93%	9.27%	7.15%

The prices, quotes or statistics contained herein have been obtained from sources believed to be reliable, however, the accuracy cannot be guaranteed. Past performance is not a guarantee of future results.

Calendar-Year Return Analysis

Graystone Consulting

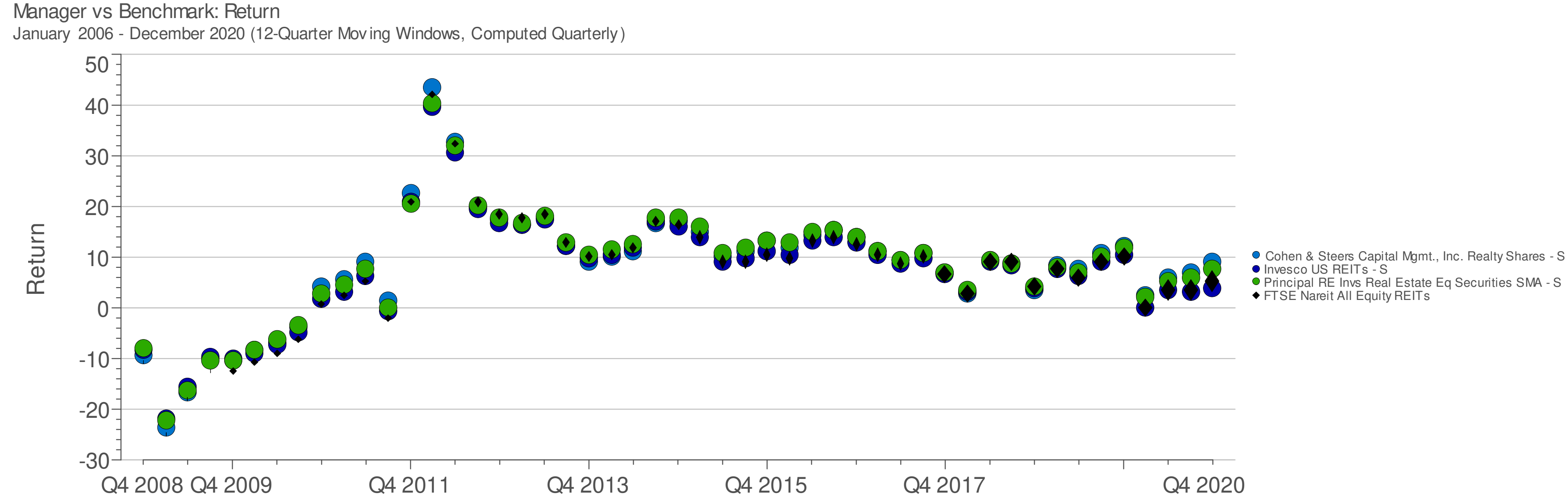
Calendar Year Return
As of December 2020

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Cohen & Steers Capital Mgmt., Inc. Realty Shares - S	-1.29%	35.43%	-3.31%	8.12%	6.57%	6.00%	31.50%	4.19%	16.71%	7.20%
Invesco US REITs - S	-9.16%	29.23%	-4.84%	9.33%	7.32%	3.06%	29.69%	2.82%	17.62%	9.35%
Principal RE Invs Real Estate Eq Securities SMA - S	-1.65%	31.59%	-3.12%	9.50%	6.45%	4.69%	32.88%	4.57%	17.63%	9.75%
FTSE Nareit All Equity REITs	-5.12%	28.66%	-4.04%	8.67%	8.63%	2.83%	28.03%	2.86%	19.70%	8.28%

The prices, quotes or statistics contained herein have been obtained from sources believed to be reliable, however, the accuracy cannot be guaranteed. Past performance is not a guarantee of future results.

3-Year Rolling Periods Return Analysis

Graystone Consulting



Manager vs Benchmark: Return

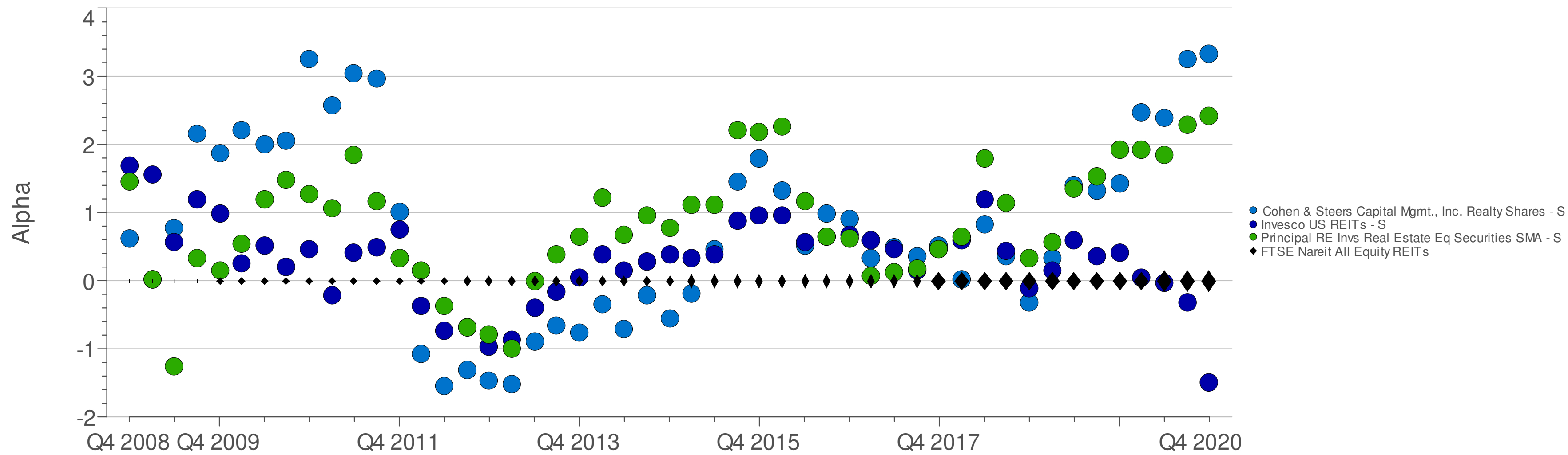
January 2006 - December 2020 (12-Quarter Moving Windows, Computed Quarterly)

	Dec 2020	Dec 2019	Dec 2018	Dec 2017	Dec 2016	Dec 2015	Dec 2014	Dec 2013	Dec 2012	Dec 2011	Dec 2010	Dec 2009	Dec 2008
Cohen & Steers Capital Mgmt., Inc. Realty Shares - S	8.93%	12.29%	3.66%	6.89%	14.10%	13.24%	16.94%	9.24%	17.26%	22.71%	4.32%	-10.43%	-9.40%
Invesco US REITs - S	3.76%	10.37%	3.74%	6.54%	12.78%	11.18%	16.19%	9.76%	16.84%	20.93%	1.90%	-10.05%	-8.44%
Principal RE Invs Real Estate Eq Securities SMA - S	7.83%	11.76%	4.13%	6.86%	13.98%	13.31%	17.80%	10.52%	17.65%	20.62%	2.81%	-10.46%	-7.98%
FTSE Nareit All Equity REITs	5.41%	10.29%	4.24%	6.67%	12.66%	10.63%	16.38%	10.06%	18.37%	21.04%	0.65%	-12.41%	-10.83%

3-Year Rolling Periods Alphas

Graystone Consulting

Manager vs Benchmark: Alpha
January 2006 - December 2020 (12-Quarter Moving Windows, Computed Quarterly)



Manager vs Benchmark: Alpha

January 2006 - December 2020 (12-Quarter Moving Windows, Computed Quarterly)

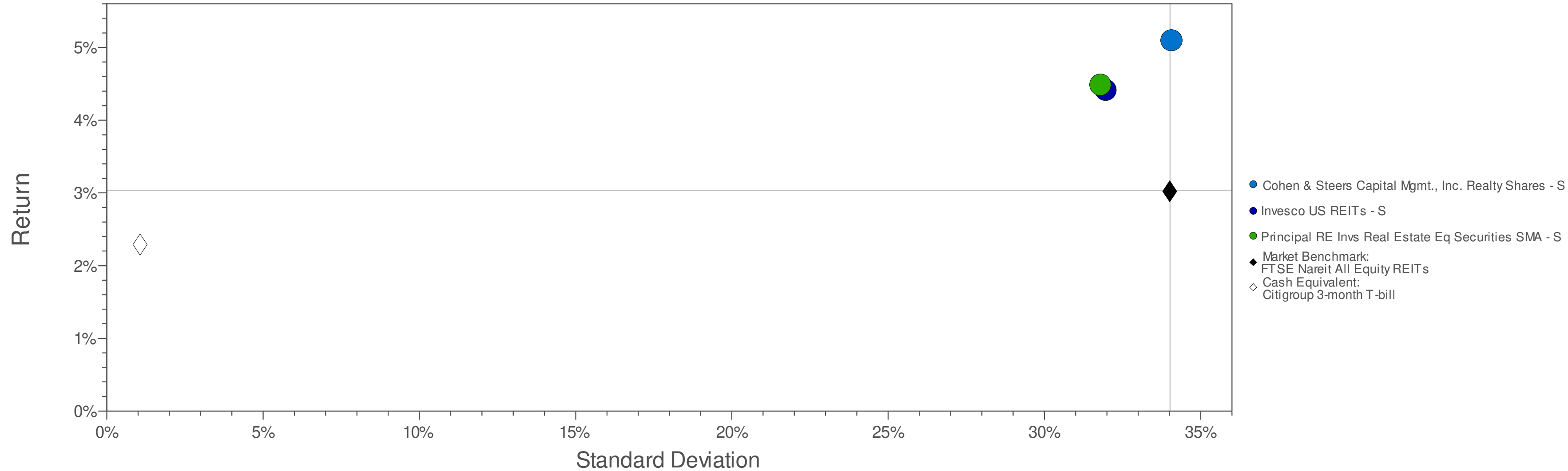
	Dec 2020	Dec 2019	Dec 2018	Dec 2017	Dec 2016	Dec 2015	Dec 2014	Dec 2013	Dec 2012	Dec 2011	Dec 2010	Dec 2009	Dec 2008
Cohen & Steers Capital Mgmt., Inc. Realty Shares - S	3.34%	1.43%	-0.33%	0.52%	0.91%	1.80%	-0.55%	-0.77%	-1.48%	1.01%	3.26%	1.86%	0.63%
Invesco US REITs - S	-1.50%	0.42%	-0.11%	0.47%	0.66%	0.95%	0.38%	0.06%	-0.96%	0.76%	0.47%	0.98%	1.69%
Principal RE Invs Real Estate Eq Securities SMA - S	2.40%	1.92%	0.34%	0.45%	0.61%	2.19%	0.78%	0.65%	-0.80%	0.32%	1.28%	0.16%	1.45%
FTSE Nareit All Equity REITs	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Risk/Return Analysis – 5 Years Ended 12/31/2010

Graystone Consulting

Risk / Return

January 2006 - December 2010 (Single Computation)



Return & Risk Analysis

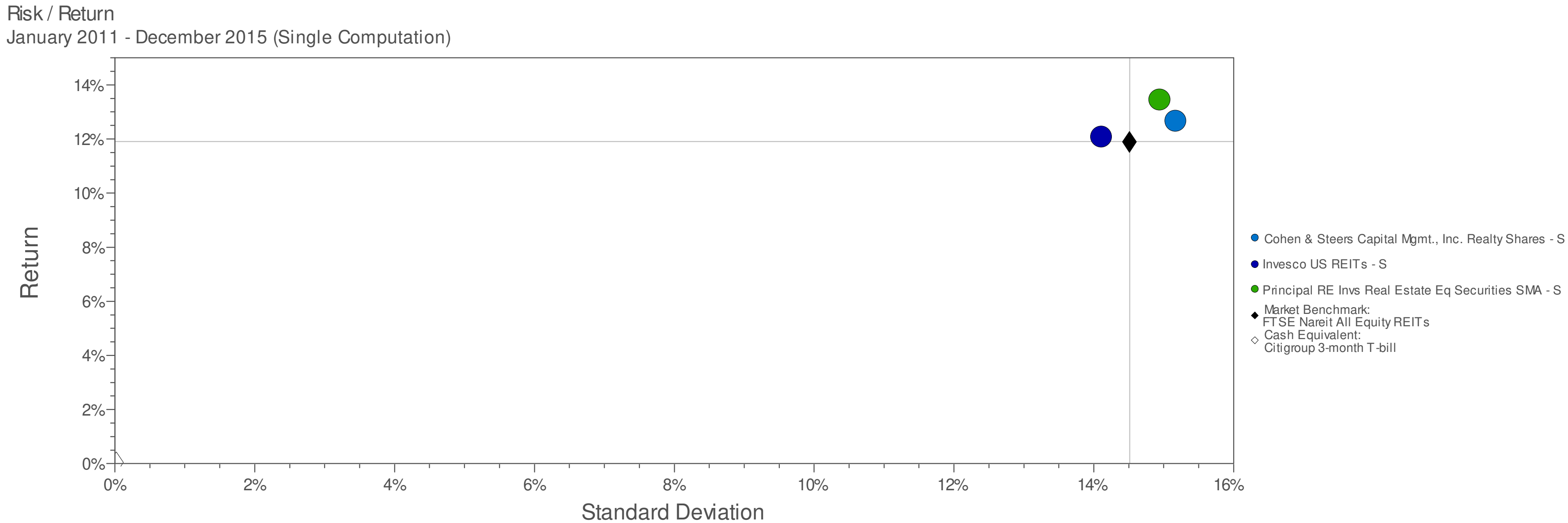
January 2006 - December 2010: Summary Statistics

	Return	Excess Return vs. Market	Standard Deviation	Beta vs. Market	Maximum Drawdown	Up Capture vs. Market	Down Capture vs. Market	Alpha vs. Market	Sharpe Ratio	Sortino Ratio (MAR = 0.00%)	R-Squared vs. Market
Cohen & Steers Capital Mgmt., Inc. Realty Shares - S	5.09%	2.05%	34.06%	1.00	-63.71%	104.21%	96.97%	1.82%	0.08	0.23	99.42%
Invesco US REITs - S	4.42%	1.38%	31.97%	0.94	-61.71%	97.69%	94.58%	1.11%	0.07	0.20	99.47%
Principal RE Invs Real Estate Eq Securities SMA - S	4.50%	1.46%	31.81%	0.93	-61.31%	96.72%	93.69%	1.14%	0.07	0.21	99.18%
FTSE Nareit All Equity REITs	3.03%	0.00%	34.02%	1.00	-65.43%	100.00%	100.00%	0.00%	0.02	0.13	100.00%

The prices, quotes or statistics contained herein have been obtained from sources believed to be reliable, however, the accuracy cannot be guaranteed. Past performance is not a guarantee of future results.

Risk/Return Analysis – 5 Years Ended 12/31/2015

Graystone Consulting



Return & Risk Analysis

January 2011 - December 2015: Summary Statistics

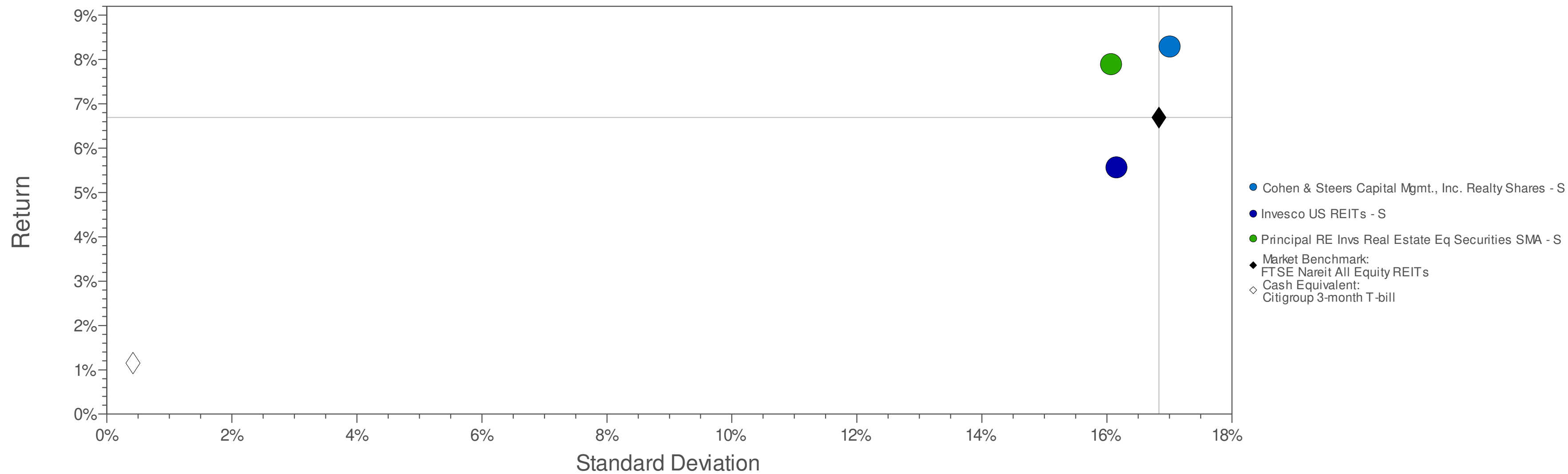
	Return	Excess Return vs. Market	Standard Deviation	Beta vs. Market	Maximum Drawdown	Up Capture vs. Market	Down Capture vs. Market	Alpha vs. Market	Sharpe Ratio	Sortino Ratio (MAR = 0.00%)	R-Squared vs. Market
Cohen & Steers Capital Mgmt., Inc. Realty Shares - S	12.68%	0.78%	15.17%	1.04	-16.08%	105.23%	101.73%	0.34%	0.83	1.49	98.54%
Invesco US REITs - S	12.07%	0.16%	14.11%	0.97	-14.58%	97.80%	93.40%	0.49%	0.85	1.55	99.06%
Principal RE Invs Real Estate Eq Securities SMA - S	13.43%	1.53%	14.93%	1.02	-15.13%	105.92%	94.26%	1.25%	0.90	1.65	97.71%
FTSE Nareit All Equity REITs	11.91%	0.00%	14.51%	1.00	-15.07%	100.00%	100.00%	0.00%	0.82	1.47	100.00%

The prices, quotes or statistics contained herein have been obtained from sources believed to be reliable, however, the accuracy cannot be guaranteed. Past performance is not a guarantee of future results.

Risk/Return Analysis – 5 Years Ended 12/31/2020

Graystone Consulting

Risk / Return
January 2016 - December 2020 (Single Computation)



Return & Risk Analysis

January 2016 - December 2020: Summary Statistics

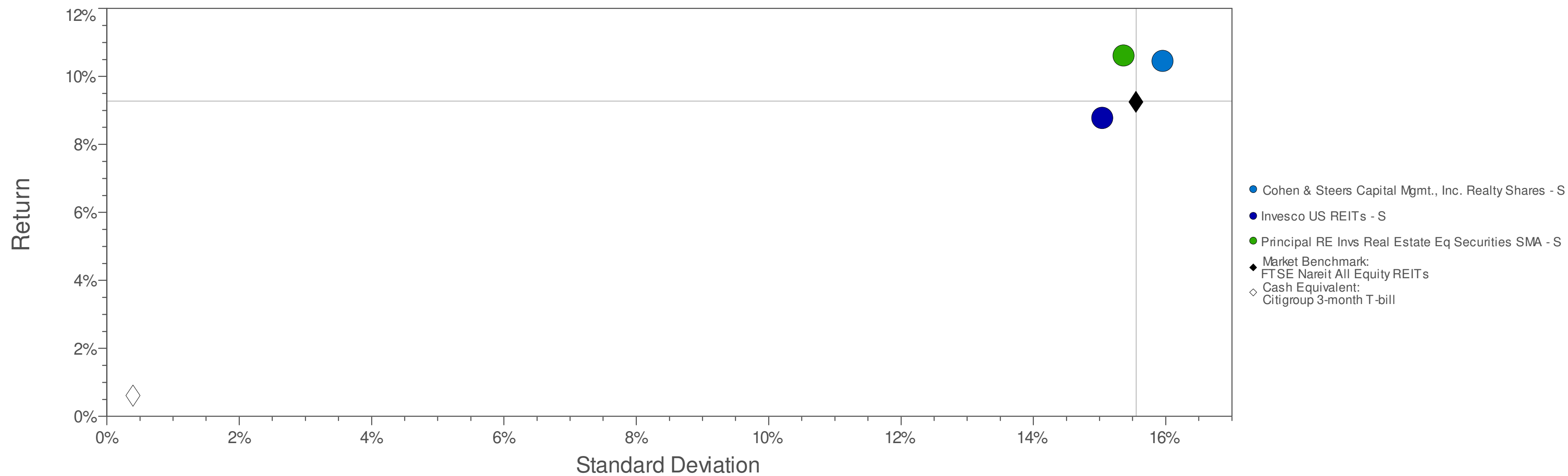
	Return	Excess Return vs. Market	Standard Deviation	Beta vs. Market	Maximum Drawdown	Up Capture vs. Market	Down Capture vs. Market	Alpha vs. Market	Sharpe Ratio	Sortino Ratio (MAR = 0.00%)	R-Squared vs. Market
Cohen & Steers Capital Mgmt., Inc. Realty Shares - S	8.29%	1.59%	17.02%	1.00	-22.79%	107.67%	95.97%	1.51%	0.42	0.75	98.39%
Invesco US REITs - S	5.56%	-1.14%	16.16%	0.95	-23.27%	88.86%	95.34%	-0.83%	0.27	0.50	98.70%
Principal RE Invs Real Estate Eq Securities SMA - S	7.88%	1.19%	16.08%	0.95	-22.36%	102.94%	93.37%	1.41%	0.42	0.74	98.65%
FTSE Nareit All Equity REITs	6.70%	0.00%	16.83%	1.00	-23.44%	100.00%	100.00%	0.00%	0.33	0.59	100.00%

The prices, quotes or statistics contained herein have been obtained from sources believed to be reliable, however, the accuracy cannot be guaranteed. Past performance is not a guarantee of future results.

Risk/Return Analysis – 10 Years Ended 12/31/2020

Graystone Consulting

Risk / Return
January 2011 - December 2020 (Single Computation)



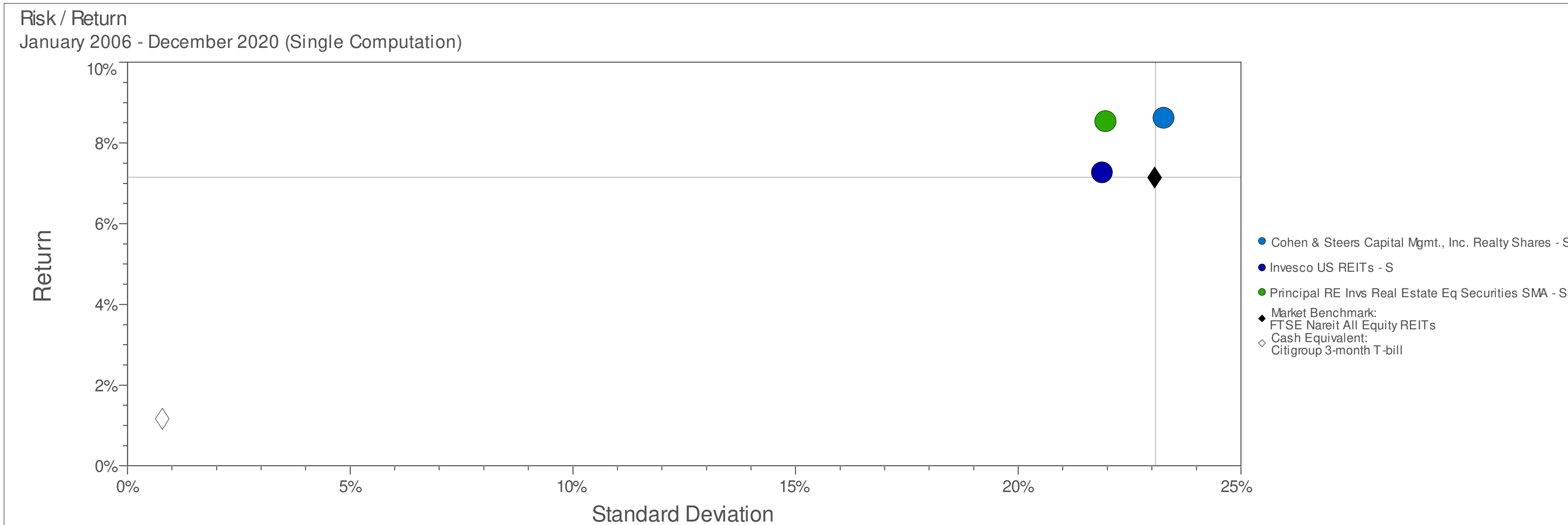
Return & Risk Analysis

January 2011 - December 2020: Summary Statistics

	Return	Excess Return vs. Market	Standard Deviation	Beta vs. Market	Maximum Drawdown	Up Capture vs. Market	Down Capture vs. Market	Alpha vs. Market	Sharpe Ratio	Sortino Ratio (MAR = 0.00%)	R-Squared vs. Market
Cohen & Steers Capital Mgmt., Inc. Realty Shares - S	10.47%	1.20%	15.94%	1.02	-22.79%	106.36%	98.35%	1.00%	0.62	1.06	98.42%
Invesco US REITs - S	8.76%	-0.51%	15.05%	0.96	-23.27%	93.61%	94.49%	-0.16%	0.54	0.91	98.80%
Principal RE Invs Real Estate Eq Securities SMA - S	10.62%	1.35%	15.36%	0.98	-22.36%	104.52%	93.69%	1.45%	0.65	1.12	98.10%
FTSE Nareit All Equity REITs	9.27%	0.00%	15.55%	1.00	-23.44%	100.00%	100.00%	0.00%	0.56	0.94	100.00%

Risk/Return Analysis – 15 Years Ended 12/31/2020

Graystone Consulting



Return & Risk Analysis

January 2006 - December 2020: Summary Statistics

	Return	Excess Return vs. Market	Standard Deviation	Beta vs. Market	Maximum Drawdown	Up Capture vs. Market	Down Capture vs. Market	Alpha vs. Market	Sharpe Ratio	Sortino Ratio (MAR = 0.00%)	R-Squared vs. Market
Cohen & Steers Capital Mgmt., Inc. Realty Shares - S	8.64%	1.49%	23.27%	1.00	-63.71%	105.38%	97.30%	1.35%	0.32	0.56	99.10%
Invesco US REITs - S	7.29%	0.14%	21.88%	0.94	-61.71%	95.41%	94.26%	0.35%	0.28	0.49	99.23%
Principal RE Invs Real Estate Eq Securities SMA - S	8.54%	1.39%	21.95%	0.95	-61.31%	101.15%	93.36%	1.53%	0.34	0.58	98.77%
FTSE Nareit All Equity REITs	7.15%	0.00%	23.08%	1.00	-65.43%	100.00%	100.00%	0.00%	0.26	0.45	100.00%

The prices, quotes or statistics contained herein have been obtained from sources believed to be reliable, however, the accuracy cannot be guaranteed. Past performance is not a guarantee of future results.

Important Notes About This Report

Graystone Consulting

PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS. ACTUAL INDIVIDUAL ACCOUNT RESULTS WILL DIFFER FROM THE PERFORMANCE SHOWN IN THIS REPORT.

INVESTMENT DECISIONS: Do not use this report as the sole basis for investment decisions. Do not select an allocation, investment disciplines or investment managers/funds based on performance alone. Consider, in addition to performance results, other relevant information about each investment manager or fund, as well as matters such as your investment objectives, risk tolerance and investment time horizon.

SOURCE OF PERFORMANCE INFORMATION FOR INVESTMENT MANAGERS AVAILABLE IN CONSULTING AND EVALUATION SERVICES OR SELECT UMA: Each investment manager included in this report that participates in one or more of the Consulting and Evaluation Services or Select UMA programs ("Programs") has a track record of investing assets in the relevant investment discipline. The investment manager's gross performance track record shown in this report consists of its gross performance in either the Morgan Stanley or the Smith Barney form of the Select UMA program (if that investment manager was in the Select UMA program) for periods for which sufficient data is available. If the strategy or similar strategies are available in both the Morgan Stanley and Smith Barney forms of the program, this profile presents the composite for the strategy that is closest to the strategy currently offered in the Select UMA program. If both strategies are equally close, the profile shows the longer of the two composites. For other periods, the gross performance track record is provided by the investment manager and consists of accounts managed by the investment manager in the same or a similar investment discipline, whether at Morgan Stanley or elsewhere (and may include institutional accounts, retail accounts and/or pooled investment vehicles such as mutual funds).

Important Notes About This Report (Cont'd)

Graystone Consulting

There may be differences between the performance in the different forms of the Select UMA program, in different Programs, and between the performance in Programs and performance outside the Programs, due to, among other things, investment and operational differences. For example:

- Institutional accounts included in related performance may hold more securities than the Program accounts, participate in initial public offerings (IPOs) and invest directly in foreign securities (rather than in ADRs).
- Mutual funds included in related performance may hold more securities than the Program accounts, may participate in IPOs, may engage in options and futures transactions, and are subject to certain regulatory limitations.
- Performance results in Select UMA accounts could differ from that in Consulting and Evaluation Services accounts because Select UMA accounts may hold fewer securities, and have automatic rebalancing, wash sale loss and tax harvesting features.

You should read the investment manager profile accompanying this report for each investment manager. The investment manager profile gives further details on the sources of performance information for a particular investment manager, as well as other calculations of the manager's performance returns (such as performance net of fees and expenses).

SOURCE OF PERFORMANCE INFORMATION FOR GLOBAL INVESTMENT SOLUTION STRATEGIES: In the Global Investment Solutions program, dedicated portfolio managers employed by Morgan Stanley or third party subadvisors make day-to-day investment decisions for clients' accounts invested in various investment strategies. The track record shown in this report for Global Investment Solutions strategies consists of the portfolio management team's gross performance in that strategy in the Global Investment Solutions program (or a predecessor program).

SOURCE OF PERFORMANCE INFORMATION FOR OTHER INVESTMENT MANAGERS: For any investment managers shown in this report that are not available in the Consulting and Evaluation Services or Select UMA programs, the performance data is obtained from databases maintained by parties outside Morgan Stanley. This data has been included for your information, and has not been verified by Morgan Stanley in any way. See "Sources of Information" below. The gross performance shown in this report for these managers could differ materially from their gross performance in investment advisory programs offered by firms other than Morgan Stanley. If you have invested with any such manager through another firm, we recommend that you seek information from that firm on the manager's gross and net performance in its programs.

Important Notes About This Report (Cont'd)

Graystone Consulting

SOURCE OF PERFORMANCE INFORMATION FOR FUNDS: For any fund shown in this report, the performance data is obtained from databases maintained by parties outside Morgan Stanley. This data has been included for your information, and has not been verified by Morgan Stanley in any way. See "Sources of Information" below.

BENCHMARK INDICES: Depending on the composition of your account and your investment objectives, the indices shown in this report may not be appropriate measures for comparison purposes and are therefore presented for illustration only. The indices used in this report may not be the same indices used for comparative purposes in the profile for each investment manager, mutual fund and/or ETF that accompanies this report. Indices are unmanaged. They do not reflect any management, custody, transaction or other expenses, and generally assume reinvestment of dividends, accrued income and capital gains. Performance of selected indices may be more or less volatile than that of any investment manager/fund shown in this report. Past performance of indices does not guarantee future results. You cannot invest directly in an index.

MANAGERS AND FUNDS APPROVED IN MORGAN STANLEY WEALTH MANAGEMENT PROGRAMS: Morgan Stanley Wealth Management approves certain managers and funds offered in its investment advisory programs:

- Morgan Stanley Wealth Management's Global Investment Manager Analysis ("GIMA") team approves managers and funds offered in Consulting and Evaluation Services and Select UMA.
- Managers and funds offered in Institutional Consulting Group and Graystone Consulting programs may be approved by GIMA, approved by Morgan Stanley Wealth Management using another process, or not approved by Morgan Stanley Wealth Management.
- Morgan Stanley Wealth Management does not approve managers in the Investment Management Services consulting program.
- Managers in the Global Investment Solutions (GIS) program are not evaluated by GIMA.

Important Notes About This Report (Cont'd)

Graystone Consulting

If you invest in a manager or fund that is not approved by Morgan Stanley Wealth Management, you are responsible for selecting and/or retaining that manager or fund, and Morgan Stanley Wealth Management does not recommend or monitor that manager or fund. For more information on the approval process in any program, see the applicable ADV brochure, available at www.MorganStanley.com/ADV or from your Financial Advisor or Private Wealth Advisor. If you have any questions about whether or how Morgan Stanley Wealth Management has approved a manager or fund shown in this report, please ask our Financial Advisor or Private Wealth Advisor.

SHARE CLASSES OF FUNDS SHOWN IN THIS REPORT: The share class of a fund shown in this report may differ from the share class available in any Morgan Stanley Wealth Management investment advisory program in which you invest. The performance of the share class in which you invest may differ from that of the share class shown in this report.

REINVESTMENT: The performance results shown in this report assume that all dividends, accrued income and capital gains were reinvested.

SOURCES OF INFORMATION: Although the statements of fact in this report have been obtained from, and are based on, sources that Morgan Stanley believes to be reliable, Morgan Stanley makes no representation as to the accuracy or completeness of the information from sources outside Morgan Stanley. Any such information may be incomplete and you should not use it as the sole basis for investment decisions.

It is important to consider a fund's investment objectives, risks, charges and expenses carefully before investing. The prospectus contains this and other information about the fund. A copy of the prospectus may be obtained from your Financial Advisor or Private Wealth Advisor. Please read the prospectus carefully before investing in the fund.

Important Notes About This Report (Cont'd)

Graystone Consulting

KEY ASSET CLASS RISK CONSIDERATIONS: Investing in securities entails risk including the risk of losing principal. There is no assurance that the investment disciplines and investment managers/funds selected will meet their intended objectives.

Commodities – Diversified: The commodities markets may fluctuate widely based on a variety of factors including changes in supply and demand relationships; governmental programs and policies; national and international political and economic events; war and terrorist events; changes in interest and exchange rates; trading activities in commodities and related contracts; pestilence; weather; technological change; and the price volatility of a commodity. In addition to commodity risk, commodity-linked notes may be subject to special risks, such as risk of loss of interest and principal, lack of a secondary market and risk of greater volatility that do not affect traditional equity and debt securities.

Commodities - Precious Metals: The prices of Commodities - Precious Metals tend to fluctuate widely and in an unpredictable manner, and have historically experienced extended periods of flat or declining prices. The prices of Commodities - Precious Metals are affected by several factors, including global supply and demand, investors' expectations with respect to the rate of inflation, currency exchange rates, interest rates, investment and trading activities of hedge funds and commodity funds, and global or regional political, economic or financial events and situations.

Fixed Income: Fixed income securities are subject to certain inherent risks such as credit risk, reinvestment risk, call risk, and interest rate risk. Fixed income securities are sensitive to changes in prevailing interest rates. When interest rates rise, the value of fixed income securities generally declines. Accordingly, managers or funds that invest in fixed income securities are subject to interest rate risk and portfolio values can decline in value as interest rates rise and an investor can lose principal.

High Yield Fixed Income: As well as being subject to risks relating to fixed income generally (see "Fixed Income"), high yield or "junk" bonds are considered speculative, have significantly higher credit and default risks (including loss of principal), and may be less liquid and more volatile than investment grade bonds. Clients should only invest in high yield strategies if this is consistent with their risk tolerance, and high yield investments should comprise only a limited part of a balanced portfolio.

Important Notes About This Report (Cont’d)

Graystone Consulting

International/Emerging Market: International investing (including investing in particular countries or groups of countries) should be considered only one component of a complete and diversified investment program. Investing in foreign markets may entail greater risks than those normally associated with domestic markets, such as foreign political, currency, economic and market risks. In addition, the securities markets of many emerging markets are substantially smaller, less developed, less liquid and more volatile than the securities markets of the U.S. and other more developed countries. Further, a portfolio that focuses on a single country may be subject to higher volatility than one that is more diversified.

Preferred Securities: Preferred securities are generally subject to the same risks as apply to fixed income securities. (See “Fixed Income.”) However, preferred securities (especially equity preferred securities) may rank below traditional forms of debt for the purposes of repayment in the event of bankruptcy. Many preferred securities are “callable” meaning that the issuer may retire the securities at specific prices and dates prior to maturity. If a preferred security is called, the investor bears the risk of reinvesting proceeds at a potentially lower return. Investors may not receive regular distributions on preferred securities. For example, dividends on equity preferred securities may only be declarable in the discretion of the issuer's board and may not be cumulative. Similarly, interest payments on certain debt preferred securities may be deferred by the issuer for periods of up to 10 years or more, in which case the investor would still have income tax liability even though payments would not have been received.

Real Estate: Real estate investments are subject to special risks, including interest rate and property value fluctuations as well as risks related to general and local conditions.

Small and Mid Cap: Investments in small-to medium-sized corporations are generally more vulnerable to financial risks and other risks than larger corporations and may involve a higher degree of price volatility than investments in the broad equity market.

Hedged and Alternatives Strategies: In most Consulting Group investment advisory program, alternative investments are limited to US registered open-end mutual funds, separate account strategies, and ETFs that seek to pursue alternative investment strategies or returns utilizing publicly traded securities. Investment products in this category may employ various investment strategies and techniques for both hedging and more speculative purposes such as short selling, leverage, derivatives, and options, which can increase volatility and the risk of investment loss. Alternative Investments are not suitable for all investors.

Managed Futures: Involve a high degree of risk, often involve leveraging and other speculative investment practices that may increase the risk of investment loss, can be highly illiquid, are not required to provide periodic pricing or valuation information to investors, may involve complex tax structures and delays in distributing important tax information, are not subject to the same regulatory requirements as mutual funds, often charge high fees which may offset any trading profits, and in many cases the underlying investments are not transparent and are known only to the investment manager.

Master Limited Partnerships (MLPs) are limited partnerships or limited liability companies whose interests (limited partnership or limited liability company units) are generally traded on securities exchanges like shares of common stock. Investment in MLPs entails different risks, including tax risks, than is the case for other types of investments. Currently, most MLPs operate in the energy, natural resources or real estate sectors and are subject to the risks generally applicable to companies in those sectors, including commodity pricing risk, supply and demand risk, depletion risk and exploration risk. Depending on the ownership vehicle, MLP interests are subject to varying tax treatment.

Glossary

ALPHA: Synonym of 'value added', linearly similar to the way beta is computed, alpha is the incremental return on a portfolio when the market is stationary. In other words, it is the extra expected return due to non-market factors. This risk-adjusted measurement takes into account both the performance of the market as a whole and the volatility of the portfolio. A positive alpha indicates that a portfolio has produced returns above the expected level at that level of risk, and vice versa for a negative alpha.

ANNUALIZED RETURN: The constant rate of return that, compounded annually, would yield the same overall return for a period of more than one year as the actual return observed for that period.

ANNUALIZED EXCESS RETURN: Excess return represents the difference between the manager's return and the return of a benchmark for that manager. Annualized excess return is calculated by taking the annualized return of the original series and forming the difference between the two. A positive annualized excess return implies that the manager outperformed the benchmark over the time period shown.

BEST AND WORST PERIOD RETURNS: The best period return for a time window is simply the maximum of the returns for that period inside this window. Similarly, the worst period return for a time window is the minimum of the returns for that period inside this window. To calculate the best one-year return for a return series, the program moves a one-year time window along the series and calculates the compound return for each of these windows. The best one-year return is the maximum of the returns thus found. Similarly, the worst one-year return is the minimum of the returns thus found. Therefore, best and worst one-year returns do not refer to calendar years.

BETA: The measure of a portfolio's risk in relation to the market (for example, the S&P 500) or to an alternative benchmark or factors. Roughly speaking, a portfolio with a beta of 1.5 will have moved, on average, 1.5 times the market return. According to asset pricing theory, beta represents the type of risk, systematic risk, which cannot be diversified away. When using beta, there are a number of issues that you need to be aware of: (1) betas may change through time; (2) betas may be different depending on the direction of the market (i.e. betas may be greater for down moves in the market rather than up moves); (3) the estimated beta will be biased if the portfolio does not frequently trade; and (4) the beta is not necessarily a complete measure of risk (you may need multiple betas). Also, note that the beta is a measure of co movement, not volatility. It is possible for a security to have a zero beta and higher volatility than the market.

Glossary (Cont'd)

Graystone Consulting

CORRELATION: Statistical method to measure how closely related the variances of two series are. Assets that are highly correlated would be expected to react in similar ways to changing market conditions.

CUMULATIVE RETURN: The total return on an investment over a specified time period.

CUMULATIVE EXCESS RETURN: Excess return represents the difference between the manager's return and the return of a benchmark for that manager. Cumulative excess return is calculated by taking the cumulative return of the original series and forming the difference between the two. A positive cumulative excess return implies that the manager outperformed the benchmark over the time period shown.

DOWNSIDE CAPTURE RATIO: For each portfolio, this is calculated by (1) identifying the calendar quarters in which the portfolio's benchmark index had negative returns and then (2) for those quarters, dividing the portfolio's annualized net performance by the benchmark index's performance. For investors, the lower the downside capture ratio, the better. For example, a downside capture ratio of 90% means that the portfolio's losses were only 90% of the market's losses (as represented by the benchmark index).

DOWNSIDE DEVIATION: Similar to Standard Deviation, but Downside Deviation captures the range of expected returns only on the down side [when the returns fall below the minimum acceptable return (MAR)].

DRAWDOWN (MAXIMUM DRAWDOWN): The Maximum loss (compounded, not annualized) that the manager incurred during any sub-period of the time period shown.

- DRAWDOWN BEGIN DATE: the first date of the sub-period used to calculate the maximum drawdown
- DRAWDOWN END DATE: The last date of the sub period used to calculate the maximum drawdown
- DRAWDOWN LENGTH: The number of periods (months or quarters depending on the periodicity of the data) the sub-period used to calculate the maximum drawdown
- DRAWDOWN RECOVERY DATE: Date at which the compounded returns regain the peak level that was reached before the drawdown began
- DRAWDOWN RECOVERY LENGTH: Number of periods it takes to reach the recovery level from maximum drawdown end date

Glossary (Cont'd)

Graystone Consulting

EXCESS RETURN: The difference between the returns of two portfolios. Usually excess return is the difference between a portfolio's return and the return of a benchmark for that portfolio.

GAIN TO LOSS RATIO: Divides the average gain in an up period by the average loss in a down period. A higher Gain to Loss Ratio is more favorable.

HIGH WATER MARK: The High Water Mark represents the peak level of the manager's return, as represented by the peak of the cumulative return series.

- HIGH WATER MARK DATE: The date which the High Water Mark was reached.
- UNDER WATER LOSS: Loss incurred between the high water mark date and the end of the period analyzed
- UNDER WATER LENGTH: Length of the time interval that begins with the high water mark and ends with the analysis period
- TO HIGH WATER MARK: The percentage of gain that the manager/fund needs to regain the peak level of the cumulative return series

INFORMATION RATIO: Measures the active return of the manager divided by the manager's active risk. Active return is the annualized differences of the manager and the benchmark index, while active risk is measured by tracking error. The higher the information ratio, the better. An information ratio of 0 implies that a manager/fund (or benchmark index, if applicable) has provided a return that is equivalent to the risk of the benchmark return.

MAR: Stands for "Minimum Acceptable Return." This represents the lowest return possible that could be considered a successful result of the investment. In most cases, the MAR will either be defined as 0 (meaning no negative return) or as the return of a cash benchmark (meaning the investment had a higher return that simply keeping the investment amount in the relatively safe investment of money market funds). Please refer to the specific chart/statistic to see the specific MAR used in the illustration.

Glossary (Cont'd)

Graystone
Consulting

MANAGER STYLE (RETURNS BASED STYLE ANALYSIS): A measure for analyzing the style of a portfolio's returns when compared with the quarterly returns on a number of selected style indices (the "Style Basis"). These style indices represent distinct investment styles or asset classes such as large cap value, large cap growth, small cap growth, small cap value, government bonds, or cash equivalents asset classes. Style analysis uses a calculation procedure that finds the combination of selected indices that best tracks (i.e. that has the highest correlation to) a given manager's return series. This allows the advisor to capture an accurate picture of the investment style of the manager without viewing the underlying holdings.

OMEGA: A measure of volatility designed to capture the entire return distribution (useful for investments that do not have normal return distributions), the Omega is tied to a MAR (see above) and shows the ratio of the entire upside performance to the entire downside, with the MAR representing the dividing line between upside and downside. (e.g. If MAR = 0.00%, any positive return is captured in the upside and any negative return is captured in the downside).

PAIN INDEX: Represents the frequency, the depth, and the width of the manager/fund's drawdowns. The Pain Index captures the information for every period in which the manager/fund is negative. A higher Pain Index indicates that the manager/fund had a more negative result when considering not just the depth (lowest return) but also the frequency of negative returns (frequency) and the amount of time that the return remained negative (width).

PAIN RATIO: A risk/return ratio which uses the Pain Index as the measure of risk. The higher the Pain Ratio, the better the risk-adjusted return of the portfolio.

ROLLING WINDOW: Indicates that the chart or statistic was evaluated using periodic smaller windows of data on a rolling basis. As an example, a 20 Quarter Rolling Window (Annual Roll) over a 10 year period indicates that 5 year (20 quarter) periods of time were evaluated from the start date, moving forward one year at a time, for the duration of the 10 year period, resulting in 5 "windows". Evaluating data this way allows us to remove end point bias and determine a measure of consistency in performance.

R-SQUARED: Used to show how much of a portfolio's variability can be accounted for by the market. For example, if a portfolio's R-Squared is 0.79, then 79% of the portfolio's variability is due to market conditions. As R-Squared approaches 100%, the portfolio is more closely correlated with the market.

SHARPE RATIO: Developed by William F. Sharpe, this calculation measures a ratio of return to volatility. It is useful in comparing two portfolios or stocks in terms of risk-adjusted return. The higher the Sharpe Ratio, the better the risk-adjusted return of the portfolio. It is calculated by first subtracting the risk free rate (Citigroup 3-month T-bill) from the return of the portfolio, then dividing by the standard deviation of the portfolio. Using Sharpe ratios to compare and select among investment alternatives can be difficult because the measure of risk (standard deviation) penalizes portfolios for positive upside returns as much as the undesirable downside returns.

SINGLE COMPUTATION: For a single computation chart, StyleADVISOR calculates the information over the entire time period shown as a single data point. AS an example, in a chart showing 10 years of performance, a "Single Computation" would represent the statistic shown over the entire 10 year window.

STANDARD DEVIATION: A statistical measure of the degree to which the performance of a portfolio varies from its average performance during a specified period. The higher the standard deviation, the greater the volatility of the portfolio's performance returns relative to its average return. A portfolio's returns can be expected to fall within plus or minus one standard deviation, relative to its average return, two-thirds of the time, and fall within plus or minus two standard deviations relative to its average return, 95% of the time. For example, if a portfolio had a return of 5% and a standard deviation of 13% then, if future volatility of returns is similar to historical volatility (which may not be the case):

- About two-thirds of the time, the future returns could be expected to fall between -8% and 18% (being 5% +/- 13%)
- About 95% of the time, the future returns could be expected to fall between -21% and 31% (being 5% +/- 26%).

In performance measurement, it is generally assumed that a larger standard deviation means that great risk was taken to achieve the return.

Glossary (Cont'd)

STYLE BASIS: A set of indices that represent the broad asset category being utilized. The Style Basis is used in the equation that calculates the Manager Style (see definition). The "Manager Style" chart shows the specific benchmarks utilized in the Style Basis. The following Style Bases would be appropriate for the asset classes shown below:

- Domestic Equity: Russell Generic Corners; Russell 6 Way Style basis; S&P Pure Style Basis
- International Equity: MSCI Regional Style Basis; MSCI World Ex USA Style Basis; MSCI International Equity Style Basis; S&P Regional International Indexes, S&P International 4 Way Style Basis
- Global Equity: MSCI World Style Basis; MSCI World Regional Indexes; MSCI Global Equity Style Basis
- Fixed income: Citigroup Corporate Bond Indexes; BofA Merrill Lynch Fixed Income Indexes; Citigroup Govt Fixed Income Indexes; Global Bond Indexes

STYLE BENCHMARK: A unique benchmark calculated for each manager/fund based on the Returns Based Style Analysis described above. The "Asset Allocation" chart in Zephyr shows the specific weightings used for the Style Benchmark for each manager or fund.

TRACKING ERROR: A measurement that indicates the standard deviation of the difference between a selected market index and a portfolio's returns. The portfolio's returns are then compared to the index's returns to determine the amount of excess return, which produces a tracking error. A low tracking error indicates that the portfolio is tracking the selected index closely or has roughly the same returns as the index.

UPSIDE CAPTURE RATIO: For each portfolio, this is calculated by (1) identifying the calendar quarters in which the portfolio's benchmark index had positive returns and then (2) for those quarters, dividing the portfolio's annualized net performance by the benchmark index's performance. A percentage less than 100% indicates that the portfolio "captured" less performance than the benchmark index, while a percentage greater than 100% indicates the portfolio captured more performance than the benchmark index. For investors, the higher the upside capture ratio, the better. For example, if the annualized performance of an benchmark index during "up" markets (when its returns were zero or positive) is 20.8% and the portfolio's annualized performance during the same period is 16.8%, then the portfolio's upside capture ratio is 16.8%/20.8% = 80.7%, meaning the portfolio "captured" 80.7% of the upside performance of the index. Stated another way, the portfolio in this example performed almost 20% worse than the market during up periods.

VARIANCE: A measure of how spread out a distribution is. It is computed as the average squared deviation of each number from its mean.

Graystone Consulting

REITs
Qualitative Research

Summary of Gross & Net Returns*

Graystone Consulting

Zephyr StyleADVISOR

Zephyr StyleADVISOR: MSSB - Tampa, FL

Manager vs Benchmark: Return

January 2006 - December 2020 (not annualized if less than 1 year)

	1 quarter	1 year	3 years	5 years	7 years	10 years	15 years
Cohen & Steers Capital Mgmt., Inc. Real Estate Securities - S	9.50%	-2.00%	7.88%	8.34%	11.69%	11.31%	N/A
Cohen & Steers Capital Mgmt., Inc. Real Estate Securities - n	8.81%	-4.29%	5.33%	5.76%	9.05%	8.71%	N/A
Invesco US REITs - S	5.09%	-9.16%	3.76%	5.56%	8.34%	8.76%	7.29%
Invesco US REITs - n	4.42%	-11.34%	1.25%	2.98%	5.71%	6.15%	4.70%
Principal RE Invs Real Estate Eq Securities SMA - S	9.42%	-1.65%	7.83%	7.88%	10.67%	10.62%	8.54%
Principal RE Inv Real Estate Eq Securities SMA - n	8.74%	-3.95%	5.28%	5.30%	8.04%	8.02%	5.97%
FTSE Nareit All Equity REITs	8.15%	-5.12%	5.41%	6.70%	8.93%	9.27%	7.15%

* Net returns reflect maximum advisory & management fees that could potentially be charged.

The prices, quotes or statistics contained herein have been obtained from sources believed to be reliable, however, the accuracy cannot be guaranteed. Past performance is not a guarantee of future results.

Morgan Stanley

WEALTH MANAGEMENT

Global Investment Manager Analysis | November 3, 2020

Cohen & Steers Realty Shares

Focus List Report

Summary of Opinion

- Global Investment Manager Analysis (GIMA) believes the Cohen & Steers Realty Shares strategy (the Strategy) may be appropriate for investors seeking a mid/large cap-biased, domestic total return real estate (RE) securities mandate. The Strategy is available through a mutual fund and a separately managed account (SMA), which GIMA views as significantly similar offerings.
- In October 2020, Thomas Bohjalian, Cohen & Steers' (the Firm) Head of U.S. Real Estate and the Strategy's lead portfolio manager (PM), announced his decision to retire from the Firm in June 2021. GIMA views Mr. Bohjalian as the key decision-maker and senior leader for the Firm's U.S. Real Estate securities business. Effective May 31, 2021, Mr. Bohjalian's responsibilities will be assumed by Jason Yablon, Senior PM for U.S. Real Estate securities portfolios. In addition, effective November 30, 2020, Mathew Kirschner will be added as a PM for the Strategy.
- While the remaining team is well-resourced with highly experienced PMs, GIMA views Mr. Bohjalian's retirement announcement as a notable event. Nonetheless, GIMA does not believe this announcement warrants a change in the Strategy's status at this time.
- As of September 30, 2020, the Strategy has outperformed the FTSE NAREIT All Equity Index (the Index) and ranked in the top quartile within the peer universe YTD and over multiple trailing periods.

DANA DAULETBAYEVA

Investment Analyst
Dana.Dauletbayeva@morganstanley.com
+1 212 296-1914

STRATEGY DETAILS

Investment Style:
Real Estate/REITs

Sub-Style:
Public REIT Strategies – Domestic

Benchmark:
FTSE NAREIT All Equity REITs Index

GIMA Status:
Focus List

Product Type:
SMA and Mutual Fund

Ticker Symbol:
CSRSX (TRAK FS, UMA)

http://www.cohenandsteers.com

Strategy Description

Cohen & Steers Realty Shares strategy is a total return-focused domestic REIT strategy with a mid/large-cap bias.

Strategy Snapshot

INVESTMENT CAPABILITIES	BUSINESS EVALUATION	INVESTMENT RESOURCES	PORTFOLIO CONSTRUCTION CAPABILITIES	HIGH ADVERSE ACTIVE ALPHA	SHORT –TERM PERFORMANCE ANALYSIS (≤ 3 YRS)	LONG -TERM PERFORMANCE ANALYSIS (> 3 YRS)
Above Average	Average	Above Average	Above Average	Yes	Above Expectations	Above Expectations

See Strategy Snapshot description at the end of this report.

Strategy Attributes

Positive Attributes

- In July 2020, GIMA elected to change the status of the Strategy from the Approved List to the Focus List due to consistently strong performance and favorable peer-relative results.
- The Strategy has delivered strong benchmark- and peer-relative performance, ranking in the top quartile YTD and over the trailing 1-, 3-, 5- and 10-year periods (as of 9/30/20).
- On October 30, 2019, Executive Vice President and Head of Global Real Estate, Jon Cheigh, was appointed CIO of Cohen & Steers. As CIO, Mr. Cheigh succeeds Joseph Harvey, who will remain as President of the Firm. Mr. Cheigh was also added to the Firm's Executive Committee and will remain Head of Global Real Estate and lead PM of Cohen & Steers Global Realty Shares Fund. GIMA believes that Mr. Cheigh's appointment to CIO represents natural succession planning for the Firm and will not materially disrupt his day-to-day management and oversight of the Global Real Estate team.
- GIMA recognizes the Firm's stature in the RE industry and holds a favorable view on the firm-wide changes in recent years, including the stabilization of senior investment professionals, the adoption of formal succession planning, and the emphasis on a long-term commitment to the growth of its employees through internal promotion.
- GIMA also views positively the Firm's ongoing efforts to broaden its product line (e.g., listed infrastructure, multi-real asset, natural resource equities).

Points to Consider

- The Strategy generally maintains allocations to core property sectors, i.e., Apartment, Office, Industrial, and Retail, but takes a flexible, opportunistic approach to allocating across non-core sectors as well.
- Under Mr. Bohjalian's leadership, the team continues to place increased emphasis on active share and higher-conviction, more-concentrated portfolio construction.
- Real Estate Securities versus Realty Shares – the Real Estate Securities Strategy is a more flexible mandate in terms of market capitalization, the use of option writing and credit, as well as potential international exposure.
- On April 1, 2019, Cohen & Steers changed the Strategy's primary benchmark from the FTSE NAREIT Equity REITs Index to the FTSE NAREIT All Equity REITs Index (the new Index), a more inclusive benchmark (i.e., cell tower and timber REITs) that the Firm believes is more representative of the Strategy's investment universe going forward.

Areas of Concern

- GIMA regards Mr. Bohjalian's announced retirement as a notable event as GIMA has historically viewed Mr. Bohjalian as the key decision-maker and senior leader for the Firm's U.S. Real Estate securities business. However, GIMA believes the Firm's recent appointments represent natural succession planning for the Strategies and the Firm. The following provides additional mitigating factors:
  - Cohen & Steers identified Jason Yablon as Mr. Bohjalian's ultimate successor several years ago.
  - Messrs. Bohjalian, Yablon, and Kirshner have worked together for the last 16 year; therefore, GIMA does not believe there will be a disruption to the investment philosophy or process.
  - Both Mr. Yablon and Mr. Kirschner have consistently demonstrated their leadership and alpha-generating skills over the past several years through the management of the analyst team and their respective products. Specifically, Mr. Yablon is the lead PM of approximately $13 billion in assets and Mr. Kirschner is the lead PM of approximately $11 billion in assets (as of 9/30/20) and both have helped produce consistent benchmark-relative outperformance as PMs.
  - Further, during the transition period, Mr. Bohjalian will remain highly involved in the management of the Strategies, while Mr. Yablon and Mr. Kirschner phase into their additional responsibilities, which will be more organizational and client-facing in nature.

- GIMA recognizes that should the historic inverse correlation between interest rates and REIT performance continue, REIT prices may suffer in a rising interest rate environment.

Performance Expectations

- GIMA anticipates better relative performance in consistent economic growth environments as well as markets where performance is driven by RE fundamentals. Conversely, during periods when there is a notable separation between RE fundamentals and market sentiment (e.g., driven by capital flows, headline news, trading based on asset allocation decisions, etc.), the Strategy may lag the benchmark.

Investment Capabilities Overview

Portfolio Management Team & Decision-Making

- The PM team includes lead PM and Head of US Real Estate, Thomas Bohjalian, who announced to retire from the Firm in June 2021; senior PM, Jason Yablon, who will become Head of US Real Estate on May 31, 2021; and PM, Mathew Kirschner. The PMs are supported by a team of dedicated RE securities research professionals and leverage Firm strategist, Michael Penn, as well as CIO and Head of Global Real Estate, Jon Cheigh, for macroeconomic inputs.
- Mr. Bohjalian holds decision-making authority and is responsible for adherence to the Firm's investment discipline. He is overseen by the Firm's CIO, Jon Cheigh. The PMs lead strategy-specific Investment Committees to determine investment decisions for their respective portfolios. Each Investment Committee consists of the strategy's entire investment team, including both PMs and analysts.

Investment Process & Portfolio Construction

- The Firm's investment philosophy asserts that RE is valued for its ability to generate a growing income stream through ongoing operations and for its current capitalized value realized through disposition.
- Investable Universe – Includes approximately ~160 U.S. REITs and RE-operating companies with strong corporate governance and minimum market cap of $500 million.
- Sector Selection – PMs create a framework based on such economic inputs as GDP growth, job growth, inflation, and interest rates. The framework governs analysts' assessment of candidate securities in the investable universe.
- Stock Selection – Analysts conduct fundamental research by evaluating quality of management, balance sheet strength, business plans, RE portfolios, and corporate structures, and generate net asset value and cash flow growth estimates.
- Valuation Discipline – Estimates are used as inputs for the Firm's proprietary valuation model, which identifies undervalued or overvalued companies and recommends a target weight for each security at its current price. As valuations change, capital rotates among individual securities.
- Portfolio Construction – Valuation discipline is the primary driver of portfolio construction, along with top-down views from macro strategist, Michael Penn. Portfolio construction incorporates property type and geographic diversification for risk management purposes.
- Sell Process – Focuses on changes in price or fundamentals. Sell candidates include securities that become fully valued or overvalued.

Track Record Reliability

- GIMA views the Strategy's track record reliability as "High" as lead PM, Thomas Bohjalian, has now managed the Strategy for over five years and is responsible for notably improved short- and longer-term performance.

Portfolio Traits

EQUITY	
Range of Holdings	35-55 positions
Maximum Position Size	No stated max; positions generally <10% of the Strategy or 1.5x index weight
Econ Sector Constraints	No explicit absolute sector constraints at the Strategy level. Allocation for the largest sectors ranges from 0.25x-1.75x or (±7%) the index weight and 0x-3.0x the index weight for smaller sectors
Country Constraints	Primarily invest in U.S. companies, but may invest up to 20% in non-U.S.
Emerging Mkts Constraints	May invest up to 20% in foreign issuers in both developed and emerging markets
Currency Hedging	Allowed by prospectus, not actively employed
Tracking Error Target	No stated target
Typical Annual Turnover	50-125%
Invests in ADRs	Up to 20% per prospectus
Invests in ETFs	Does not utilize
Invests in Derivatives	Allowed by prospectus, not typically employed
Invests in IPOs	Permitted
Liquidity Constraints	The Strategy will not invest more than 15% of its net assets in illiquid securities; $500 million minimum market cap
Maximum Cash	Maximum 15% (up to 20% for defensive purposes)
Typical Cash Position	0-5%
Est. Product Capacity	No stated capacity target

Source: Cohen & Steers; parameters based on new Index as of 4/1/19 going forward

Ownership and Parent Company

NAME OF OWNER	PERCENT OWNED
Martin Cohen	20.37%
Robert Steers	24.60%
Other Shareholders*	55.03%
PUBLICLY TRADED	**TICKER SYMBOL**
NYSE	CNS

*Other Shareholders represents other Cohen & Steers employees and the public free float.

Source: Cohen & Steers

Assets Under Management ($ Millions)

YEAR	FIRM	PRODUCT*	FUND
3Q 2020	70,503	12,759	5,595
2019	72,182	9,885	4,341
2018	54,821	8,730	3,740
2017	62,106	9,735	4,538
2016	57,198	10,739	5,257
2015	52,594	11,730	5,743
2014	53,137	12,548	6,337
2013	45,908	9,999	5,117

*Includes the mutual fund and institutional separately managed accounts

Source: Cohen & Steers

Legal/Compliance

- In July 2018, the SEC began an examination of the Firm and its certain mutual funds investing in contingent convertible securities (“CoCos”). The exam concluded in October 2018, and the Firm agreed to clarify certain disclosures and enhance certain procedures related to CoCos to bring them in line with the SEC's evolving viewpoint on the asset class. The Firm updated any applicable disclosures in its annual reports to shareholders dated June 30, 2019.
- According to the Firm, the most recent FINRA examination occurred in May 2016, and concluded with no material findings. The most recent FINRA examination of Cohen & Steers, LLC, the distributor of the Cohen & Steers open-end funds, was in 2014, and the most recent SEC examination of Cohen & Steers Capital Management, LLC, the funds’ advisor, was in 2009. There have been no material exam deficiencies.

Definitions

FTSE NAREIT All Equity Index - is an unmanaged index reflecting performance of the U.S. real estate investment trust market.

FTSE NAREIT Equity REITs index - contains all Equity REITs not designated as Timber REITs or Infrastructure REITs.

Sub-Styles: Subjective classifications designed to assist with manager selection and performance evaluation based on GIMA's understanding of a manager's long-term investment philosophy and portfolio structuring biases and techniques. At points in time managers may display attributes of other sub-style classifications, and these classifications may change due to changes in the capital markets, evolution of performance benchmarks, industry trends, or changes involving a manager's personnel or process.

Public REIT Strategies – Domestic - portfolios primarily comprised of the stocks of Real Estate Investment Trusts ("REITs"), investment companies located in the U.S. and Canada that own assets related to real estate, such as buildings, land and real estate securities. REITs are legally required to distribute at least 90% of their taxable income to investors. Income comes from rent, management fees and leasing of the properties. Primary domestic REIT sectors include Health Care, Hotel and Resorts, Industrials, Office, Residential, Retail, Diversified, and Specialized.

Important Notice Regarding Complex Products – Please review

This fund utilizes non-traditional or complex investment strategies and/or derivatives. Examples of these types of funds include those that utilize one or more of the below noted investment strategies or categories or which seek exposure to the following markets:

- Commodities (e.g., agricultural, energy and metals), Currency, Precious Metals
- Managed Futures
- Leveraged, Inverse or Inverse Leveraged
- Bear Market, Hedging, Long-Short Equity, Market Neutral
- Real Estate
- Volatility (seeking exposure to the CBOE VIX Index)

Please refer to the fund's prospectus for additional information and descriptions of the specific non-traditional and complex strategies utilized by the fund. *Investors should carefully consider the fund's investment objectives, detailed risk disclosures, charges and fees contained in the fund's prospectus before investing. Please review the prospectus carefully and discuss any questions you may have with your Financial Advisor.* You should also keep in mind that while mutual funds may at times utilize non-traditional investment options and strategies, they should not be equated with unregistered privately offered alternative investments. Because of regulatory limitations, mutual funds that seek alternative-like investment exposure must utilize a more limited investment universe. As a result, investment returns and portfolio characteristics of alternative mutual funds may vary from traditional hedge funds pursuing similar investment objectives. They are also more likely to have relatively higher correlation with traditional market returns than privately offered alternative investments. Moreover, traditional hedge funds have limited liquidity with long "lock-up" periods allowing them to pursue investment strategies without having to factor in the need to meet client redemptions. On the other hand, mutual funds typically must meet daily client redemptions. This differing liquidity profile can have a material impact on the investment returns generated by a mutual fund pursuing an alternative investing strategy compared with a traditional hedge fund pursuing the same strategy.

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

Examples of non-traditional and complex investment options and strategies include the following. Please keep in mind that the below list is not exhaustive. Rather, it is a brief summary intended to focus your attention on some of the financial instruments, characteristics and special risk factors that may be associated with non-traditional mutual fund investments.

Derivatives and Leverage. Derivatives are financial contracts whose value depends on the value of underlying assets, reference rates or indices. The use of derivatives involves risks that are in addition to, and potentially greater than, the risks associated with investing directly in securities and other more traditional assets. These include imperfect correlation between the value of the derivative and the underlying asset, risks of default by the counterparty to certain transactions, magnification of losses incurred due to changes in the market value of the underlying asset, and risks that the transactions may not be liquid. Certain derivative transactions may give rise to a form of leverage, which can magnify the potential for gain and/or the risk of loss and could thus have a disproportionate impact on the performance of the fund. Leverage associated with derivative transactions may cause a fund to liquidate portfolio positions to satisfy its obligations when it may not be advantageous to do so, or may cause a fund to be more volatile than if it had not been leveraged. Commonly used derivative instruments and techniques include:

Futures. A futures contract is a standardized, exchange-traded agreement to buy or sell a specific quantity of an underlying instrument or commodity at a specific price at a specific future time. Futures contracts may be offered on agricultural commodities, energy commodities such as crude oil and natural gas, as well as on a vast array of financial instruments, including currencies, government securities, and stock indices. In addition to the derivatives risks discussed above, the prices of futures can be highly volatile. They are affected by many factors, including changes in overall market movements, speculation, real or perceived inflationary trends, index volatility, changes in interest rates or currency exchange rates and political events. Using futures can lower total return, and the potential loss from futures can exceed a fund's initial investment in such contracts.

Options. Options are contracts giving the holder the right to buy or sell a specific amount of the underlying instrument or futures contract on the underlying instrument at an agreed-upon price. Like futures, the prices of options can be highly volatile and they are impacted by many of the same factors. The use of options can also lower total returns.

Swaps. A swap contract is an agreement between two parties pursuant to which the parties exchange payments at specified dates calculated by reference to specified securities, indexes, reference rates, currencies or other instruments. Most swap contracts are purchased over-the-counter ("OTC"), are not purchased or traded on exchanges and often there is no central clearing or guaranty function for swaps. OTC swaps are generally subject to credit risk or the risk of default or non-performance by the counterparty. Swaps could result in losses if interest rate or foreign currency exchange rates or credit quality changes are not correctly anticipated by a counterparty or if the reference index, security or investments do not perform as expected.

Structured Investments. A structured investment is designed to offer a return linked to a particular underlying security, currency, commodity or market. Structured investments may come in various forms including notes, warrants and options to purchase securities. Holders of structured investments bear risks of the underlying investment as well as market risk, and are subject to issuer or counterparty risk because the fund is relying on the creditworthiness of such issuer or counterparty and has no rights with respect to the issuer of the underlying investment. Certain structured investments may be thinly traded or have a limited trading market and may have the effect of increasing a fund's illiquidity to the extent that the fund, at a particular point in time, may be unable to find qualified buyers for these investments.

Short Sales. A short sale involves the sale by the fund of a security that it does not own with the hope of purchasing the same security at a later date at a lower price. If the price of the security or derivative has increased during this time, then the fund will incur a loss. Short sales are a form of investment leverage and the amount of the fund's potential loss is theoretically unlimited. Short sales are subject to other risks including the risk that the third party to the short sale may fail to honor its contract terms, causing a loss to the fund.

Liquidity. Certain investments may be difficult to purchase or sell due to thinly traded markets or other factors such as a relatively large position size. Illiquid securities may reduce the returns of the fund because it may be unable to sell the illiquid securities or unwind derivative positions at favorable prices. Fund returns may also be adversely impacted where the fund has an obligation to purchase illiquid securities (e.g., as a result of entering into reverse repurchase agreements, writing a put, or closing out a short position). Moreover, less liquid securities are more susceptible than other securities to market value declines when markets decline generally. Funds will have greater liquidity risks to the extent their principal investment strategies involve foreign (non-U.S.) securities, derivatives or securities with substantial market and/or credit risk.

Strategy Snapshot

Investment Capabilities – Represents GIMA's opinion of the investment manager's investment capabilities with respect to the product under evaluation. This section covers the areas of quality of investment professionals, portfolio management, research and process execution. As these areas are not mutually exclusive, but rather interrelated, it is important to render a cohesive opinion on these areas of an organization. This section has three potential opinion outcomes: **Above Average, Average** and **Needs Improvement**.

Business Evaluation - Represents GIMA's opinion of the state of the investment manager's overall business condition. This area reviews items such as ownership structure, trends in assets under management, legal and/or compliance issues, investment professional incentives and trading policies. This area has three potential opinion outcomes: **Above Average, Average** and **Needs Improvement**.

Investment Resources – Represents several important components dedicated to a strategy, such as the level and quality of investment personnel (portfolio managers, analysts, etc.), analytical tools and methodologies, and the parent firm's overall commitment to support of the strategy. This area has three potential opinion outcomes: **Above Average, Average** and **Needs Improvement**.

Portfolio Construction Capabilities – Represents an assessment of a manager's ability to utilize its investment resources and select securities in order to effectively build portfolios. This includes elements of diversification, risk management, sell discipline, position sizing, and turnover management. This area has three potential opinion outcomes: **Above Average, Average** and **Needs Improvement**.

High Adverse Active Alpha* – High Adverse Active Alpha rankings are generally defined as falling into the top two quintiles (40%). Separately Managed Account and mutual fund rankings could differ. In some cases where the separately managed account product and mutual fund are substantially similar, the separately managed account rating may be applied to the mutual fund and vice versa. This area has three potential opinion outcomes: **Yes**, **No**, and **NA**.

Short-Term & Long-Term Performance Analysis – The opinion for performance is broken into two components: 1) Short-Term Performance Analysis represents GIMA's opinion of the investment product's performance typically over a time period of the trailing three years or less, 2) Long-Term Performance Analysis represents GIMA's opinion of the investment product's performance typically over a time period of more than the trailing three years. These areas have three potential opinion outcomes: **Above Expectations, In-Line** and **Below Expectations**.

*Global Investment Manager Analysis (GIMA) defines Adverse Active Alpha (AAA) as follows:

Adverse refers to the demonstrated ability to outperform in a variety of market environments and when conditions were difficult for active manager relative performance. "Difficult" periods were times when active management did not perform well relative to the index, as opposed to down market periods. At various times, active management has experienced difficult relative performance periods in up, down, and flat markets. We developed a set of factors to help discern which periods were more difficult for active managers that we utilize to identify managers that were able to overcome these headwinds and outperformed in the face of adversity.

Active refers to managers with portfolios that looked different from the index and had moderate to low tracking error. For equity products, we utilize active share to measure the degree of differentiation from the benchmark, while the fixed income model uses r2. By using these measures in conjunction with tracking error, the ranking seeks to find managers that were active, but not taking outsized bets, and that had some degree of style consistency. The combination of high active share and low tracking error is fairly uncommon among active managers, but we believe these traits may point toward managers with strong stock picking skills.

Alpha refers to the demonstrated ability to add value relative to an index and/or peers. Back tests indicate that highly ranked managers as a group outperformed the index and style peer group over subsequent periods and relative to active share alone. By combining the "adverse" component with the "active" component, we believe we increase the odds of finding some of the most proficient stock pickers.

Important Considerations Regarding the Adverse Active Alpha ranking process:

In our view, the Adverse Active Alpha manager ranking model is an important part of evaluating managers for consideration. However, we do recognize that AAA cannot, in and of itself, tell us which managers' strategies to invest in or when to buy or sell the strategies. While highly ranked managers historically performed well as a group in our analysis, past performance is not a guarantee of future results for any manager or strategy. Index returns assume reinvestment of dividends and, unlike fund or strategy returns, do not reflect any fees or expenses. Indices are unmanaged and not available for direct investment.

It is also important to keep in mind that just because a manager has high active share (top two deciles), a portfolio that looks different than the index (benchmark) doesn't necessarily mean the portfolio had or will have better performance than the index. Being different than the index does not consider factors such as: the timeliness of data provided by the manager, the appropriateness of the benchmark used for comparison to the portfolio, the relevancy of the period(s) being analyzed between the portfolio and the benchmark, knowing the difference between the securities and their concentration in a manager's portfolio vs. the benchmark and the potential that the data provided by the manager looked significantly different in periods before and after the performance snapshot(s) used for analysis. While the preceding considerations are not part of the AAA ranking model, GIMA's strives to evaluate other material and forward looking factors as part of the overall manager evaluation process. Factors such as but not limited to manager turnover and changes to investment process can partially or fully negate a positive Adverse Active Alpha ranking. Additionally, highly ranked managers can have differing risk profiles that might not be appropriate for all investors. For more information on AAA, please see the *Adverse Active Alpha*SM*: Adding Value Through Manager Selection* and *Adding Value to Fixed Income Manager Selection With Adverse Active Alpha*SM whitepapers. The whitepapers are available from your Financial Advisor or Private Wealth Advisor.

ADVERSE ACTIVE ALPHA is a registered service mark of Morgan Stanley and/or its affiliates. U.S. Pat. No. 8,756,098 applies to the Adverse Active Alpha system and/or methodology.

Glossary of Terms

Active Share is a measure of the percentage of stock holdings in a manager's portfolio that differ from the benchmark index; Active Share is calculated by taking the sum of the absolute value of the differences of the weight of each holding in the manager's portfolio versus the weight of each holding in the benchmark index and dividing by two.

ADRs – American Depositary Receipts are U.S. dollar denominated forms of equity ownership in non-U.S. companies. These shares are issued against the local market shares held in the home market. ADRs are typically listed on U.S. exchanges such as NYSE, AMEX and NASDAQ.

Alpha – measures the difference between a portfolio's actual returns and its expected performance, given its level of risk as measured by Beta. A positive Alpha figure indicates the portfolio has performed better than its Beta would predict. A negative Alpha indicates the portfolio's underperformance given the expectations established by the Beta. The accuracy of the Alpha is therefore dependent on the accuracy of the Beta. Alpha is often viewed as a measurement of the value added or subtracted by a portfolio's manager.

Beta – measures a portfolio's volatility relative to its benchmark. A portfolio with a Beta higher than 1.0 has historically been more volatile than the benchmark, while a portfolio with a Beta lower than 1.0 has been less volatile. The accuracy of the Beta is dependent on R-Squared.

Correlation – measures the degree to which the returns of two securities or indices are related. The range of possible correlations is between 1.0 and -1.0. Positive correlation indicates that returns tend to move in the same direction. Negative correlation indicates that returns tend to move in opposite directions. Zero correlation implies that there is no relationship between the securities' returns.

EPS Growth – Forecast – a measure of one year earnings (cash flow or dividends) per share growth from the prior fiscal year (FY0) to the current fiscal year (FY1) using analyst consensus forecasts. Growth is expressed as a percent. The FY1 EPS (earnings per share) growth rate for the portfolio is a weighted average of the forecasts for the individual stocks in the portfolio.

EPS Growth – 5 Year Historical – The weighted average annualized earnings per share growth for a portfolio over the past five years.

Excess Return – represents the average quarterly total return of the portfolio relative to its benchmark. A portfolio with a positive Excess Return has on average outperformed its benchmark on a quarterly basis. This statistic is obtained by subtracting the benchmark return from the portfolio's return.

Historical EPS Growth - calculated by regressing over time the quarterly earnings per share for the past 20 quarters to determine the share's historical growth rate in earnings. The quarterly historical growth rate for each share is then annualized and the Historical EPS Growth shown in this report is the weighted average of these results.

Information Ratio – represents the Excess Return divided by the Tracking Error. It provides a measure of the historical consistency of the portfolio's outperformance or underperformance relative to its benchmark. A higher, positive Information Ratio suggests that the portfolio's excess returns may have been the result of making measured or moderate bets against the relevant benchmark's risk exposures.

Long Term EPS Growth Rate – analyst consensus of expected annual increase in operating earnings per share over the company's next full business cycle - usually three to five years. The Long Term EPS Growth Rate for the portfolio is a weighted average of the results for the individual stocks in the portfolio.

P/E - Forecast 12-Mo. – The price/earnings ratio for the stock based on the most recent closing price divided by the annual mean expected earnings for the current fiscal year (FY1 EPS forecast). P/E for the portfolio is a weighted average of the results for the individual stocks in the portfolio.

P/E – Trailing 12-Mo. – the current price of a stock divided by the most recent 12 months trailing earnings per share. P/E for the portfolio is a weighted average of the results for the individual stocks in the portfolio.

Price-to-Book – price per share divided by book value per share. Price-to-Book for the portfolio is a weighted average of the results for the individual stocks in the portfolio.

R-Squared (R^2) – represents the percentage of the volatility of returns that is attributable to movements of the benchmark. It is a measure of "co-movement" between portfolio returns and benchmark returns. The closer the portfolio's R^2 is to 100%, the more closely the portfolio correlates to, or follows, the benchmark. Generally, highly diversified portfolios have higher R^2 percentages.

Return on Equity (ROE) – is another profitability ratio which gauges return on investment by measuring how effectually stockholder money is being employed by the company. ROE is calculated by dividing a company's net income by average total equity. Unlike Return on Assets (ROA), ROE considers the degree to which a company uses leveraging, as interest expense paid to creditors is generally deducted from earnings to arrive at net income. ROE for the portfolio is a weighted average of the results for the individual stocks in the portfolio.

Sharpe Ratio – measures a portfolio's rate of return based on the risk it assumed and is often referred to as its risk-adjusted performance. Using Standard Deviation and returns in excess of the returns of T-bills, it determines reward per unit of risk. This measurement can help determine if the portfolio is reaching its goal of increasing returns while managing risk.

Standard Deviation – quantifies the volatility associated with a portfolio's returns. The statistic measures the variation in returns around the mean return. Unlike Beta, which measures volatility relative to the aggregate market, Standard Deviation measures the absolute volatility of a portfolio's return.

Tracking Error – represents the Standard Deviation of the Excess Return. This provides a historical measure of the variability of the portfolio's returns relative to its benchmark. A portfolio with a low Tracking Error would have quarterly Excess Returns that have exhibited very low volatility.

Important Disclosures

Report for Use Only in Investment Advisory Programs

This report is only to be used in Morgan Stanley Wealth Management investment advisory programs and not in connection with brokerage accounts.

The Global Investment Manager Analysis (GIMA) services Only Apply to Certain Investment Advisory Programs

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

Focus List, Approved List and Tactical Opportunities List; Watch Policy

GIMA uses two methods to evaluate investment products in applicable advisory programs: Focus (and investment products meeting this standard are described as being on the Focus List) and Approved (and investment products meeting this standard are described as being on the Approved List). In general, Focus entails a more thorough evaluation of an investment product than Approved. Sometimes an investment product may be evaluated using the Focus List process but then placed on the Approved List instead of the Focus List. Investment products may move from the Focus List to the Approved List, or vice versa. GIMA may also determine that an investment product no longer meets the criteria under either process and will no longer be recommended in investment advisory programs (in which case the investment product is given a "Not Approved" status).

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

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

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

No Obligation to Update

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

Strategy May Be Available as a Separately Managed Account or Mutual Fund

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

Consider Your Own Investment Needs

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

Performance and Other Portfolio Information

General

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

For mutual funds, the investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. To obtain performance information, current to the most recent month-end, please contact the fund directly at the website set out on the cover page of this report.

Benchmark index
Depending on the composition of your account and your investment objectives, any indices shown in this report may not be an appropriate measure for comparison purposes and are therefore presented for illustration only.

Indices are unmanaged. They do not reflect any management, custody, transaction or other expenses, and generally assume reinvestment of dividends, accrued income and capital gains. Past performance of indices does not guarantee future results. You cannot invest directly in an index.
Performance of indices may be more or less volatile than any investment product. The risk of loss in value of a specific investment (such as with an investment manager or in a fund) is not the same as the risk of loss in a broad market index. Therefore, the historical returns of an index will not be the same as the historical returns of a particular investment product.

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

Other data in this report is accurate as of the date this report was prepared unless stated otherwise. Data in this report may be calculated by the investment manager, Morgan Stanley Wealth Management or a third party service provider, and may be based on a representative account or a composite of accounts.

Securities holdings
Holdings are subject to change daily, so any securities discussed in this report may or may not be included in your portfolio if you invest in this investment product. Your portfolio may also include other securities in addition to or instead of any securities discussed in this report. Do not assume that any holdings mentioned were, or will be, profitable.

Sources of Data
Material in this report has been obtained from sources that we believe to be reliable, but we do not guarantee its accuracy, completeness or timeliness. Third party data providers make no warranties or representations relating to the accuracy, completeness or timeliness of the data they provide and are not liable for any damages relating to this data.

Asset Class and Other Risks
Investing in ***stocks***, ***mutual funds*** and ***exchange-traded funds ("ETFs")*** entails the risks of market volatility. The value of all types of investments may increase or decrease over varying time periods. Besides the general risk of holding securities that may decline in value, ***closed-end funds*** may have additional risks related to declining market prices relative to net asset values (NAVs), active manager underperformance, and potential leverage. Some funds also invest in foreign securities, which may involve currency risk.

Real estate investments: property values can fall due to environmental, economic or other reasons, and changes in interest rates can negatively impact the performance of real estate companies.

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

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

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

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

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

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

Conflicts of Interest

GIMA’s goal is to provide professional, objective evaluations in support of the Morgan Stanley Wealth Management investment advisory programs. We have policies and procedures to help us meet this goal. However, our business is subject to various conflicts of interest. For example, ideas and suggestions for which investment products should be evaluated by GIMA come from a variety of sources, including our Morgan Stanley Wealth Management Financial Advisors and their direct or indirect managers, and other business persons within Morgan Stanley Wealth Management or its affiliates. Such persons may have an ongoing business relationship with certain investment managers or mutual fund companies whereby they, Morgan Stanley Wealth Management or its affiliates receive compensation from, or otherwise related to, those investment managers or mutual funds. For example, a Financial Advisor may suggest that GIMA evaluates an investment manager or fund in which a portion of his or her clients’ assets are already invested. While such a recommendation is permissible, GIMA is responsible for the opinions expressed by GIMA. See the conflicts of interest section in the applicable Form ADV Disclosure Document for Morgan Stanley Wealth Management for a discussion of other types of conflicts that may be relevant to GIMA’s evaluation of managers and funds. In addition, Morgan Stanley Wealth Management, MS&Co., managers and their affiliates provide a variety of services (including research, brokerage, asset management, trading, lending and investment banking services) for each other and for various clients, including issuers of securities that may be recommended for purchase or sale by clients or are otherwise held in client accounts, and managers in various advisory programs. Morgan Stanley Wealth Management, managers, MS&Co., and their affiliates receive compensation and fees in connection with these services. Morgan Stanley Wealth Management believes that the nature and range of clients to which such services are rendered is such that it would be inadvisable to exclude categorically all of these companies from an account. Morgan Stanley charges each fund family we offer a mutual fund support fee, also called a “revenue-sharing payment,” on client account holdings in fund families according to a tiered rate that increases along with the management fee of the fund so that lower management fee funds pay lower rates than those with higher management fees.

Morgan Stanley

WEALTH MANAGEMENT

Global Investment Manager Analysis | November 9, 2020

Invesco US Real Estate Securities SMA/Invesco Real Estate Fund

Approved List Report

Summary of Opinion

- The Invesco US Real Estate Securities SMA/Invesco Real Estate Fund (the Strategy) seeks real estate-related companies located in markets with higher relative growth, quality properties, strong management teams, and sound balance sheets.
- The underlying investment process utilized in the management of Invesco Real Estate (IRE) securities portfolios is the same process that IRE has employed for over 20 years. Invesco tends to focus on large, liquid securities, with relatively easy access to capital, and maintains a quality tilt regardless of market environment.
- As of September 30, 2020, the Strategy has underperformed the FTSE NAREIT All Equity Index and ranked at or below the median within its peer universe YTD and over most trailing periods (i.e., 1-, 3-, 7- and 10-years).
- Global Investment Manager Analysis (GIMA) would highlight that the Strategy has produced relatively lackluster performance. Additionally, there has been an elevated level of personnel/responsibility changes for the IRE team recently. While we believe these are a natural evolution of the team, GIMA will continue to monitor these changes going forward.

DANA DAULETBAYEVA

Investment Analyst
Dana.Dauletbayeva@morganstanley.com
+1 212 296-1914

STRATEGY DETAILS

Investment Style:
Real Estate/REITs

Sub-Style:
Public REIT Strategies – Domestic

Benchmark:
FTSE NAREIT All Equity Index

GIMA Status:
Approved List

Product Type:
Separately Managed Acct / Mutual Fund

Ticker Symbol:
IARYX (TRAK FS, UMA)

www.invesco.com

Strategy Description

The Invesco US Real Estate Strategy seeks real estate-related companies located in markets with higher relative growth, quality properties, strong management teams, and strong balance sheets.

Strategy Attributes

Points to Consider

- The Strategy has experienced moderate, but prolonged, underperformance (on a calendar year and trailing period basis). As of September 30, 2020, the Strategy has underperformed the benchmark YTD and on a trailing 1-, 3-, 5-, and 10-year basis. Relative to its peer universe, the Strategy ranked at or below the median YTD and on a trailing 1-, 3-, 7-and 10-year basis. From an attribution standpoint, the primary driver of underperformance has been poor stock selection across a number of sectors, including Office and Health Care as well as from an underweight to Data Centers and an overweight to Regional Malls.
- In addition to the challenged performance, the Strategy has experienced continued net outflows over the last six years, representing approximately 67% AUM decline since peak levels in 2014. The Fund's AUM has declined from the peak of $2.6 billion in January 2015 to $1.8 billion as of September 30, 2020. While IRE still manages significant assets in the Strategy and flows have been directionally comparable to most active managers in the US REIT space, GIMA notes the magnitude of flows has been slightly elevated.
- The Fund has had recent personnel changes on the investment team along with a transition in oversight and day-to-day management responsibilities. In September 2020, portfolio manager (PM) Darin Turner joined Joe Rodriguez as co-CIO for the IRE-listed real assets business. Further, PM Mark Blackburn took on the new role of Director of Risk Management and Portfolio Analytics within the IRE-listed real assets business. Lastly, PM Paul Curbo will be retiring from the Firm and the investment management industry in April 2021. Mr. Curbo's leadership role with the North American real estate securities team will transition to PM Grant Jackson. GIMA believes that these personnel changes represent natural succession planning as well as Invesco's increased focus on enhancing risk-management capabilities. According to the Firm, there are no changes to the investment philosophy or approach within IRE's listed real asset strategies.
- GIMA would note that IRE recently partnered with a third party to enhance risk controls used in the Fund's investment process. The new real estate-specific risk models allow the team to minimize factor risk and focus on stock-specific underwriting. The recent enhancements are geared to improve the team's response to rapid shifts in the investment landscape and lead to better portfolio results.
- The IRE has a highly experienced PM team that is supported by a robust research team. The REIT securities team also has access to Invesco's direct RE team, with on-the-ground research in locations globally.
- GIMA views the Invesco Real Estate Securities Strategy separately managed account (SMA) and the Invesco Real Estate Fund (the Fund) as significantly similar strategies. Relative to the SMA, the Fund may have a modestly higher number of holdings including CMBS, REIT unsecured bonds, and REIT preferred securities. Generally, combined fixed income and preferred exposure represents 0%-10% of portfolio assets (maximum allowed 20%). The Fund may also have up to 10% exposure to EM and may invest in IPOs. The SMA and Fund are expected to have similar tracking errors to the benchmark.
- The Strategy's holdings typically have higher cash flow multiples and lower leverage than the benchmark.
- GIMA recognizes that should the historic inverse correlation between interest rates and REITs continue, REIT prices may suffer in a rising rate environment.

Performance Expectations

- The Strategy may typically perform better in markets driven by RE fundamentals and that favor larger-cap, higher-quality properties. The Strategy may face headwinds in market environments that favor smaller-cap or lower-quality RE-related securities as well as macro-oriented or non-fundamentally driven markets.

Investment Capabilities Overview

Portfolio Management Team & Decision-Making

- The portfolio management team is comprised of four co-lead PMs—Joe Rodriguez, Ping-Ying Wang, Ph.D., James Cowen, and Paul Curbo—and three PMs: Mark Blackburn, Darin Turner, and Grant Jackson. The PM team is supported by an extended team of three associate PMs and eight research analysts.
- While Joe Rodriguez and Darin Turner are the co-CIOs of the Invesco Real Estate Global Securities portfolio management team, the seven-member PM team employs a consensus-oriented approach to portfolio decisions.

Investment Process & Portfolio Construction

- IRE's investment process is primarily bottom-up but also incorporates macro level risk control.
- The Strategy's qualified investment universe of ~190 stocks includes equity REITs with required minimum market caps of $100 million and minimum daily trading volumes of 100,000 shares. The universe excludes homebuilders, real estate

finance firms, real estate technology firms, and mortgage REITs (functionally "non-bank" banks).

- The investment process employs fundamental real estate analysis that applies factor-based composite scores (0 to 10) to each candidate company. Factors include a market cycle analysis (40% weight) that focuses on construction and absorption patterns; property evaluation (20% weight) that focuses on physical attributes and location factors; and management and capital structure (40% weight) that focuses on strategic plans and effectiveness in executing them, alignment of shareholder interests, use of leverage. Companies scoring 5 or greater are further considered for investment.
- Securities analysis quantitatively ranks stocks according to relative value based on cash flow quality, dividend policy, valuations (cash flow-to-price and assets-to-price), and trends and liquidity (property type, 12 months relative strength, fixed charge coverage).
- Portfolio construction reconciles companies' fundamental scores and quantitative ranks, which typically generates about 50 REITs. IRE seeks risk-controlled exposure to all major sectors and establishes allocation ranges to regions, countries, and property types based on long-term outlook.
- Risk Management uses optimization software to target returns within a pre-set risk budget. Portfolio risk is monitored and constrained along pre-set statistical and non-statistical attributes. A sell decision could be triggered if a security's fundamental rank drops below the acceptable score (i.e., 5), or if IRE's securities analysis indicates the name no longer offers attractive relative value.

Portfolio Traits

EQUITY	
Range of Holdings	Typically 30-50
Maximum Position Size	10%, however, if an individual security represents a greater than 7% weight in the Index, the maximum position size may not exceed the Index weight plus 3%
Econ Sector Constraints	Max/min guideline weights are determined by IRE's long-term outlook for each property type
Country Constraints	No stated constraint (Fund); US only (SMA)
Emerging Mkts Constraints	10% max EM (Fund); no EM exposure (SMA)
Currency Hedging	Permitted, but not utilized historically
Tracking Error Target	Expected TE of 250-350 bps
Typical Annual Turnover	Typically 30-60%
Invests in ADRs	Permitted; 25% max non-US
Invests in ETFs	Permitted
Invests in Derivatives	Does not utilize
Invests in IPOs	Permitted (Fund), Does not utilize (SMA)
Liquidity Constraints	$100 million min market cap; $100,000 min daily trading volume
Maximum Cash	10%
Typical Cash Position	1-5%
Est. Product Capacity	$5-7 billion (Fund); no stated capacity (SMA)

Source: Invesco

Ownership And Parent Company

NAME OF OWNER	PERCENT OWNED
Invesco Ltd	100%
PUBLICLY TRADED	**TICKER SYMBOL**
NYSE	IVZ

Source: Invesco

Assets Under Management ($ Millions)

YEAR	FIRM	STRATEGY	FUND	SMA*
3Q 2020	1,218.2B	2,884	1,824	620
2019	1,226.2B	3,980	1,534	873
2018	888.2B	2,498	1,286	777
2017	937.6B	3,075	1,601	986
2016	812.9B	3,794	2,128	1,404
2015	775.6B	4,295	2,140	1,619
2014	792.4B	4,828	2,453	1,819

*SMA AUM inclusive of SMA assets as well as UMA/Model assets

Source: Invesco

Legal/Compliance

- In May 2020, Invesco Advisers, Inc., received a letter from staff of the SEC in Atlanta, in connection with an examination of the Adviser and the Invesco Equally-Weighted S&P 500 Fund and the Invesco V.I. Equally-Weighted S&P 500 Fund. The focus of the examination is to assess the Adviser's and the Funds' compliance with the securities laws and the rules thereunder. The staff has requested documents and information related to policies and procedures, control reports, and investment advisory agreements among other items; as well as specific information related to a rebalancing matter impacting the aforementioned funds. Invesco has provided all requested documents to date. The examination is ongoing at this time.
- Staff from the SEC's Division of Investment Management completed their exam of the LRMP for Invesco Oppenheimer Senior Floating Rate Fund and Invesco Oppenheimer Senior Floating Rate Plus Fund (the "Senior Floating Rate Funds") on August 24, 2020, and provided a closing letter indicating the staff had no comments. The exam began December 5, 2019, and Invesco responded to multiple document requests and met with SEC staff twice in February to discuss the LRMP design process, how it is tailored to leveraged loans, materials considered by the Boards of the Senior Floating Rate Funds, and an overview of the Funds' accelerated settlement agreements. A closing letter was provided indicating SEC staff had no comments.
- The staff of the SEC's Atlanta office announced an examination of Invesco Advisers, Inc. and certain Invesco Funds in March 2019. The examination commenced in April 2019 and ended in early July 2019, with the SEC staff sending Invesco a no comment letter at completion of the examination.
- On July 21, 2016, the staff of the SEC informed Invesco Advisers, Inc. of an examination relating to the effects of the U.K. European Union referendum vote (the so-called "Brexit vote"). Invesco Advisers, Inc. received a No Comment Letter in October 2016 and considers the sweep exam closed.

Important Notice Regarding Complex Products – Please review

1940 Act Limitations

- GIMA recognizes that both 1940 Act-registered open-end mutual funds that seek alternative-like exposure and traditional hedge funds seek investment returns that have lower correlation to traditional markets in an attempt to increase diversification in an overall portfolio.
- Unlike traditional hedge funds, SEC registered open-end mutual funds that seek alternative-like exposure do not require investor pre-qualifications, enable efficient tax reporting, are subject to lower investment minimums and lower fees, provide portfolio transparency, daily liquidity, and are required to provide daily NAV pricing.
- Because of 1940 Act limitations, mutual funds that seek alternative-like exposure generally must utilize a more limited investment universe and, therefore, will have relatively higher correlation with traditional market returns. Registered open-end funds are statutorily limited in their use of leverage, short sales and the use of derivative instruments.
- Hedge funds typically charge an asset-based fee and a performance fee. Potential benefits to hedge funds include greater flexibility in terms of seeking enhanced returns through the use of leverage, exposure to less liquid investments, and the more flexible use of complex instruments such as derivatives.
- As a result of these differences, performance for a mutual fund that seeks alternative-like exposure and its portfolio characteristics may vary from a traditional hedge fund that is seeking a similar investment objective.

This fund utilizes non-traditional or complex investment strategies and/or derivatives. Examples of these types of funds include those that utilize one or more of the below noted investment strategies or categories or which seek exposure to the following markets:

- Commodities (e.g., agricultural, energy and metals), Currency, Precious Metals
- Managed Futures
- Leveraged, Inverse or Inverse Leveraged
- Bear Market, Hedging, Long-Short Equity, Market Neutral
- Real Estate
- Volatility (seeking exposure to the CBOE VIX Index)

Please refer to the fund's prospectus for additional information and descriptions of the specific non-traditional and complex strategies utilized by the fund. *Investors should carefully consider the fund's investment objectives, detailed risk disclosures, charges and fees contained in the fund's prospectus before investing. Please review the prospectus carefully and discuss any questions you may have with your Financial Advisor.* You should also keep in mind that while mutual funds may at times utilize non-traditional investment options and strategies, they should not be equated with unregistered privately offered alternative investments. Because of regulatory limitations, mutual funds that seek alternative-like investment exposure must utilize a more limited investment universe. As a result, investment returns and portfolio characteristics of alternative mutual funds may vary from traditional hedge funds pursuing similar investment objectives. They are also more likely to have relatively higher correlation with traditional market returns than privately offered alternative investments. Moreover, traditional hedge funds have limited liquidity with long "lock-up" periods allowing them to pursue investment strategies without having to factor in the need to meet client redemptions. On the other hand, mutual funds typically must meet daily client redemptions. This differing liquidity profile can have a material impact on the investment returns generated by a mutual fund pursuing an alternative investing strategy compared with a traditional hedge fund pursuing the same strategy.

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

Examples of non-traditional and complex investment options and strategies include the following. Please keep in mind that the below list is not exhaustive. Rather, it is a brief summary intended to focus your attention on some of the financial instruments, characteristics and special risk factors that may be associated with non-traditional mutual fund investments.

Derivatives and Leverage. Derivatives are financial contracts whose value depends on the value of underlying assets, reference rates or indices. The use of derivatives involves risks that are in addition to, and potentially greater than, the risks associated with investing directly in securities and other more traditional assets. These include imperfect correlation between the value of the derivative and the underlying asset, risks of default by the counterparty to certain transactions, magnification of losses incurred due to changes in the market value of the underlying asset, and risks that the transactions may not be liquid. Certain derivative transactions may give rise to a form of leverage, which can magnify the potential for gain and/or the risk of loss and could thus have a disproportionate impact on the performance of the fund. Leverage associated with derivative transactions may cause a fund to liquidate portfolio positions to satisfy its obligations when it may not be advantageous to do so, or may cause a fund to be more volatile than if it had not been leveraged. Commonly used derivative instruments and techniques include:

Futures. A futures contract is a standardized, exchange-traded agreement to buy or sell a specific quantity of an underlying instrument or commodity at a specific price at a specific future time. Futures contracts may be offered on agricultural commodities, energy commodities such as crude oil and natural gas, as well as on a vast array of financial instruments, including currencies, government securities, and stock indices. In addition to the derivatives risks discussed above, the prices of futures can be highly volatile. They are affected by many factors, including changes in overall market movements, speculation, real or perceived inflationary trends, index volatility, changes in interest rates or currency exchange rates and political events. Using futures can lower total return, and the potential loss from futures can exceed a fund's initial investment in such contracts.

Options. Options are contracts giving the holder the right to buy or sell a specific amount of the underlying instrument or futures contract on the underlying instrument at an agreed-upon price. Like futures, the prices of options can be highly volatile and they are impacted by many of the same factors. The use of options can also lower total returns.

Swaps. A swap contract is an agreement between two parties pursuant to which the parties exchange payments at specified dates calculated by reference to specified securities, indexes, reference rates, currencies or other instruments. Most swap contracts are purchased over-the-counter ("OTC"), are not purchased or traded on exchanges and often there is no central clearing or guaranty function for swaps. OTC swaps are generally subject to credit risk or the risk of default or non-performance by the counterparty. Swaps could result in losses if interest rate or foreign currency exchange rates or credit quality changes are not correctly anticipated by a counterparty or if the reference index, security or investments do not perform as expected.

Structured Investments. A structured investment is designed to offer a return linked to a particular underlying security, currency, commodity or market. Structured investments may come in various forms including notes, warrants and options to purchase securities. Holders of structured investments bear risks of the underlying investment as well as market risk, and are subject to issuer or counterparty risk because the fund is relying on the creditworthiness of such issuer or counterparty and has no rights with respect to the issuer of the underlying investment. Certain structured investments may be thinly traded or have a limited trading market and may have the effect of increasing a fund's illiquidity to the extent that the fund, at a particular point in time, may be unable to find qualified buyers for these investments.

Short Sales. A short sale involves the sale by the fund of a security that it does not own with the hope of purchasing the same security at a later date at a lower price. If the price of the security or derivative has increased during this time, then the fund will incur a loss. Short sales are a form of investment leverage and the amount of the fund's potential loss is theoretically unlimited. Short sales are subject to other risks including the risk that the third party to the short sale may fail to honor its contract terms, causing a loss to the fund.

Liquidity. Certain investments may be difficult to purchase or sell due to thinly traded markets or other factors such as a relatively large position size. Illiquid securities may reduce the returns of the fund because it may be unable to sell the illiquid securities or unwind derivative positions at favorable prices. Fund returns may also be adversely impacted where the fund has an obligation to purchase illiquid securities (e.g., as a result of entering into reverse repurchase agreements, writing a put, or closing out a short position). Moreover, less liquid securities are more susceptible than other securities to market value declines when markets decline generally. Funds will have greater liquidity risks to the extent their principal investment strategies involve foreign (non-U.S.) securities, derivatives or securities with substantial market and/or credit risk.

Definitions

FTSE NAREIT All Equity Index - is an unmanaged index reflecting performance of the U.S. real estate investment trust market.

Sub-Styles: Subjective classifications designed to assist with investment product selection and performance evaluation based on GIMA's understanding of the long term investment philosophy and portfolio structuring biases and techniques. At points in time investment products may display attributes of other sub-style classifications, and these classifications may change due to changes in the capital markets, evolution of performance benchmarks, industry trends, or changes involving a manager's personnel or process.

Public REIT Strategies – Domestic - portfolios primarily comprised of the stocks of Real Estate Investment Trusts ("REITs"), investment companies located in the U.S. and Canada that own assets related to real estate, such as buildings, land and real estate securities. REITs are legally required to distribute at least 90% of their taxable income to investors. Income comes from rent, management fees and leasing of the properties. Primary domestic REIT sectors include Health Care, Hotel and Resorts, Industrials, Office, Residential, Retail, Diversified, and Specialized.

Glossary of Terms

Active Share – is a measure of the percentage of stock holdings in a manager's portfolio that differ from the benchmark index; Active Share is calculated by taking the sum of the absolute value of the differences of the weight of each holding in the manager's portfolio versus the weight of each holding in the benchmark index and dividing by two.

ADRs – American Depositary Receipts are U.S. dollar denominated forms of equity ownership in non-U.S. companies. These shares are issued against the local market shares held in the home market. ADRs are typically listed on U.S. exchanges such as NYSE, AMEX and NASDAQ.

Alpha – measures the difference between a portfolio's actual returns and its expected performance, given its level of risk as measured by Beta. A positive Alpha figure indicates the portfolio has performed better than its Beta would predict. A negative Alpha indicates the portfolio's underperformance given the expectations established by the Beta. The accuracy of the Alpha is therefore dependent on the accuracy of the Beta. Alpha is often viewed as a measurement of the value added or subtracted by a portfolio's manager.

Beta – measures a portfolio's volatility relative to its benchmark. A portfolio with a Beta higher than 1.0 has historically been more volatile than the benchmark, while a portfolio with a Beta lower than 1.0 has been less volatile. The accuracy of the Beta is dependent on R-Squared.

Correlation – measures the degree to which the returns of two securities or indices are related. The range of possible correlations is between 1.0 and -1.0. Positive correlation indicates that returns tend to move in the same direction. Negative correlation indicates that returns tend to move in opposite directions. Zero correlation implies that there is no relationship between the securities' returns.

Credit Quality Rating – weighted average of the assessments of credit worthiness given by credit rating agencies such as Standard & Poor's Ratings Services, Moody's Investors Service, and Fitch Ratings to bonds in the portfolio. Credit rating agencies evaluate issuers and assign ratings based of their opinions of the issuer's ability to pay interest and principal as scheduled.

Duration – quantifies the effect of changes in interest rates on the price of a bond or bond portfolio. The longer the duration, the more sensitive the bond or portfolio would be to changes in interest rates. Generally, if interest rates rise, bond prices fall and vice versa. Longer-term bonds carry a longer or higher duration than shorter-term bonds; as such, they would be affected by changing interest rates for a greater period of time if interest rates were to increase. Consequently, the price of a long-term bond would drop significantly as compared to the price of a short-term bond.

EPS Growth – Forecast – a measure of one year earnings (cash flow or dividends) per share growth from the prior fiscal year (FY0) to the current fiscal year (FY1) using analyst consensus forecasts. Growth is expressed as a percent. The FY1 EPS (earnings per share) growth rate for the portfolio is a weighted average of the forecasts for the individual stocks in the portfolio.

EPS Growth – 5 Year Historical – The weighted average annualized earnings per share growth for a portfolio over the past five years.

Excess Return – represents the average quarterly total return of the portfolio relative to its benchmark. A portfolio with a positive Excess Return has on average outperformed its benchmark on a quarterly basis. This statistic is obtained by subtracting the benchmark return from the portfolio's return.

Historical EPS Growth - calculated by regressing over time the quarterly earnings per share for the past 20 quarters to determine the share's historical growth rate in earnings. The quarterly historical growth rate for each share is then annualized and the Historical EPS Growth shown in this report is the weighted average of these results.

Information Ratio – represents the Excess Return divided by the Tracking Error. It provides a measure of the historical consistency of the portfolio's outperformance or underperformance relative to its benchmark. A higher, positive Information Ratio suggests that the portfolio's excess returns may have been the result of making measured or moderate bets against the relevant benchmark's risk exposures.

Long Term EPS Growth Rate – analyst consensus of expected annual increase in operating earnings per share over the company's next full business cycle - usually three to five years. The Long Term EPS Growth Rate for the portfolio is a weighted average of the results for the individual stocks in the portfolio.

Maturity – the weighted average portfolio length of time until the principal amount of a bond must be repaid.

Mortgage-backed securities (MBS) – securities backed by a mortgage loan or a pool of mortgage loans secured by real property. Investors receive payments of interest and principal that are derived from payments received on the underlying mortgage loans.

Pass-Through Security – security backed by a package of assets. A servicing intermediary collects the monthly payments from issuers and, after deducting a fee, remits or passes them through to the holders of the pass-through security.

P/E - Forecast 12-Mo. – The price/earnings ratio for the stock based on the most recent closing price divided by the annual mean expected earnings for the current fiscal year (FY1 EPS forecast). P/E for the portfolio is a weighted average of the results for the individual stocks in the portfolio.

P/E – Trailing 12-Mo. – the current price of a stock divided by the most recent 12 months trailing earnings per share. P/E for the portfolio is a weighted average of the results for the individual stocks in the portfolio.

Price-to-Book – price per share divided by book value per share. Price-to-Book for the portfolio is a weighted average of the results for the individual stocks in the portfolio.

R-Squared (R^2) – represents the percentage of the volatility of returns that is attributable to movements of the benchmark. It is a measure of "co-movement" between portfolio returns and benchmark returns. The closer the portfolio's R^2 is to 100%, the more closely the portfolio correlates to, or follows, the benchmark. Generally, highly diversified portfolios have higher R^2 percentages.

Return on Equity (ROE) – is another profitability ratio which gauges return on investment by measuring how effectually stockholder money is being employed by the company. ROE is calculated by dividing a company's net income by average total equity. Unlike Return on Assets (ROA), ROE considers the degree to which a company uses leveraging, as interest expense paid to creditors is generally deducted from earnings to arrive at net income. ROE for the portfolio is a weighted average of the results for the individual stocks in the portfolio.

Sharpe Ratio – measures a portfolio's rate of return based on the risk it assumed and is often referred to as its risk-adjusted performance. Using Standard Deviation and returns in excess of the returns of T-bills, it determines reward per unit of risk. This measurement can help determine if the portfolio is reaching its goal of increasing returns while managing risk.

Standard Deviation – quantifies the volatility associated with a portfolio's returns. The statistic measures the variation in returns around the mean return. Unlike Beta, which measures volatility relative to the aggregate market, Standard Deviation measures the absolute volatility of a portfolio's return.

Tracking Error – represents the Standard Deviation of the Excess Return. This provides a historical measure of the variability of the portfolio's returns relative to its benchmark. A portfolio with a low Tracking Error would have quarterly Excess Returns that have exhibited very low volatility.

Important Disclosures

Report for Use Only in Investment Advisory Programs

This report is only to be used in Morgan Stanley Wealth Management investment advisory programs and not in connection with brokerage accounts.

The Global Investment Manager Analysis (GIMA) services Only Apply to Certain Investment Advisory Programs

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

Focus List, Approved List and Tactical Opportunities List; Watch Policy

GIMA uses two methods to evaluate investment products in applicable advisory programs: Focus (and investment products meeting this standard are described as being on the Focus List) and Approved (and investment products meeting this standard are described as being on the Approved List). In general, Focus entails a more thorough evaluation of an investment product than Approved. Sometimes an investment product may be evaluated using the Focus List process but then placed on the Approved List instead of the Focus List. Investment products may move from the Focus List to the Approved List, or vice versa. GIMA may also determine that an investment product no longer meets the criteria under either process and will no longer be recommended in investment advisory programs (in which case the investment product is given a "Not Approved" status).

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

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

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

No Obligation to Update
Morgan Stanley Wealth Management has no obligation to update you when any information or opinion in this report changes.

Strategy May Be Available as a Separately Managed Account or Mutual Fund
Strategies are sometimes available in Morgan Stanley Wealth Management investment advisory programs both in the form of a separately managed account (“SMA”) and a mutual fund. These may have different expenses and investment minimums. Your Financial Advisor or Private Wealth Advisor can provide more information on whether any particular strategy is available in more than one form in a particular investment advisory program.

Overlay Managers or Executing Sub-Managers (“managers”) in some of Morgan Stanley’s Separately Managed Account (“SMA”) programs may affect transactions through broker-dealers other than Morgan Stanley or our affiliates. If your manager trades with another firm, you may be assessed costs by the other firm in addition to Morgan Stanley’s fees. Those costs will be included in the net price of the security, not separately reported on trade confirmations or account statements. Certain managers have historically directed most, if not all, of their trades to outside firms. Information provided by managers concerning trade execution away from Morgan Stanley is summarized at: 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, or contact your Financial Advisor/Private Wealth Advisor.

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

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

For mutual funds, the investment return and principal value of an investment will fluctuate so that an investor’s shares, when redeemed, may be worth more or less than their original cost. To obtain performance information, current to the most recent month-end, please contact the fund directly at the website set out on the cover page of this report.

Benchmark index
Depending on the composition of your account and your investment objectives, any indices shown in this report may not be an appropriate measure for comparison purposes and are therefore presented for illustration only.

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

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

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

Other data in this report is accurate as of the date this report was prepared unless stated otherwise. Data in this report may be calculated by the investment manager, Morgan Stanley Wealth Management or a third party service provider, and may be based on a representative account or a composite of accounts.

Securities holdings
Holdings are subject to change daily, so any securities discussed in this report may or may not be included in your portfolio if you invest in this investment product. Your portfolio may also include other securities in addition to or instead of any securities discussed in this report. Do not assume that any holdings mentioned were, or will be, profitable.

Sources of Data

Material in this report has been obtained from sources that we believe to be reliable, but we do not guarantee its accuracy, completeness or timeliness. Third party data providers make no warranties or representations relating to the accuracy, completeness or timeliness of the data they provide and are not liable for any damages relating to this data.

Asset Class and Other Risks

Investing in ***stocks***, ***mutual funds*** and ***exchange-traded funds ("ETFs")*** entails the risks of market volatility. The value of all types of investments may increase or decrease over varying time periods. Besides the general risk of holding securities that may decline in value, ***closed-end funds*** may have additional risks related to declining market prices relative to net asset values (NAVs), active manager underperformance, and potential leverage. Some funds also invest in foreign securities, which may involve currency risk.

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

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

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

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

High yield bonds are subject to additional risks such as increased risk of default and greater volatility because of the lower credit quality of the issues.

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

Asset-backed securities generally decrease in value as a result of interest rate increases, but may benefit less than other fixed-income securities from declining interest rates, principally because of prepayments.

Interest on ***municipal bonds*** is generally exempt from federal income tax; however, some bonds may be subject to the alternative minimum tax (AMT). Typically, state tax-exemption applies if securities are issued within one's state of residence and, if applicable, local tax-exemption applies if securities are issued within one's city of residence.

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

IPO securities: Investment in initial public offerings (IPO) exposes the portfolio to additional risks associated with companies that have little operating history as public companies, as well as to the risks inherent in those sectors of the market where these new issuers operate.

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

No Tax Advice

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

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

Conflicts of Interest

GIMA's goal is to provide professional, objective evaluations in support of the Morgan Stanley Wealth Management investment advisory programs. We have policies and procedures to help us meet this goal. However, our business is subject to various conflicts of interest. For example, ideas and suggestions for which investment products should be evaluated by GIMA come from a variety of sources, including our Morgan Stanley Wealth Management Financial Advisors and their direct or indirect managers, and other business persons within Morgan Stanley Wealth Management or its affiliates. Such persons may have an ongoing business relationship with certain investment managers or mutual fund companies whereby they, Morgan Stanley Wealth Management or its affiliates receive compensation from, or otherwise related to, those investment managers or mutual funds. For example, a Financial Advisor may suggest that GIMA evaluates an investment manager or fund in which a portion of his or her clients' assets are already invested. While such a recommendation is permissible, GIMA is responsible for the opinions expressed by GIMA. See the conflicts of interest section in the applicable Form ADV Disclosure Document for Morgan Stanley Wealth Management for a discussion of other types of conflicts that may be relevant to GIMA's evaluation of managers and funds. In addition, Morgan Stanley Wealth Management, MS&Co., managers and their affiliates provide a variety of services (including research, brokerage, asset management, trading, lending and investment banking services) for each other and for various clients, including issuers of securities that may be recommended for purchase or sale by clients or are otherwise held in client accounts, and managers in various advisory programs. Morgan Stanley Wealth Management, managers, MS&Co., and their affiliates receive compensation and fees in connection with these services. Morgan Stanley Wealth Management believes that the nature and range of clients to which such services are rendered is such that it would be inadvisable to exclude categorically all of these companies from an account. Morgan Stanley charges each fund family we offer a mutual fund support fee, also called a "revenue-sharing payment," on client account holdings in fund families according to a tiered rate that increases along with the management fee of the fund so that lower management fee funds pay lower rates than those with higher management fees.

Morgan Stanley

WEALTH MANAGEMENT

Global Investment Manager Analysis | December 08, 2020

Focus List Report

Principal Real Estate Equity Securities

Dana Dauletbayeva
Investment Analyst
Dana.Dauletbayeva@morganstanley.com
+1 212 296-1914

Highlights

- Global Investment Manager Analysis (GIMA) believes the Principal Real Estate Equity Securities strategy (the Strategy) may be appropriate for investors seeking domestic REIT exposure with a bias for growth, higher-quality property portfolios and proven management teams. The Strategy is available as a separately managed account (SMA) or a mutual fund. GIMA finds that in comparison to the SMA, the mutual fund may (at times) have a modestly higher number of holdings and marginally less cash, and may trade more frequently.
- The investment process emphasizes accelerating profitability, rising investor expectations, and discounted cash flow valuations. GIMA finds the investment process leads to a persistent portfolio tilt toward high-quality companies trading at above-average multiples with above-average growth rates.
- GIMA holds a positive view on Principal Real Estate Investors, LLC (PREI or the Firm) as well as the resources of the dedicated Real Estate Securities team. Additionally, GIMA would highlight that the Strategy has delivered strong benchmark and top-quartile peer-relative results over the trailing 1-, 3-, 5- and 10-year periods (as of September 30, 2020).

Performance Expectations

- GIMA anticipates weaker relative performance in market environments that favor low-quality companies or deep value companies, and stronger relative performance in fundamental-driven market environments (i.e., those characterized by underlying company profitability and cash flow growth-driven results) that favor higher-quality companies.

Strategy Details

Investment Style:
Real Estate/REITs

Sub-Style:
REITs Domestic

Benchmark:
MSCI U.S. REIT Index

GIMA Status:
Focus List

Product Type:
SMA and Mutual Fund

Ticker Symbol:
PIREX (TRAK FS, UMA)
https://www.principalglobal.com

Strategy Description

The Principal Real Estate Equity Securities strategy utilizes an investment process that emphasizes fundamentals, relative valuations, and catalysts. The portfolio has a persistent bias for growth, higher-quality property portfolios, and proven management teams.

Positive Attributes

- The Strategy is led by a highly experienced team of co-PMs, led by CIO and Head of Real Estate Securities, Kelly Rush. Mr. Rush and his co-lieutenants, Tony Kenkel and Keith Bokota, have worked together since 2007. GIMA would note that while there has been some turnover at the analyst level in recent years, the senior PM team remains highly stable and cohesive.
- The team has produced a solid track record of delivering consistent top-quartile performance over multiple trailing periods. Most recently, during March 2020, the public REIT market experienced a notable COVID-19 sell-off and continues to trail the broader equity market. GIMA highlights, however, that the Strategy has materially outperformed the MSCI US REIT Index YTD (as of September 30, 2020). Recent outperformance was driven primarily by the Strategy's defensive positioning, including active sector allocations within Retail, Specialized Residential and Industrial, as well as strong stock selection within Office, Hotels and Data Centers.
- The team also leverages the in-house private real estate equity and debt teams and has access to internal resources of the Firm's parent, Principal Financial Group.

Points to Consider

- The Strategy seeks real estate-related companies with improving fundamentals, attractive relative valuation and catalysts.
- The investment process seeks to identify stocks for which the team's expectations modestly differ from consensus. The process emphasizes accelerating profitability, rising investor expectations, and DCF valuations. While the team primarily utilizes NAV models to evaluate value, GIMA would note that PREI's internal estimates and adjustments for capex, liabilities and SG&A can, at times, differ notably from consensus estimates.
- GIMA finds the investment process leads to a persistent portfolio tilt toward higher-quality companies trading at above-average multiples with above-average growth rates. PREI generally requires a lower risk premium than the market when valuing high-quality companies. The portfolio typically includes a heavy mix of "quality at a reasonable price" and "growth at a reasonable price" (GARP) style companies, and less exposure to companies trading at deep discounts.
- The SMA and Fund are significantly similar strategies, and dispersion in performance between both vehicles (SMA and mutual fund) is modest and within GIMA's expectations.
- GIMA finds that, in comparison to the SMA, the Fund may (at times) have a modestly higher number of holdings and marginally less cash, and may trade more frequently. Tracking error (relative to the index) for both vehicles is expected to be comparable.

Areas of Concern

- The Strategy is managed purely on a bottom-up basis. While the team incorporates macroeconomic views into fundamental research, sector and geographic exposures are not dictated by top-down analysis. Instead, risk management parameters impact allocations, which are actively managed within +/- 5% of the benchmark weight, while geographic weights are generally a byproduct of the investment process. GIMA would also note that position sizing for the Strategy is risk-managed to benchmark exposures (as opposed to more dynamic position sizing).
- GIMA recognizes that should the historic inverse correlation between interest rates and REITs continue, REIT prices may suffer in a rising interest rate environment.

Portfolio Management Team & Investment Process

- The PM team is comprised of lead PM Kelly Rush (CIO, Head of RE Securities) and co-PMs Anthony Kenkel and Keith Bokota. Mr. Rush serves as CIO and Head of Real Estate Securities; he directs the domestic and global REIT activity for PREI, the dedicated real estate group of Principal Global Investors. The PM team is supported by a portfolio specialist, three analysts and a dedicated trader. Research and assigned company coverage is organized by property type/sector.
- While Principal's investment decision-making involves all three co-PMs, lead PM Kelly Rush maintains final say and veto authority over investment decisions.

- PREI's investment philosophy holds that equity markets are fundamentally driven and reflect the market's collective expectations of a company's future business prospects. The investment philosophy is long term in nature and is rooted in the belief that over a full investment cycle, underlying company profitability and property cash flow growth prospects most directly drive stock performance.
- The investment process seeks to identify stocks for which management's expectations modestly differ from consensus. The investment process combines direct real estate research screens from Principal Global Investors' proprietary Global Research Platform and fundamental research from the real estate securities investment team.

- The investment universe is comprised of ~150+ stocks, which includes REITs and real estate-related companies that principally engage in the commercial real estate (CRE) industry, i.e., at least 50% of assets, income or revenues are derived from products or services related to the CRE industry. Within this broader universe, the team focuses on companies engaged in the ownership, management or development of income-producing CRE assets, and generally excludes homebuilders and mortgage REITs/real estate operating companies (REOCs).
- The Global Research Platform identifies a "focus universe," consisting of companies that are viewed as attractive, are large index weights, or represent special opportunities.
- Fundamental research – The team conducts quantitative and qualitative analysis to assess investment attractiveness. The PMs and analysts utilize external dynamic models with internal assumptions and valuation measurements for explicit cash flow, funds from operations and idea generation.
    - Key variables include DCF valuations, earnings multiples, dividend yields, and price-to-NAV, as well as unique catalysts, management talent, business strategy, asset quality, tenant mix and geographic locations.
- Portfolio construction is a fundamentally focused bottom-up process that incorporates active weights in those securities deemed attractive by the Global Research Platform and the team's fundamental research.
- Top-down views are incorporated into fundamental research to the degree that they influence a candidate company's prospects. The Economic Resource Group (led by the Firm's Chief Global Economist) provides insight on economic direction, and the direct RE research team evaluates real estate trends across 55 U.S. markets.
- Risk management monitors for unintended biases/risk factors within the portfolio, i.e., market cap, dividend yield, leverage, and liquidity. The primary risk metric is tracking error or performance relative to the Index.
- Sell process – Sell decisions are based upon deterioration in relative attractiveness, generally due to eroding business fundamentals, declining valuation relative to other alternatives, or a combination of the two.

PORTFOLIO TRAITS

Range of Holdings	Generally 30-50 (SMA) and 30-70 (Fund)
Typical Annual Turnover	50-100%
Invests in Derivatives	Prohibited (SMA); allowed by prospectus (Fund)
Max. Position Size	Max +/- 5% of the MSCI US REIT Index position weight; typically +/- 3%
Econ Sector Constraints	Max +/- 10% of the MSCI US REIT Index weight, with a historic average of +/- 5%
Country Constraints	Max. +/- 10% of the MSCI US REIT Index weight (SMA); Not stated in Fund guidelines
Emerging Mkts Constraints	No stated limit
Currency Hedging	Not utilized
Invests in ADRs	Prohibited (SMA); allowed by prospectus (Fund)
Invests in ETFs	Prohibited (SMA); allowed by prospectus (Fund)
Invests in IPOs	Prohibited (SMA); allowed by prospectus (Fund)
Max. Cash	5%
Typical Cash Position	0-5% (SMA), 0-2% (Fund)

Source: Principal Real Estate Investors

OWNERSHIP & PARENT COMPANY

Name of Owner	Principal Financial Group
Percentage Owned	100%
Publicly Traded	NYSE
Ticker Symbol	PFG

Source: Principal Real Estate Investors

ASSETS UNDER MANAGEMENT ($ MILLIONS)

YEAR	FIRM	SMA	FUND
3Q 2020	85,462	2,391	4,603
2019	86,437	2,723	5,199
2018	83,700	1,932	3,579
2017	75,933	1,695	3,753
2016	71,888	1,780	3,430
2015	63,300	1,119	2,426

Source: Principal Real Estate Investors

Disclosure Section

Definitions

MSCI US REIT Index is a free float-adjusted market capitalization index that is comprised of equity REITs. The index is based on MSCI USA Investable Market Index (IMI) its parent index which captures large, mid and small caps securities. With 152 constituents, it represents about 99% of the US REIT universe and securities are classified in the Equity REITs Industry.

Sub-Styles: Subjective classifications designed to assist with manager selection and performance evaluation based on GIMA's understanding of a manager's long-term investment philosophy and portfolio structuring biases and techniques. At points in time managers may display attributes of other sub-style classifications, and these classifications may change due to changes in the capital markets, evolution of performance benchmarks, industry trends, or changes involving a manager's personnel or process.

REITs Domestic - portfolios comprised of the stocks of Real Estate Investment Trusts ("REITs"), closed-end investment companies located in the U.S. and Canada that own assets related to real estate such as buildings, land and real estate securities. REITs are legally required to distribute at least 90% of their taxable income to investors. Income comes from rent, management fees and leasing of the properties. Primary domestic REIT sectors include Health Care, Hotel and Resorts, Industrials, Office, Residential, Retail, Diversified, and Specialized.

Glossary of Terms

Active Share – is a measure of the percentage of stock holdings in a manager's portfolio that differ from the benchmark index; Active Share is calculated by taking the sum of the absolute value of the differences of the weight of each holding in the manager's portfolio versus the weight of each holding in the benchmark index and dividing by two.

ADRs – American Depositary Receipts are U.S. dollar denominated forms of equity ownership in non-U.S. companies. These shares are issued against the local market shares held in the home market. ADRs are typically listed on U.S. exchanges such as NYSE, AMEX and NASDAQ.

Alpha – measures the difference between a portfolio's actual returns and its expected performance, given its level of risk as measured by Beta. A positive Alpha figure indicates the portfolio has performed better than its Beta would predict. A negative Alpha indicates the portfolio's underperformance given the expectations established by the Beta. The accuracy of the Alpha is therefore dependent on the accuracy of the Beta. Alpha is often viewed as a measurement of the value added or subtracted by a portfolio's manager.

Beta – measures a portfolio's volatility relative to its benchmark. A portfolio with a Beta higher than 1.0 has historically been more volatile than the benchmark, while a portfolio with a Beta lower than 1.0 has been less volatile. The accuracy of the Beta is dependent on R-Squared.

Correlation – measures the degree to which the returns of two securities or indices are related. The range of possible correlations is between 1.0 and -1.0. Positive correlation indicates that returns tend to move in the same direction. Negative correlation indicates that returns tend to move in opposite directions. Zero correlation implies that there is no relationship between the securities' returns.

EPS Growth – Forecast – a measure of one year earnings (cash flow or dividends) per share growth from the prior fiscal year (FY0) to the current fiscal year (FY1) using analyst consensus forecasts. Growth is expressed as a percent. The FY1 EPS (earnings per share) growth rate for the portfolio is a weighted average of the forecasts for the individual stocks in the portfolio.

EPS Growth – 5 Year Historical – The weighted average annualized earnings per share growth for a portfolio over the past five years.

Excess Return – represents the average quarterly total return of the portfolio relative to its benchmark. A portfolio with a positive Excess Return has on average outperformed its benchmark on a quarterly basis. This statistic is obtained by subtracting the benchmark return from the portfolio's return.

Historical EPS Growth - calculated by regressing over time the quarterly earnings per share for the past 20 quarters to determine the share's historical growth rate in earnings. The quarterly historical growth rate for each share is then annualized and the Historical EPS Growth shown in this report is the weighted average of these results.

Long Term EPS Growth Rate – analyst consensus of expected annual increase in operating earnings per share over the company's next full business cycle - usually three to five years. The Long Term EPS Growth Rate for the portfolio is a weighted average of the results for the individual stocks in the portfolio.

P/E - Forecast 12-Mo. – The price/earnings ratio for the stock based on the most recent closing price divided by the annual mean expected earnings for the current fiscal year (FY1 EPS forecast). P/E for the portfolio is a weighted average of the results for the individual stocks in the portfolio.

P/E – Trailing 12-Mo. – the current price of a stock divided by the most recent 12 months trailing earnings per share. P/E for the portfolio is a weighted average of the results for the individual stocks in the portfolio.

Price-to-Book – price per share divided by book value per share. Price-to-Book for the portfolio is a weighted average of the results for the individual stocks in the portfolio.

R-Squared (R^2) – represents the percentage of the volatility of returns that is attributable to movements of the benchmark. It is a measure of "co-movement" between portfolio returns and benchmark returns. The closer the portfolio's R^2 is to 100%, the more closely the portfolio correlates to, or follows, the benchmark. Generally, highly diversified portfolios have higher R^2 percentages.

Return on Equity (ROE) – is another profitability ratio which gauges return on investment by measuring how effectually stockholder money is being employed by the company. ROE is calculated by dividing a company's net income by average total equity. Unlike Return on Assets (ROA), ROE considers the degree to which a company uses leveraging, as interest expense paid to creditors is generally deducted from earnings to arrive at net income. ROE for the portfolio is a weighted average of the results for the individual stocks in the portfolio.

Sharpe Ratio – measures a portfolio's rate of return based on the risk it assumed and is often referred to as its risk-adjusted performance. Using Standard Deviation and returns in excess of the returns of T-bills, it determines reward per unit of risk. This measurement can help determine if the portfolio is reaching its goal of increasing returns while managing risk.

Standard Deviation – quantifies the volatility associated with a portfolio's returns. The statistic measures the variation in returns around the mean return. Unlike Beta, which measures volatility relative to the aggregate market, Standard Deviation measures the absolute volatility of a portfolio's return.

Tracking Error – represents the Standard Deviation of the Excess Return. This provides a historical measure of the variability of the portfolio's returns relative to its benchmark. A portfolio with a low Tracking Error would have quarterly Excess Returns that have exhibited very low volatility.

Important Disclosures

Report for Use Only in Investment Advisory Programs

This report is only to be used in Morgan Stanley Wealth Management investment advisory programs and not in connection with brokerage accounts.

The Global Investment Manager Analysis (GIMA) services Only Apply to Certain Investment Advisory Programs

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

Focus List, Approved List and Tactical Opportunities List; Watch Policy

GIMA uses two methods to evaluate investment products in applicable advisory programs: Focus (and investment products meeting this standard are described as being on the Focus List) and Approved (and investment products meeting this standard are described as being on the Approved List). In general, Focus entails a more thorough evaluation of an investment product than Approved. Sometimes an investment product may be evaluated using the Focus List process but then placed on the Approved List instead of the Focus List. Investment products may move from the Focus List to the Approved List, or vice versa. GIMA may also determine that an investment product no longer meets the criteria under either process and will no longer be recommended in investment advisory programs (in which case the investment product is given a "Not Approved" status).

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

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

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

No Obligation to Update

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

Strategy May Be Available as a Separately Managed Account or Mutual Fund

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

Overlay Managers or Executing Sub-Managers ("managers") in some of Morgan Stanley's Separately Managed Account ("SMA") programs may affect transactions through broker-dealers other than Morgan Stanley or our affiliates. If your manager trades with another firm, you may be assessed costs by the other firm in addition to Morgan Stanley's fees. Those costs will be included in the net price of the security, not separately reported on trade confirmations or account statements. Certain managers have historically directed most, if not all, of their trades to outside firms. Information provided by managers concerning trade execution away from Morgan Stanley is summarized at: 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, or contact your Financial Advisor/Private Wealth Advisor.

Consider Your Own Investment Needs

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

Performance and Other Portfolio Information

General

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

For mutual funds, the investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. To obtain performance information, current to the most recent month-end, please contact the fund directly at the website set out on the cover page of this report.

Benchmark index

Depending on the composition of your account and your investment objectives, any indices shown in this report may not be an appropriate measure for comparison purposes and are therefore presented for illustration only.

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

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

Other data

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

Other data in this report is accurate as of the date this report was prepared unless stated otherwise. Data in this report may be calculated by the investment manager, Morgan Stanley Wealth Management or a third party service provider, and may be based on a representative account or a composite of accounts.

Securities holdings

Holdings are subject to change daily, so any securities discussed in this report may or may not be included in your portfolio if you invest in this investment product. Your portfolio may also include other securities in addition to or instead of any securities discussed in this report. Do not assume that any holdings mentioned were, or will be, profitable.

Sources of Data

Material in this report has been obtained from sources that we believe to be reliable, but we do not guarantee its accuracy, completeness or timeliness. Third party data providers make no warranties or representations relating to the accuracy, completeness or timeliness of the data they provide and are not liable for any damages relating to this data.

Asset Class and Other Risks

Investing in ***stocks***, ***mutual funds*** and ***exchange-traded funds ("ETFs")*** entails the risks of market volatility. The value of all types of investments may increase or decrease over varying time periods. Besides the general risk of holding securities that may decline in value, ***closed-end funds*** may have additional risks related to declining market prices relative to net asset values (NAVs), active manager underperformance, and potential leverage. Some funds also invest in foreign securities, which may involve currency risk.

Real estate investments: property values can fall due to environmental, economic or other reasons, and changes in interest rates can negatively impact the performance of real estate companies.

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

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

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

IPO securities: Investment in initial public offerings (IPO) exposes the portfolio to additional risks associated with companies that have little operating history as public companies, as well as to the risks inherent in those sectors of the market where these new issuers operate.

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

No Tax Advice

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

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

Conflicts of Interest

GIMA's goal is to provide professional, objective evaluations in support of the Morgan Stanley Wealth Management investment advisory programs. We have policies and procedures to help us meet this goal. However, our business is subject to various conflicts of interest. For example, ideas and suggestions for which investment products should be evaluated by GIMA come from a variety of sources, including our Morgan Stanley Wealth Management Financial Advisors and their direct or indirect managers, and other business persons within Morgan Stanley Wealth Management or its affiliates. Such persons may have an ongoing business relationship with certain investment managers or mutual fund companies whereby they, Morgan Stanley Wealth Management or its affiliates receive compensation from, or otherwise related to, those investment managers or mutual funds. For example, a Financial Advisor may suggest that GIMA evaluates an investment manager or fund in which a portion of his or her clients' assets are already invested. While such a recommendation is permissible, GIMA is responsible for the opinions expressed by GIMA. See the conflicts of interest section in the applicable Form ADV Disclosure Document for Morgan Stanley Wealth Management for a discussion of other types of conflicts that may be relevant to GIMA's evaluation of managers and funds. In addition, Morgan Stanley Wealth Management, MS&Co., managers and their affiliates provide a variety of services (including research, brokerage, asset management, trading, lending and investment banking services) for each other and for various clients, including issuers of securities that may be recommended for purchase or sale by clients or are otherwise held in client accounts, and managers in various advisory programs. Morgan Stanley Wealth Management, managers, MS&Co., and their affiliates receive compensation and fees in connection with these services. Morgan Stanley Wealth Management believes that the nature and range of clients to which such services are rendered is such that it would be inadvisable to exclude categorically all of these companies from an account. Morgan Stanley charges each fund family we offer a mutual fund support fee, also called a "revenue-sharing payment," on client account holdings in fund families according to a tiered rate that increases along with the management fee of the fund so that lower management fee funds pay lower rates than those with higher management fees.

RSI1607440193150 12/2020