

Morgan Stanley

# Driving Growth Through The Cycle

**Andy Saperstein**

Co-President of Morgan Stanley and Head of Wealth Management

May 31, 2023

## Notice

The information provided herein may include certain non-GAAP financial measures. The definition of such measures and/or the reconciliation of such measures to the comparable U.S. GAAP figures are included in this presentation, or in Morgan Stanley's (the 'Company') Annual Report on Form 10-K, Definitive Proxy Statement, Quarterly Reports on Form 10-Q and the Company's Current Reports on Form 8-K, as applicable, including any amendments thereto, which are available on [www.morganstanley.com](http://www.morganstanley.com).

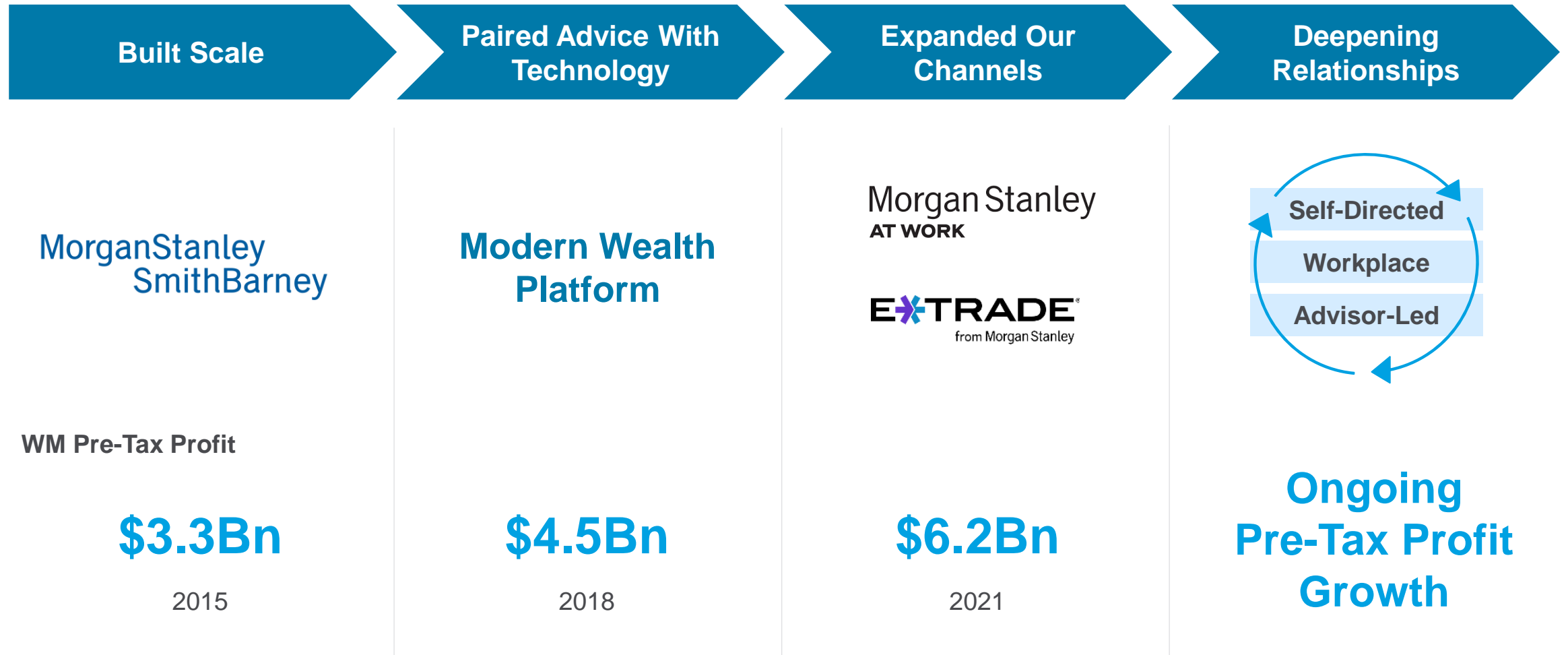
This presentation may contain forward-looking statements including the attainment of certain financial and other targets, and objectives and goals. You are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date on which they are made, which reflect management's current estimates, projections, expectations, assumptions, interpretation or beliefs and which are subject to risks and uncertainties that may cause actual results to differ materially. The Company does not undertake to update the forward-looking statements to reflect the impact of circumstances or events that may arise after the date of forward-looking statements. For a discussion of risks and uncertainties that may affect the future results of the Company, please see the Company's most recent Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as applicable, which are available on [www.morganstanley.com](http://www.morganstanley.com). This presentation is not an offer to buy or sell any security.

The End Notes are an integral part of this presentation. See Slides 12 – 13 at the back of this presentation for information related to the financial metrics and defined terms in this presentation.

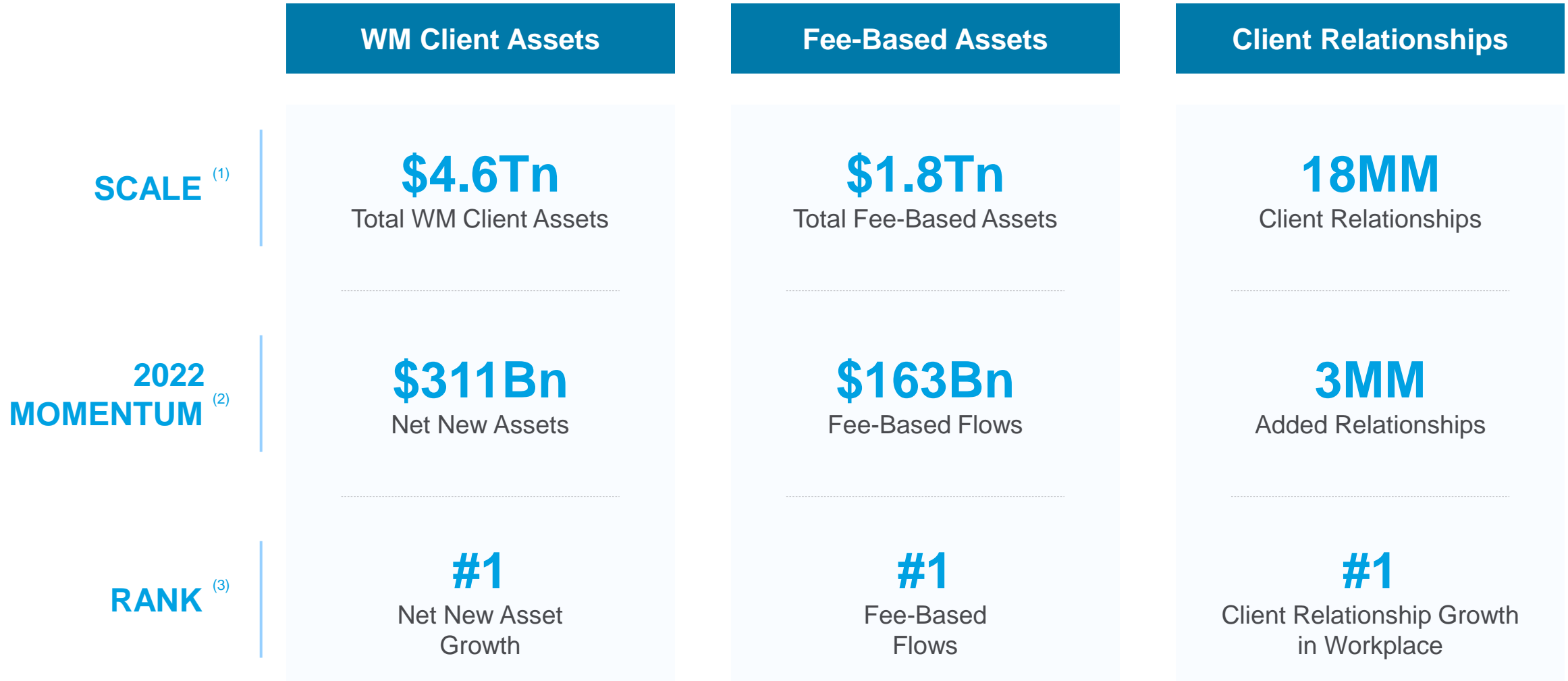
Morgan Stanley closed its acquisition of E\*TRADE on October 2, 2020, impacting prior period comparisons for the Firm and Wealth Management.

Please note this presentation is available at [www.morganstanley.com](http://www.morganstanley.com).

# MSWM Has Transformed the Business Over Four Phases...



# ...Positioning Ourselves At Scale and As a “Category of One”



# We Have Reinvented Our Business Model

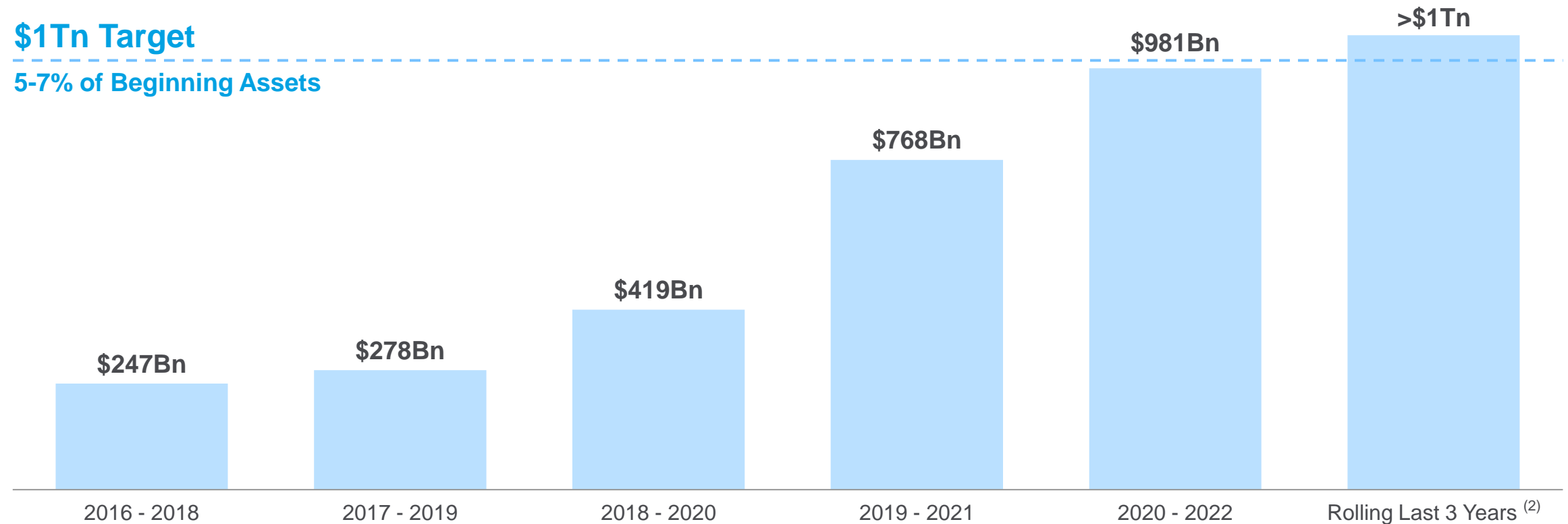
	From...	...To		
<b>INCREASED SCALE</b>	2.5MM Core Client Relationships <sup>(1)</sup>	18MM Client Relationships		
<b>ADDED CHANNELS</b>	Advisor-Led Only	Advisor-Led	Self-Directed	Workplace
<b>EXPANDED SERVICE MODELS</b>	Financial Advisor Private Wealth	Financial Advisor Private Wealth	Virtual Advisor Digital Direct	Digital Advice Family Office
<b>INVESTED IN NEW CAPABILITIES</b>	Capabilities In-line With Peers	Private Markets Offering Leading Alts Capabilities	Integrated Risk Platform Workplace Offering	Leading with Integrated Technology

# Delivering \$1Tn of Net New Assets Every Three Years

Rolling Three-Year Net New Assets <sup>(1)</sup>

**\$1Tn Target**

5-7% of Beginning Assets



## Focused on Driving Continued Growth

### Longer-Term Goals <sup>(1)</sup>

**2x+**

**Growth in Client Relationships**

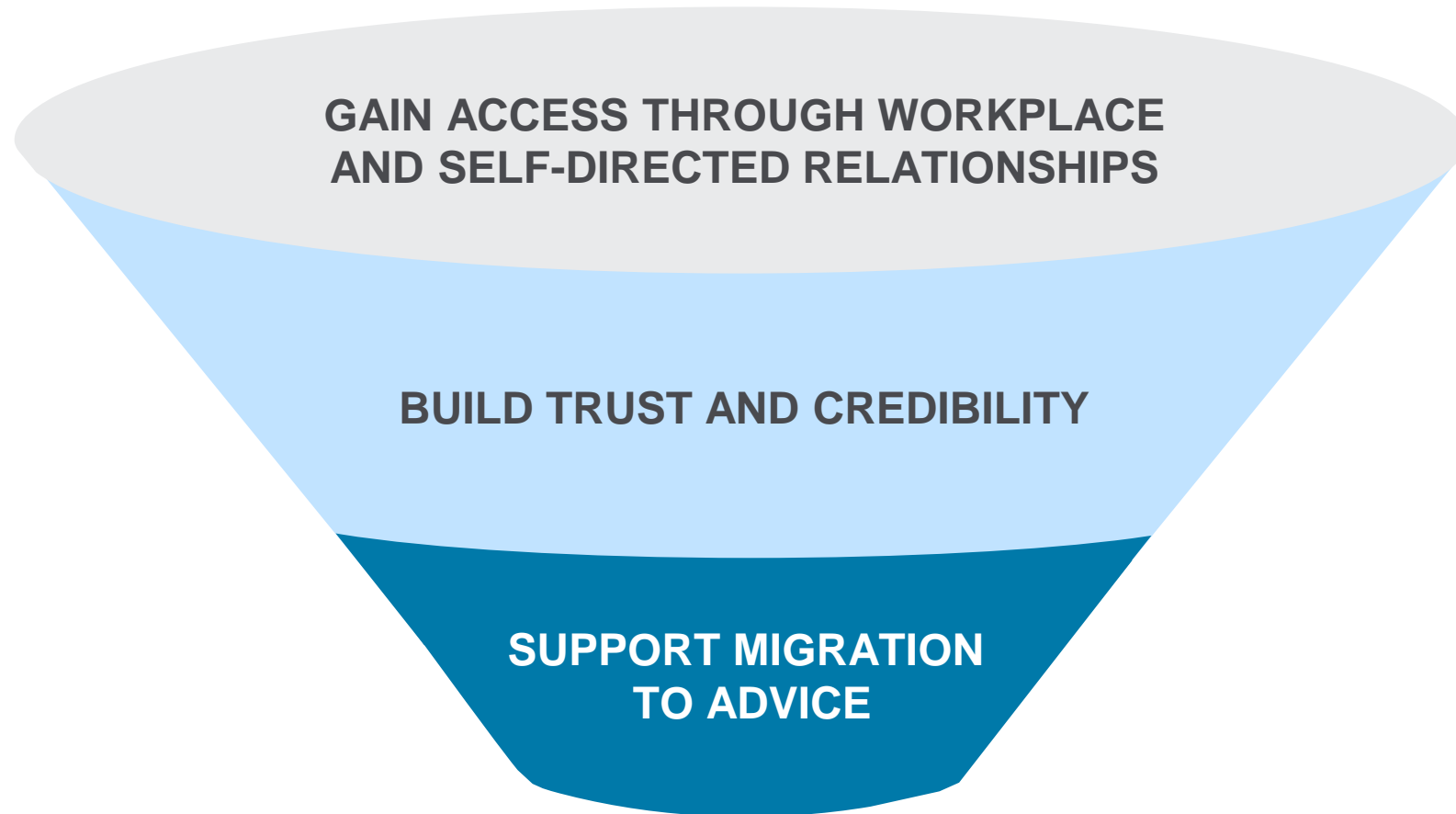
**\$10Tn**

**WM and IM Client Assets <sup>(2)</sup>,  
Powered by \$1Tn of NNA  
Every Three Years**

**~\$12Bn**

**WM Pre-Tax Profit,  
With a 30%+ Margin**

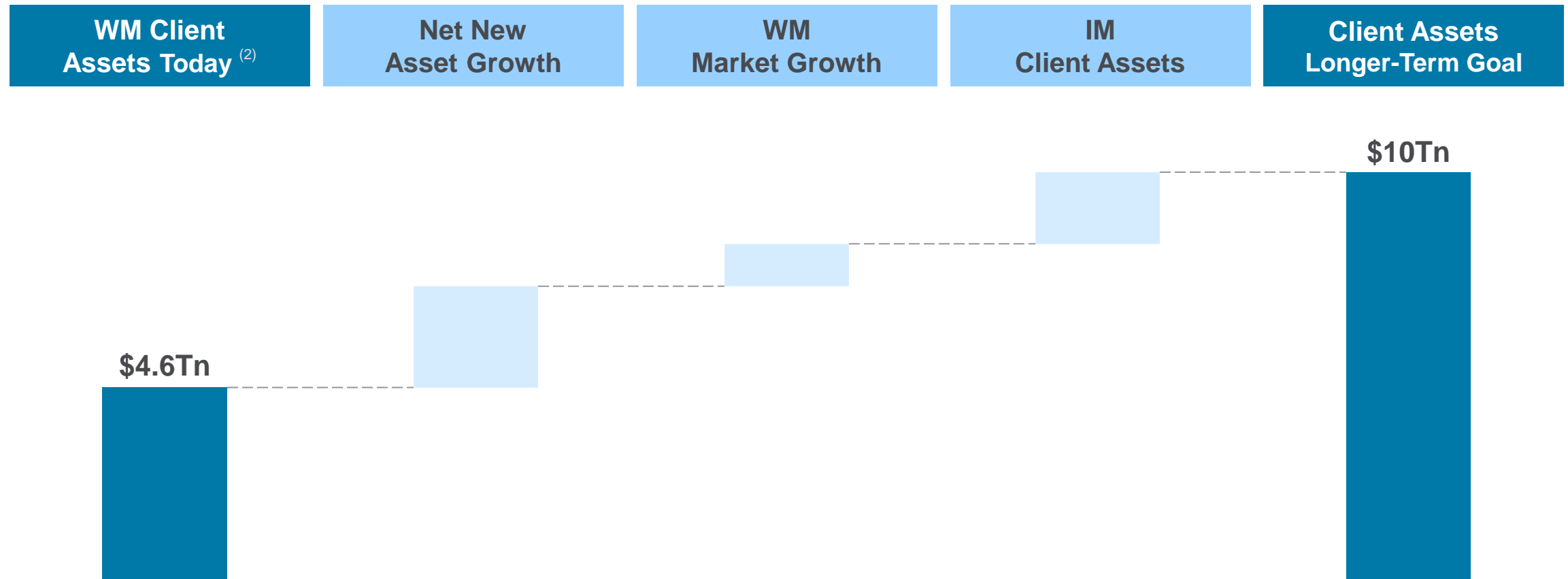
# Client Acquisition Funnel Drives Deeper Advice Relationships





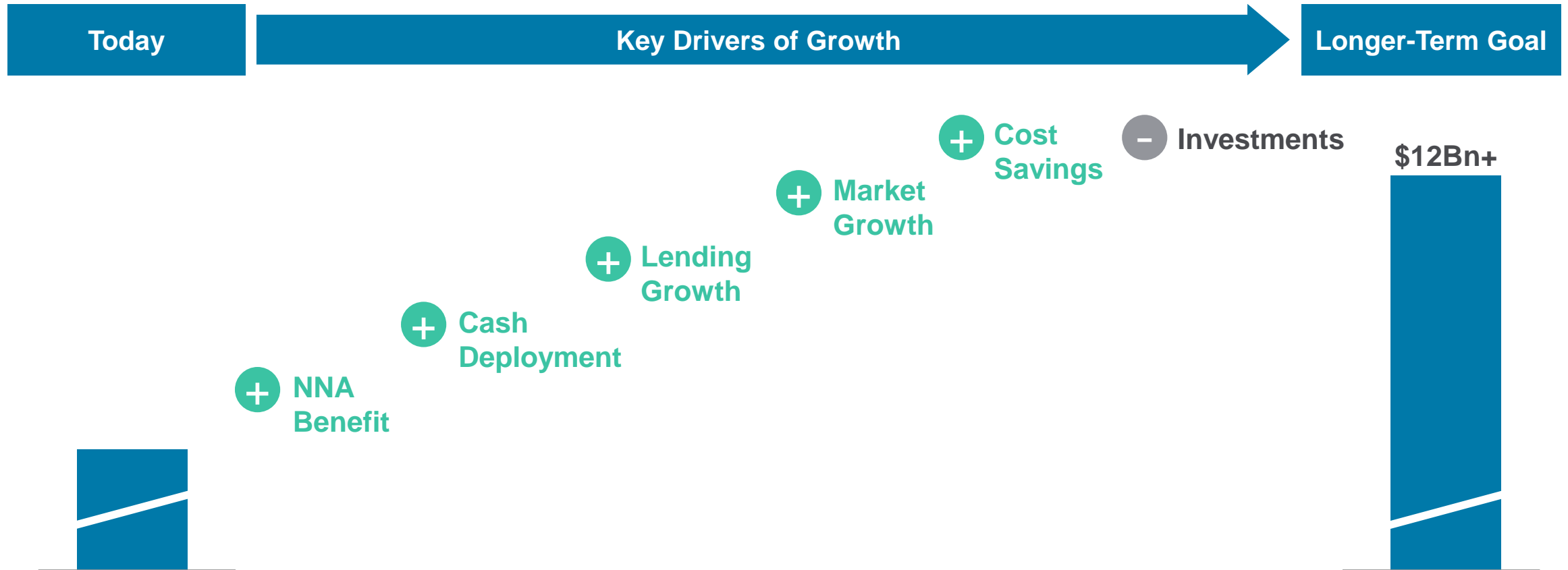
# Path to \$10Tn in Client Assets

Client Assets Walk <sup>(1)</sup>



# Path to Doubling WM Pre-Tax Profit

Full-Year WM Pre-Tax Profit Walk <sup>(1)</sup>



## **Q&A**

## End Notes

These notes refer to metrics and/or terms presented on Slide 4:

- WM Client Assets** represent those assets for which Wealth Management ('WM') is providing services including financial advisor-led brokerage, custody, administrative and investment advisory services; self-directed brokerage services; financial and wealth planning services; workplace services, including stock plan administration, and retirement plan services. WM Client Assets are shown as of 1Q 2023.  
**Fee-Based Assets** represent the amount of assets in client accounts where the basis of payment for services is a fee calculated on those assets. Fee-Based Assets are shown as of 1Q 2023.  
**Client Relationships** represent Advisor-Led Households, Self-Directed Households, and Workplace Participants, excluding overlap, as of 1Q 2023:
  - **Advisor-Led Households** represent the total number of households that include at least one account with **Advisor-Led Clients Assets**. **Advisor-Led Client Assets** represent client assets in accounts that have a WM representative assigned.
  - **Self-Directed Households** represent the total number of households that include at least one account with **Self-Directed Assets**. **Self-Directed Assets** represent active accounts which are not advisor-led. Active accounts are defined as having \$25 or more in assets.
  - **Workplace Participants** represent Stock Plan Participants, Institutional Consulting Participants, and Retirement and Financial Wellness Participants, excluding overlap.
    - **Stock Plan Participants** represent total accounts with vested and/or unvested stock plan assets in the workplace channel. Individuals with accounts in multiple plans are counted as participants in each plan.
    - **Institutional Consulting Participants** represent participants of corporate clients with institutional consulting plans serviced by Morgan Stanley at Work.
    - **Retirement and Financial Wellness Participants** represent participants of corporate clients with financial wellness and retirement plans serviced by Morgan Stanley at Work.
- Net New Assets ('NNA')** represent client inflows, including dividends and interest, and asset acquisitions, less client outflows, and exclude activity from business combinations/divestitures and the impact of fees and commissions.  
**Fee-Based Flows** include net new fee-based assets (including asset acquisitions), net account transfers, dividends, interest and client fees, and exclude institutional cash management related activity. For a description of the Inflows and Outflows included in Fee-Based Flows, see Fee-based client assets in the 2022 Form 10-K.  
**Added Relationships** represents growth in Client Relationships.
- Rankings are based on internal analysis for Morgan Stanley Wealth Management ('MSWM') and peers.  
**Net New Asset Growth** represents full-year NNA divided by beginning client assets in 2022, for MSWM and the following peer set: Bank of America Global Wealth & Investment Management ('BAC GWIM'), Charles Schwab, UBS Global Wealth Management Americas ('UBS GWMA') and Wells Fargo Wealth and Investment Management ('WFC WIM'). For Charles Schwab, NNA represents reported net new client assets. For the rest of the peers, NNA is derived from internal analysis based on company filings as of 4Q 2022.  
**Fee-Based Flows** are sourced from company disclosures for full-year 2022 for MSWM, BAC GWIM, UBS GWMA and WFC WIM. For BAC GWIM and UBS GWMA, Fee-Based Flows represent AUM flows and Net New Fee-Generating Assets, respectively. For WFC WIM, Fee-Based Flows represent the difference between the inflows and outflows of total WFC WIM advisory assets.  
**Client Relationship Growth in Workplace** represents the compound annual growth rate between 2020 and 2022 in Workplace Participants, and is sourced from company disclosures for MSWM, Charles Schwab and Fidelity.

## End Notes

These notes refer to metrics and/or terms presented on Slide 5:

1. **Core Client Relationships** represent Advisor-Led Households as of 4Q 2019.

These notes refer to metrics and/or terms presented on Slide 6:

1. **Rolling Three-Year Net New Assets** represents NNA aggregated across the stated time periods. 2020 NNA is Pro Forma for E\*TRADE, representing the addition of NNA for Morgan Stanley and E\*TRADE for the full year. The comparisons of current and prior periods are impacted by asset acquisitions in 3Q 2021 and 1Q 2022.
2. **Rolling Last 3 Years** represents the period from 3Q 2020 to May 18, 2023.

These notes refer to metrics and/or terms presented on Slide 7:

1. The attainment of these objectives assumes a normal market environment and may be impacted by external factors that cannot be predicted at this time, including geopolitical, macroeconomic and market conditions and future legislation and regulations and any changes thereto. Please also refer to the Notice on Slide 2 of this presentation.
2. **IM Client Assets** represent Investment Management's assets under management ('AUM').

These notes refer to metrics and/or terms presented on Slide 9:

1. Assumptions are illustrative, and we believe are a useful framework for us, investors, analysts and other stakeholders to assess our performance. The attainment of these assumptions assumes a normal market environment and may be impacted by external factors that cannot be predicted at this time, including geopolitical, macroeconomic and market conditions and future legislation and regulations and any changes thereto. Please also refer to the Notice on Slide 2 of this presentation.  
**Client Assets** represent WM Client Assets and IM Client Assets.
2. **Today** refers to 1Q 2023.

These notes refer to metrics and/or terms presented on Slide 10:

1. Assumptions are illustrative, and we believe are a useful framework for us, investors, analysts and other stakeholders to assess our performance. The attainment of these assumptions assumes a normal market environment and may be impacted by external factors that cannot be predicted at this time, including geopolitical, macroeconomic and market conditions and future legislation and regulations and any changes thereto. Please also refer to the Notice on Slide 2 of this presentation.

Morgan Stanley

# Driving Growth Through The Cycle

**Andy Saperstein**

Co-President of Morgan Stanley and Head of Wealth Management

May 31, 2023