

Morgan Stanley

Achieving 30% Margins Through Growth

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The presentation may also include certain non-GAAP financial measures. The reconciliation of such measures to the comparable GAAP figures is included in this presentation and in Morgan Stanley's most recent Annual Report on Form 10-K, Definitive Proxy Statement, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as applicable, which are available on Morgan Stanley's website www.morganstanley.com.

The End Notes are an integral part of this presentation. See Slides 18 – 22 at the back of this presentation for information related to the financial metrics and defined terms in this presentation.

For information and impact of the Company's acquisitions, please refer to prior period filings of the Company's Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q.

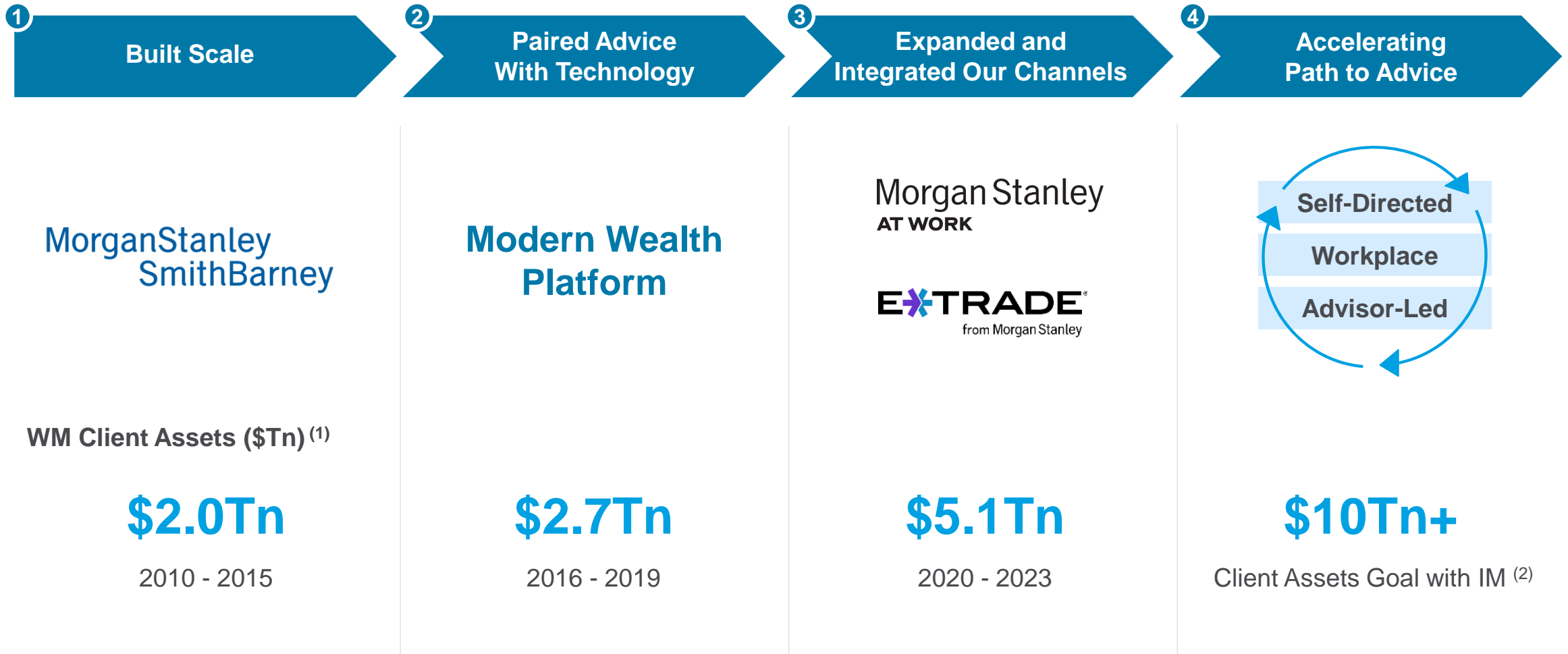
Please note this presentation is available at www.morganstanley.com.

Morgan Stanley Wealth Management is Unique in the Industry (1)

✓ At Scale
 ✓ Partial
 - Limited

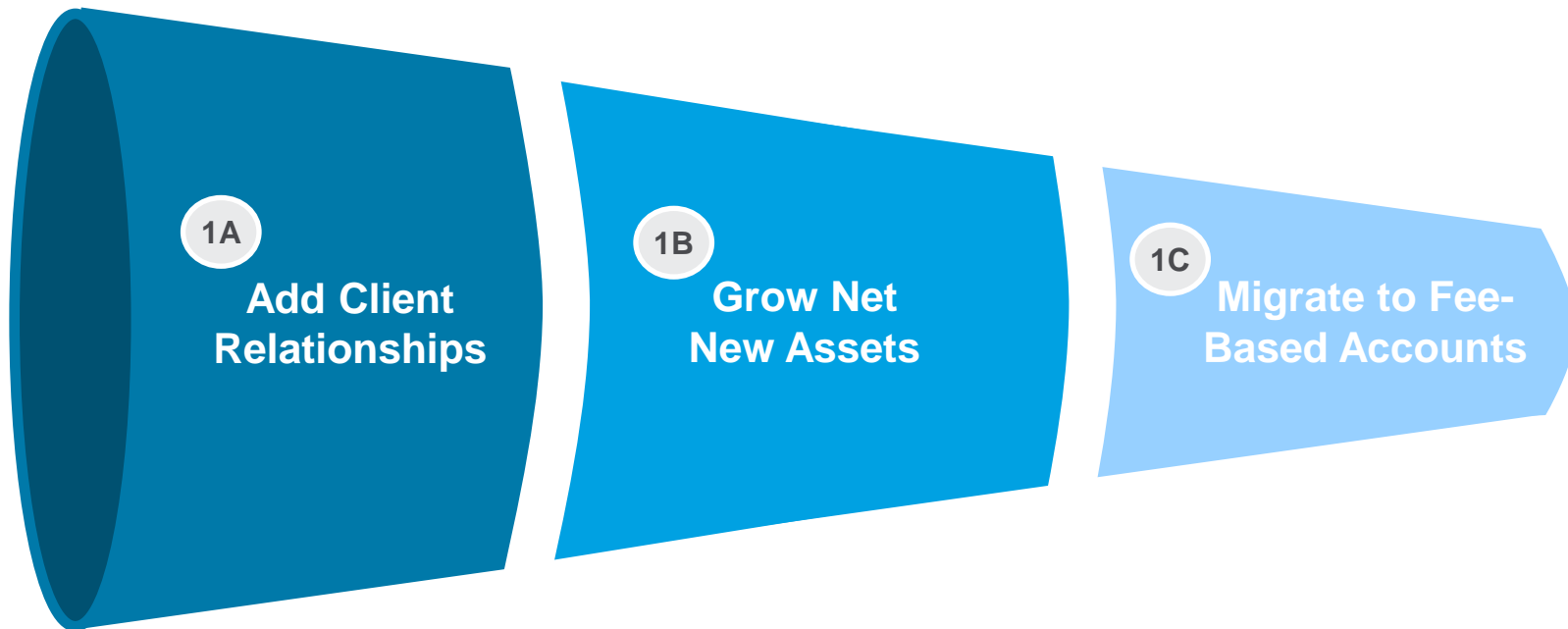
	Workplace Offering				Advice Offerings			Digital Direct	Institutional Securities Connectivity
	Cap Table Mgmt	Equity Plan Admin	Retirement	Non-Qual Deferred Comp	HNW Advice	Alternatives & Private Mkts	Family Office		
Morgan Stanley	✓	✓	✓	✓	✓	✓	✓	✓	✓
Full-Service Peer 1	-	✓	✓	✓	✓	✓	✓	✓	✓
Full-Service Peer 2	-	-	✓	-	✓	✓	✓	-	✓
Full-Service Peer 3	-	-	✓	-	✓	✓	-	✓	✓
Self-Directed Peer 1	-	✓	✓	✓	✓	-	-	✓	-
Asset Mgmt Peer 1	-	-	✓	-	-	✓	-	✓	-

We Have Steadily Transformed the Business Over Time



Two Key Focus Areas

1 Path to Advice



2 Scaled & Differentiated Platform

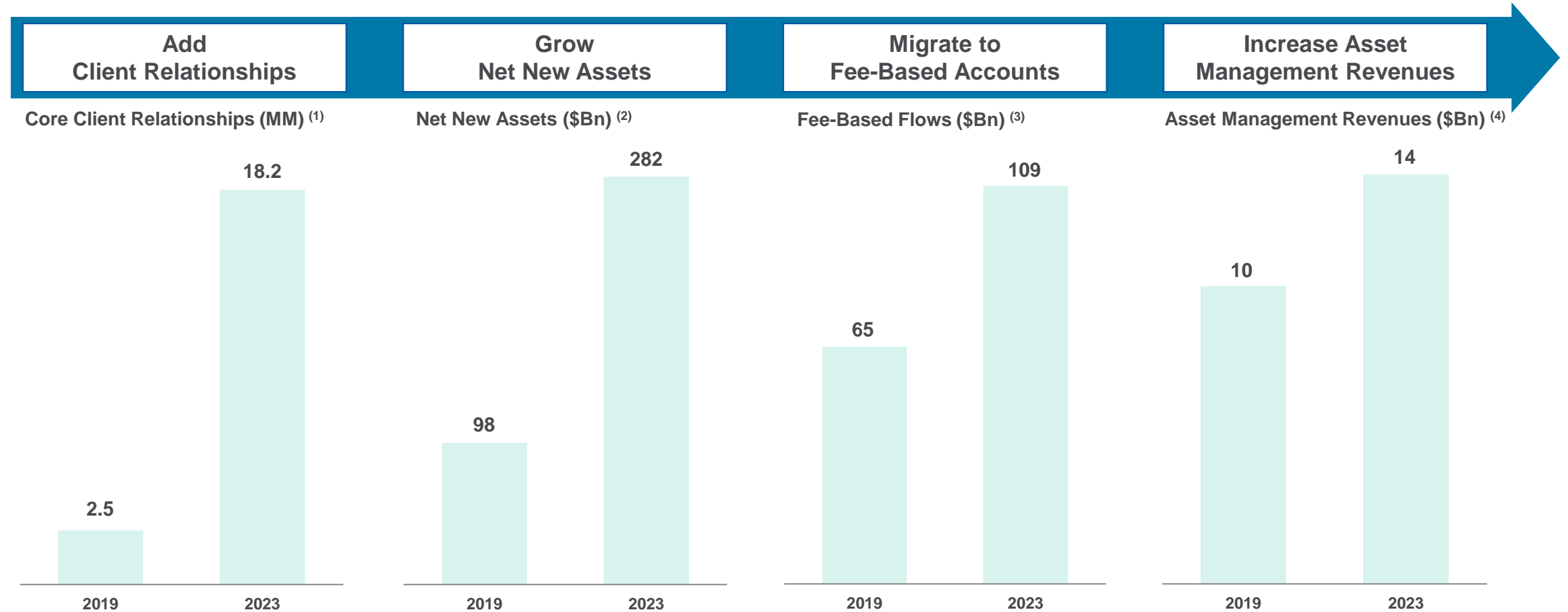
Examples of Capabilities

- Alternatives
- Private Markets
- Checking
- Lending
- Intellectual Capital
- Tax Efficient Models
- Investment Management
- Institutional Securities Group

30%

Pre-Tax Margins ⁽¹⁾

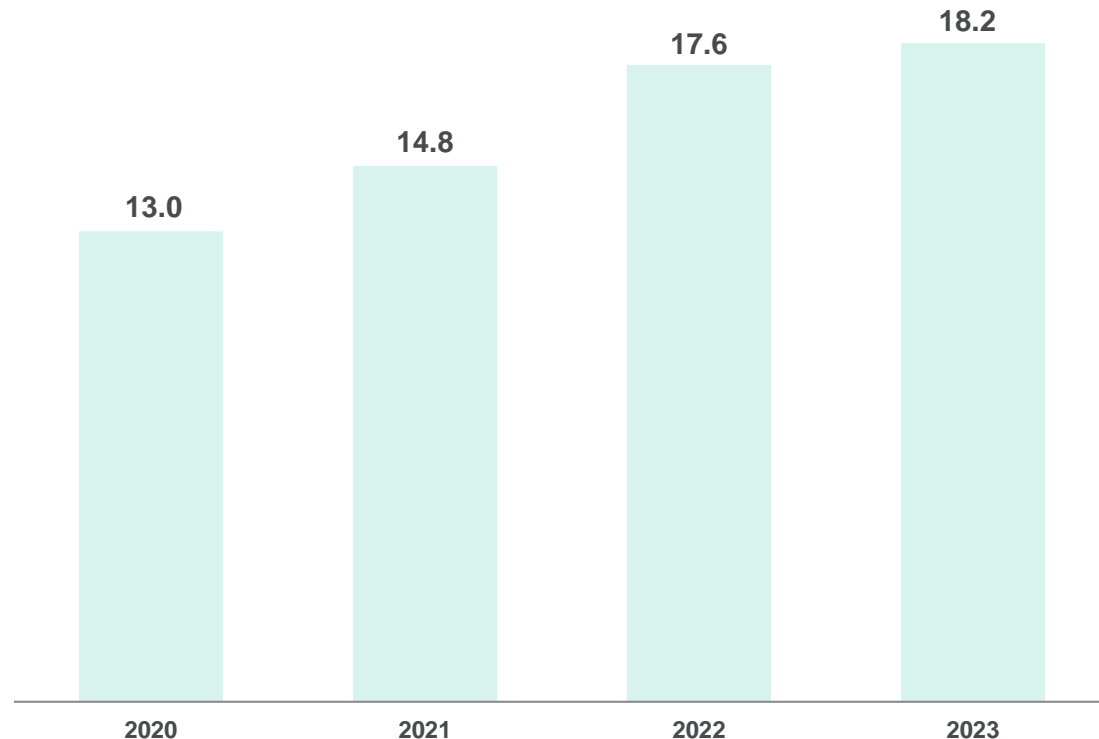
1 Path to Advice: We Have Seen Significant Growth at Each Step



1A We Have Multiple Sources for Adding Client Relationships

Growing Client Relationships

Client Relationships (MM) ⁽¹⁾



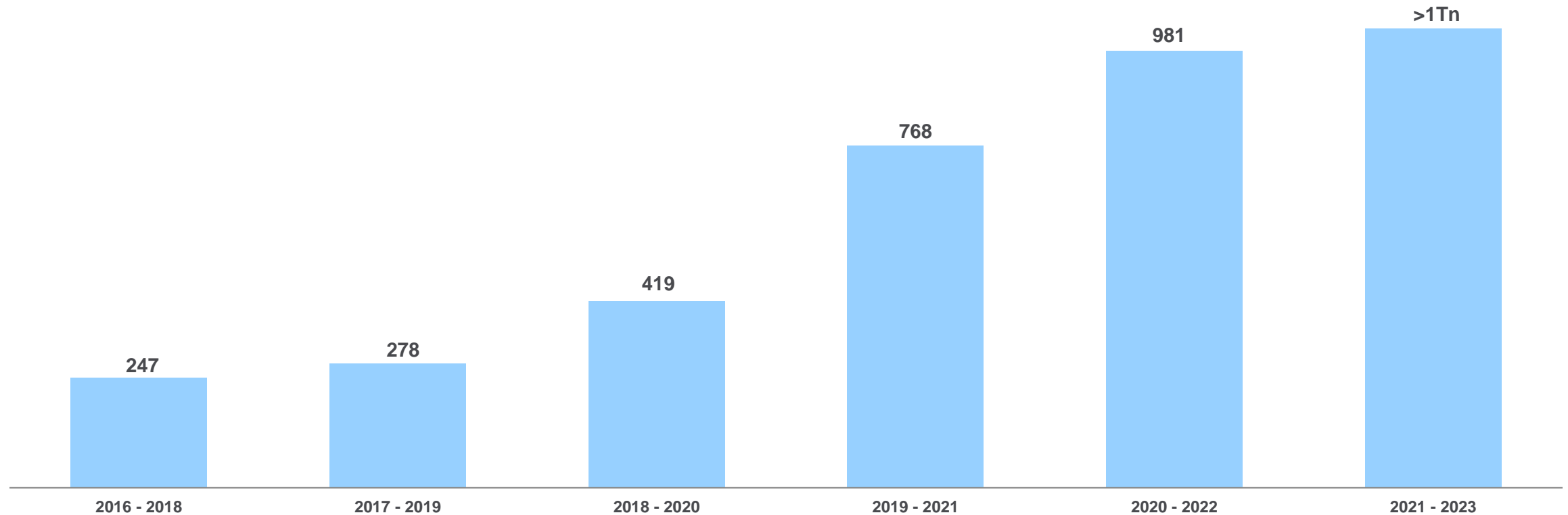
Drivers of Client Relationship Growth

- Same Store Advisors
- Net Recruiting
- New Stock Plan Wins
- Expanded Equity Award Populations
- New Retirement Wins
- Non-Qualified Deferred Comp Wins
- New Self-Directed Investors
- Institutional Consulting Acquisitions

1B We Have Delivered Strong Growth

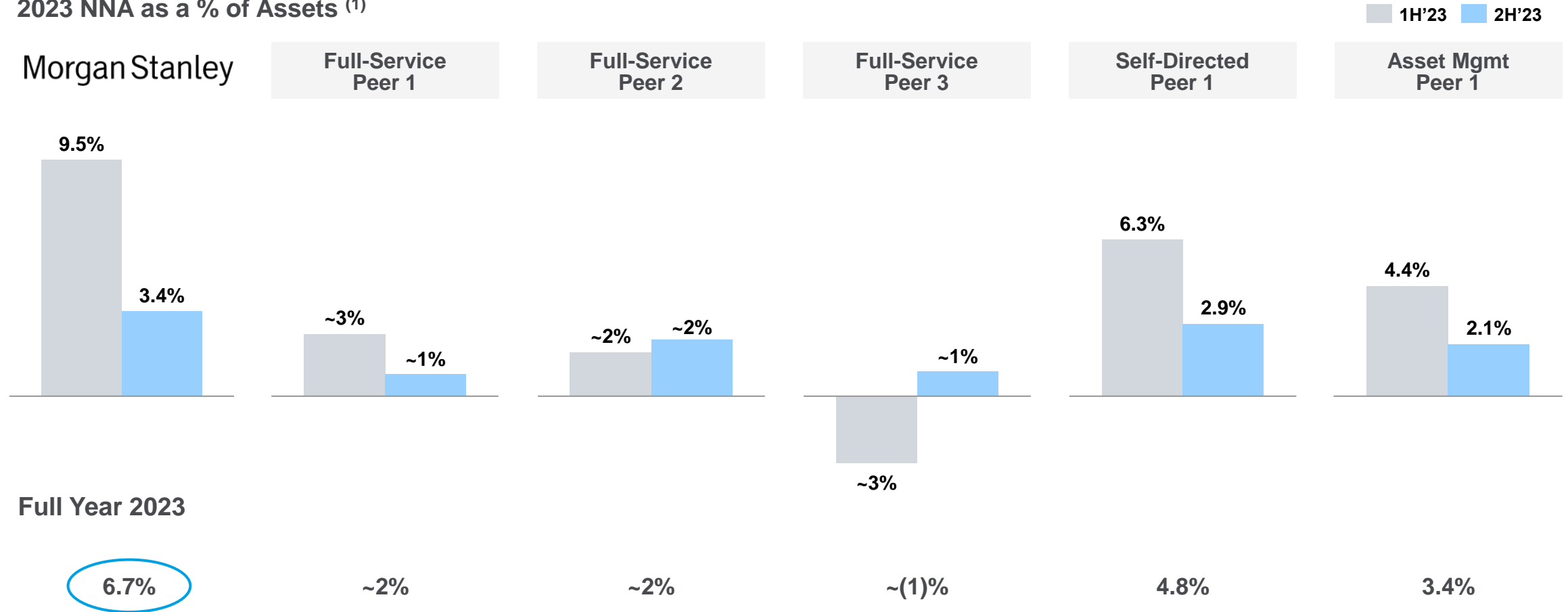
Rolling Three-Year Net New Assets ⁽¹⁾

(\$Bn)



1B In 2023, We Continued to Take Share

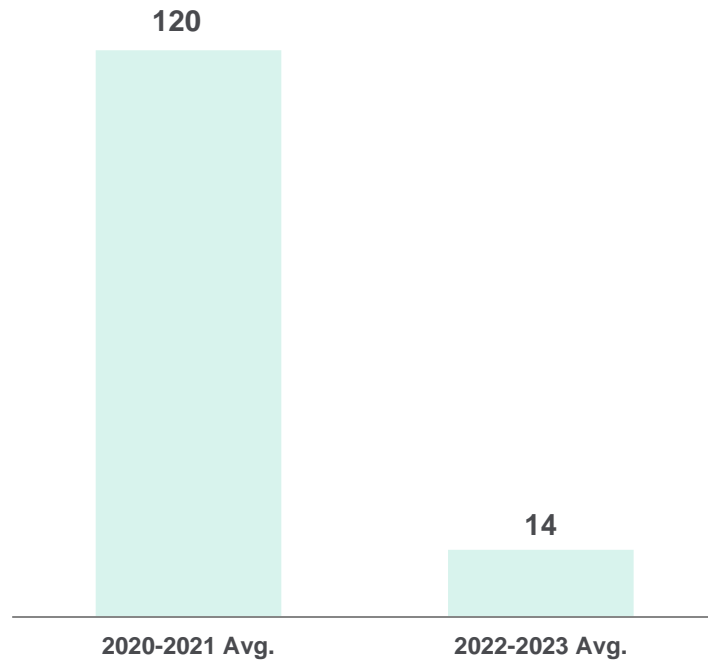
2023 NNA as a % of Assets ⁽¹⁾



1B We Are At Cyclical Lows Suggesting Upside Ahead

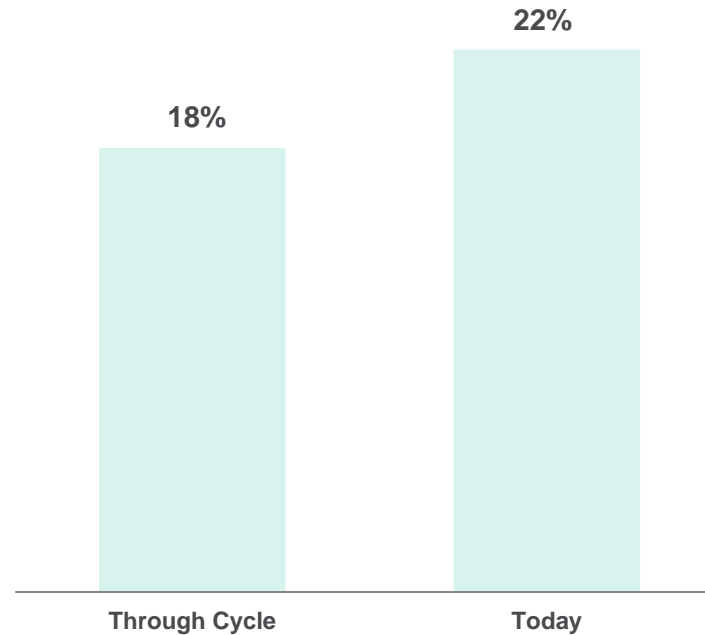
Muted Capital Markets

IPO Volumes (\$Bn) ⁽¹⁾



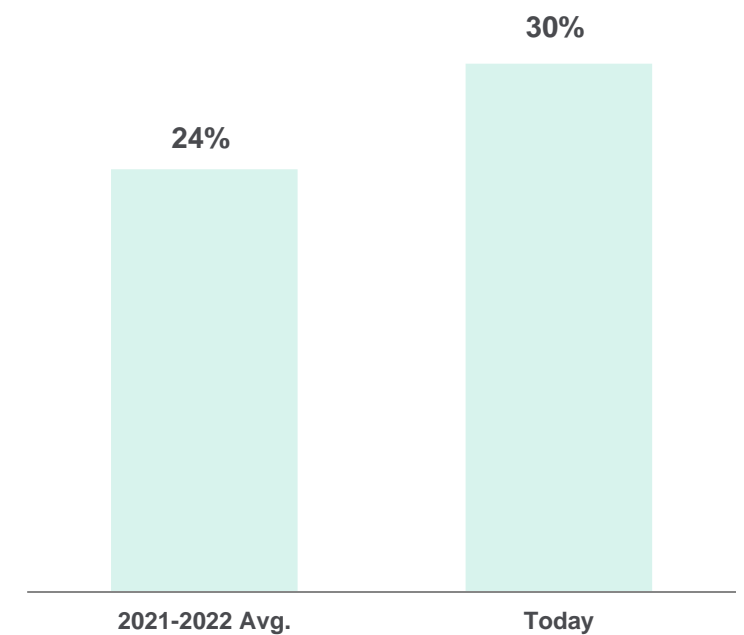
Cash On the Sidelines

% of Advisor-led Assets in Cash and Cash Equivalents ⁽²⁾



Higher Loan Paydowns

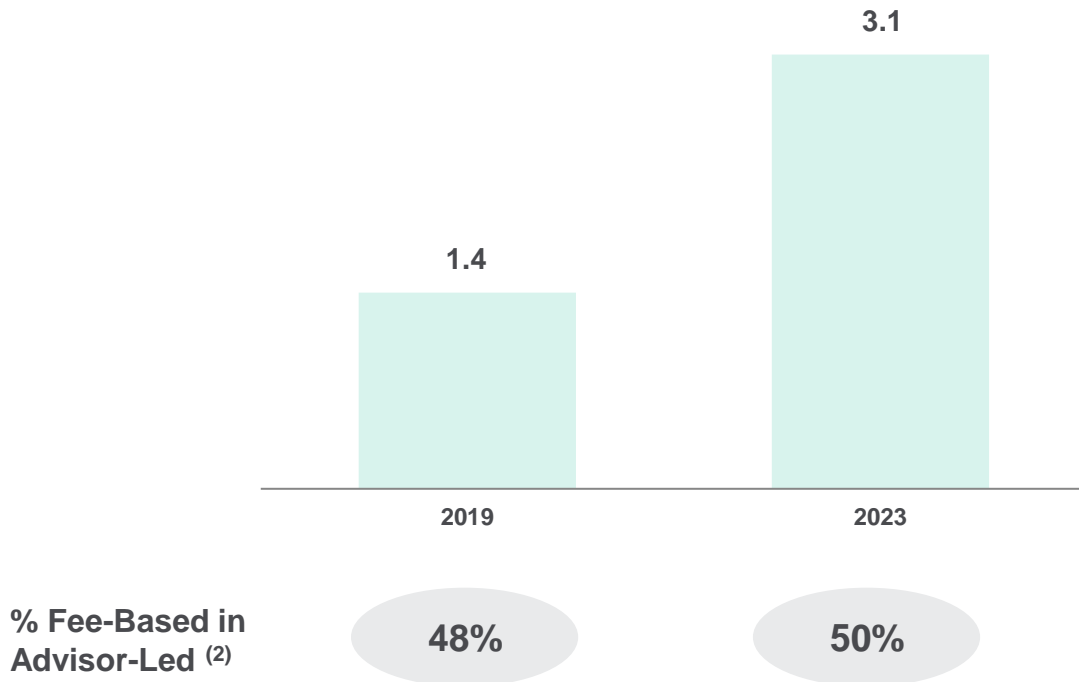
SBL Paydowns as % of Beginning Period Balances ⁽³⁾



1C The Opportunity to Drive Fee-Based Flows from Brokerage Assets Already at MS is Significant

Existing Opportunity within MSWM

WM Client Assets Across Brokerage, Self-Directed and Workplace (\$Tn) ⁽¹⁾



Example Initiatives to Drive Fee-Based Flows

Fixed Income

Alternatives in Advisory

Enhanced Accessibility

2 Scaled and Differentiated Platform to Deepen Relationships

Scaled Capabilities

“Funnel” Infrastructure

Alternatives and Private Markets

Partnership with
Investment Management

Priorities

The Integrated Firm

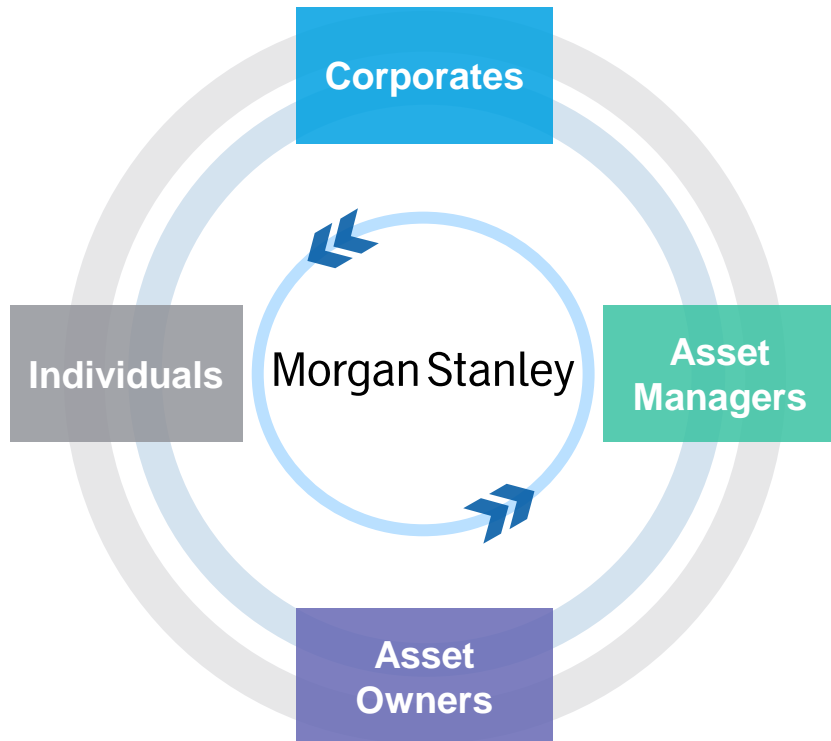
Banking & Lending

Artificial Intelligence

Details to Follow

2 The Integrated Firm

Integrated Coverage Model



Areas of Focus

**Advising Premier Corporate Footprint:
Strategy to Workplace Solutions**

**Serving Self-Directed to Ultra High Net
Worth with Institutional Capabilities**

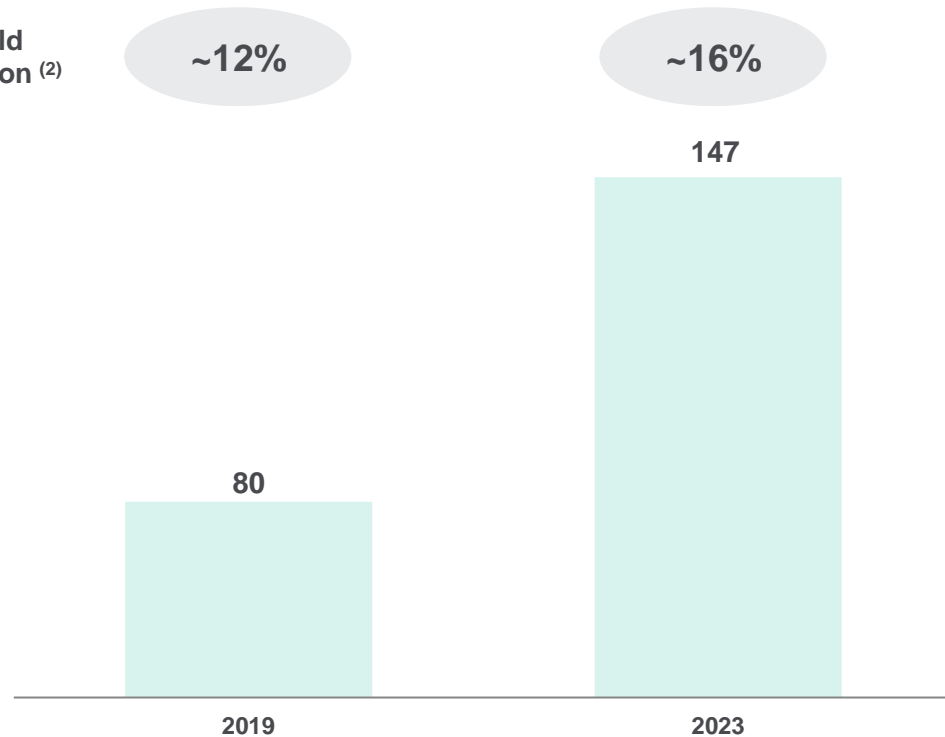
**Delivering Integrated Client Value Across
Public and Private Market Ecosystem**

2 Driving Banking and Lending

Momentum to Further Expand Household Lending

WM Loans (\$Bn) ⁽¹⁾

Household Penetration ⁽²⁾



Current Checking Account Holders

>3x

Net New Assets ⁽³⁾

~1.4x

Revenues ⁽³⁾

2 Leading in Artificial Intelligence

Current State



AI@MS Assistant



AI@MS Debrief



AI@MS+

Future State



Advisor



Client

Interaction
Layer

Order Entry &
Execution

Performance
Reporting

CRM

Advisor Resources

Next Best Action

Risk Analytics

Achieving 30% Margins Through Growth

Pre-Tax Margin

~25%

1

Supporting Path to Advice

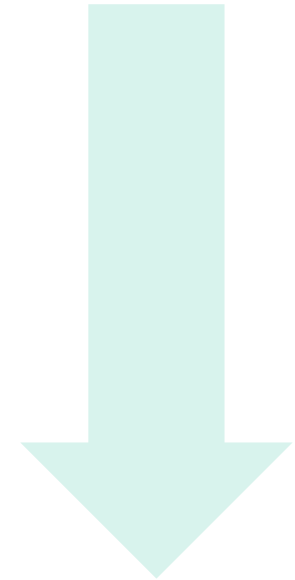
2

Deepening Relationships with Scaled and Differentiated Platform

Investing to Unlock Benefits of Scale

Pre-Tax Margin Goal ⁽¹⁾

30%



Q&A

End Notes

The Firm's financial presentations, earnings releases, earnings conference calls, and other communications may include certain metrics, including non-GAAP financial measures, which we believe to be useful to us, investors, analysts and other stakeholders by providing further transparency about, or an additional means of assessing, our financial condition and operating results. The End Notes are an integral part of our presentations and other communications.

For additional information, refer to the Definition of U.S. GAAP to Non-GAAP Measures, Definitions of Performance Metrics and Terms, Supplemental Quantitative Details and Calculations (includes reconciliation of GAAP to non-GAAP), and Legal Notice in the Morgan Stanley Fourth Quarter 2023 Financial Supplement included in the Current Report on Form 8-K dated January 16, 2024 ('Morgan Stanley Fourth Quarter 2023 Financial Supplement').

For information and impact of the Company's acquisitions, please refer to prior period filings of the Company's Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q.

End Notes

These notes refer to the financial metrics and/or defined terms presented on Slide 3

1. Reflects availability of the noted offerings across Morgan Stanley's Wealth Management ('**WM**') segment and the following peers: Bank of America Global Wealth and Investment Management, BlackRock, Charles Schwab, UBS Wealth Management Americas and Wells Fargo Wealth and Investment Management.

These notes refer to the financial metrics and/or defined terms presented on Slide 4

1. **WM Client Assets** represents those assets for which 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.

The metric shown is for the most recent year in the stated periods.

2. **IM** refers to Morgan Stanley's Investment Management segment. Client Assets represent reported WM client assets and IM assets under management ('AUM'). Certain WM client assets are invested in IM products and are also included in IM's AUM.

The attainment of this objective 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.

These notes refer to the financial metrics and/or defined terms presented on Slide 5

1. **Pre-Tax Margin** represents WM Pre-Tax Profit divided by net revenues. **Pre-Tax Profit** refers to income from continuing operations before income taxes.

The attainment of this objective 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.

End Notes

These notes refer to the financial metrics and/or defined terms presented on Slide 6

1. **Core Client Relationships** represent Advisor-Led Households as of 4Q 2019 and Advisor-Led Households, Self-Directed Households, and Workplace Participants, excluding overlap, as of 4Q 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.
2. **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.
3. **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 firm's 2023 Form 10-K.
4. Asset management revenues are for the WM segment.

These notes refer to the financial metrics and/or defined terms presented on Slide 7

1. **Client Relationships** represent Advisor-Led Households, Self-Directed Households, and Workplace Participants, excluding overlap.

These notes refer to the financial metrics and/or defined terms presented on Slide 8

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.

End Notes

These notes refer to the financial metrics and/or defined terms presented on Slide 9

1. **2023 NNA as a % of Assets** represents NNA divided by beginning client assets for each stated period in 2023 for **WM** and the following peers: Bank of America Global Wealth and Investment Management, BlackRock, Charles Schwab, UBS Wealth Management Americas and Wells Fargo Wealth and Investment Management. For BlackRock and Charles Schwab, NNA represents reported total net flows and total net new assets, respectively. For the rest of the peers, NNA is derived from internal analysis based on peer company filings in 2023.

These notes refer to the financial metrics and/or defined terms presented on Slide 10

1. **IPO Volumes** are for the U.S. and sourced from Dealogic. Metrics represent averages for the stated years.
2. **% of Advisor-led Assets in Cash and Cash Equivalents** represents the percentage of custodied Advisor-Led Client Assets allocated to Cash and Cash Equivalents. **Cash and Cash Equivalents** represents value of sweep deposits, savings deposits, money market fund balances, other deposits, and certain short-dated fixed income instruments. **Through Cycle** represents the average of this metric across 4Q 2015, 4Q 2016, 4Q 2017, 4Q 2018 and 4Q 2019. Today refers to 4Q 2023.
3. **SBL Paydowns as % of Beginning Period Balances** represents securities-based lending ('**SBL**') paydowns in the WM segment divided by beginning period SBL balances. Figures represent averages for the stated years. Today refers to 2023.

These notes refer to the financial metrics and/or defined terms presented on Slide 11

1. **WM Client Assets Across Brokerage, Self-Directed and Workplace** represent WM Client Assets excluding Fee-Based Client Assets. **Fee-Based Client Assets** represent the amount of assets in client accounts where the basis of payment for services is a fee calculated on those assets.
2. **% Fee-Based in Advisor-Led** represents Fee-Based Client Assets as a percentage of Advisor-Led Client Assets.

End Notes

These notes refer to the financial metrics and/or defined terms presented on Slide 14

1. **WM Loans** represent loans from WM on U.S. Bank subsidiaries. U.S. Bank refers to the Firm's U.S. Bank operating subsidiaries Morgan Stanley Bank, N.A. and Morgan Stanley Private Bank, National Association. Metrics are as of 4Q 2019 and 4Q 2023.
2. **Household Penetration** represents WM households engaged in U.S. Bank lending products as a percentage of those eligible for the products. Metrics are as of 4Q 2019 and 4Q 2023.
3. These metrics represent increase in NNA excluding dividends and interest, and revenues from a sample of WM clients with a Morgan Stanley CashPlus account relative to select non-users over a 12-month period.

These notes refer to the financial metrics and/or defined terms presented on Slide 16

1. The attainment of this objective 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.

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