

Form ADV Firm Brochure Morgan Stanley Smith Barney LLC

Private Wealth Management Consulting Services

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This Firm Brochure provides information about the qualifications and business practices of Morgan Stanley Smith Barney LLC (“MSWM”). If you have any questions about the contents of this Brochure, please contact us at (914) 225-1000. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about MSWM also is available on the SEC’s website at www.adviserinfo.sec.gov. Registration with the SEC does not imply a certain level of skill or training.

Item 2: Material Changes

Not applicable.

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Item 4: Advisory Business

A. Description of MSWM, Principal Owners

Morgan Stanley Smith Barney LLC (“Morgan Stanley Wealth Management”, “MSWM”, “we” or “us”) is a registered investment adviser, a registered broker-dealer, and a member of the New York Stock Exchange. MSWM is one of the largest financial services firms in the U.S. with branch offices in all 50 states and the District of Columbia.

MSWM offers clients (“you” and “your”) many different advisory programs. Many of MSWM’s advisory services are provided by its Consulting Group business unit. You may obtain ADV Brochures for other MSWM investment advisory programs at www.morganstanley.com/ADV or by asking your Private Wealth Advisor.

For additional information about MSWM, a copy of MSWM’s Form ADV Part 1 is available upon request. Form ADV Part 1 is also publicly available at the SEC’s website at www.adviserinfo.sec.gov.

B. Description of Advisory Services

Private Wealth Management Consulting Services (“PWMCS”)

Private Wealth Management Consulting Services or “PWMCS” is a program offered through MSWM’s Private Wealth Management (“PWM”) division, which generally provides services to ultra high net worth clients. In PWMCS, a client appoints Morgan Stanley as the non-discretionary investment adviser, relative to the services that MSWM and the client agree to in a consulting agreement, as described in more detail below (collectively, “Services”).

MSWM provides clients with customized performance reports that assess portfolio performance relative to benchmarks. The reports may include comparisons to recognized benchmarks and market segments.

Upon request, and based on a client’s investment objective and risk tolerance, MSWM reviews the client’s asset allocation and will make asset allocation recommendations in accordance with the goals of the client (“Asset Allocation”).

Your Asset Allocation may consider assets held in your brokerage accounts at MSWM (if any); those accounts will continue to be brokerage accounts and not advisory accounts. Moreover, you have sole responsibility for determining whether, when and how to implement any part of the Asset Allocation, whether through MSWM or otherwise, and you have no obligation to implement any part of the Asset Allocation through MSWM. If you do choose to implement any of the Asset Allocation advice through MSWM, unless you expressly engage MSWM in writing to act as an investment adviser in one or more advisory accounts, MSWM will implement solely in its capacity as broker, and not as an investment adviser. In a brokerage account, you retain the

sole responsibility for making all investment decisions with respect to the account and for monitoring account performance.

In providing this asset allocation advice, neither MSWM nor your Financial Advisor is acting as a fiduciary for purposes of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) or section 4975 of the Internal Revenue Code of 1986, as amended (the “Code”) with respect to any “Retirement Account” (as defined herein) in either the planning, execution or provision of this analysis. For more information about when MSWM acts as a fiduciary with respect to Retirement Accounts, please visit www.morganstanley.com/disclosures/do1. For the purposes of this Brochure, a “Retirement Account” is defined as (i) “employee benefit plans” (as defined under Section 3(3) of ERISA), which include pension, profit-sharing or welfare plans sponsored by private employers, as well as similar arrangements sponsored by governmental or other public employers; (ii) individual retirement accounts “IRAs” (as described in Section 4975 of the Code); and (iii) Coverdell Educational Savings Accounts (“CESAs”).

Upon request, clients may ask MSWM to review specific investment opportunities (“Investments”). If those investments are offered by MSWM and covered by MSWMs Global Investment Manager Analysis group (“GIMA”), we may provide a written report prepared by GIMA based on their diligence. If the Investment is not offered by Morgan Stanley or covered by GIMA, a Private Wealth Advisor will conduct their own review and provide a limited review of the Investment based on the information made available to us, which may include an recommendation with respect to the Investment in relation to your overall asset allocation. In the case of these Investments, Morgan Stanley will not conduct the same level of due diligence or ongoing monitoring that we apply to products covered by GIMA and we do not always have the ability to obtain the same amount or quality of information that we are able to obtain from the managers and funds we broadly recommend; therefore, our asset allocation recommendations may be less fully informed. Additionally, Clients are also advised that these Investments are not Morgan Stanley recommended products, our advice or guidance with respect to the Investments is qualified and limited, and the Investments are only being assessed on a reverse inquiry basis to aid in their decision-making process. Moreover, while MSWM will endeavor to meet any deadlines that are asked of it, there may be circumstances where MSWM are unable to meet those deadlines. Clients are informed that such Investments are not being continuously monitored unless specifically agreed upon between the Client and MSWM.

In the consulting agreement, Clients understand and acknowledge that MSWM will not conduct initial due diligence or ongoing due diligence or deliver research concerning the Investments that are not covered by GIMA and that the Client is solely responsible for the ultimate determination of whether to initially invest in the Investment, continue to be invested, make an additional investment or to withdraw. Additionally, Clients are responsible for executing any subscription

documents, funding any capital calls, and receiving any distributions, as applicable. Upon request, MSWM will perform performance reporting and make asset allocation recommendations in accordance with a Client's written investment objectives.

C. Customized Advisory Services and Client Restrictions

Customized Advisory Services

In the PWMCS program, we tailor our recommendations to the individual needs of our clients. As described above, MSWM relies on your care, completeness and clarity in providing your investment objectives and risk tolerance, as such information will form the basis of our recommendations.

Securities Restrictions

MSWM does not provide individual security (e.g., individual stocks or fixed income products) recommendations as part of the PWMCS program. Therefore, this item is not applicable to the program described in this Brochure.

D. Portfolio Management Services to Wrap Fee Programs

This item does not apply to the PWMCS program described in this Brochure.

E. Assets Under Management ("AUM")

MSWM managed client assets of \$2,345,860,417,944 as of December 31, 2024. Of this amount, MSWM managed \$1,196,390,672,410 on a discretionary basis and \$1,149,469,745,534 on a non-discretionary basis. These amounts represent the client assets in all of our investment advisory programs. We calculated them using a different methodology than the "regulatory assets under management" we report in our ADV Part 1 filed with the SEC.

Item 5: Fees and Compensation

A. Compensation for Advisory Services

MSWM generally pays a portion of the fees described below to your Private Wealth Advisor. These fees are negotiable.

The maximum fee for the Services is generally \$500,000.

B. Method of Payment of Fees

MSWM confirms its fee through the consulting agreement that is signed by the client and MSWM. As reflected in that document, the fee may be deducted from an eligible MSWM account designated by the client. The fee is generally payable quarterly, in advance.

C. Additional Fees and Expenses

There are no additional fees or expenses for the services offered in PWMCS program.

D. Payment of Fees in Advance

Fees generally are payable on the first day of the next full billing quarter. Upon termination, any advance payments of fees will be refunded on a prorated basis.

E. Compensation for the Sale of Securities or Other Investment Products

Since MSWM does not offer individual investment products (e.g., individual stocks or fixed income products) as part of its PWMCS program, this item is not applicable to the program described in this Brochure.

Item 6: Performance Based Fees and Side by Side Management

This item is not applicable to the PWMCS program described in this Brochure.

Item 7: Types of Clients

MSWM's clients for this program are individuals and entities.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

A. Method of Analysis and Investment Strategies

In providing general asset allocation recommendations, Private Wealth Advisors may use the asset allocation recommendations of the Morgan Stanley Wealth Management Global Investment Committee as a resource, but, if so, there is no guarantee that any investment strategy will in fact mirror or track these recommendations. Investing in securities involves risk of loss that you should be prepared to bear.

In providing recommendation associated with specific Investments, our recommendations will either be based on due diligence conducted by GIMA, an affiliate or a third party approved by GIMA, or the limited due diligence performed by the Private Wealth Advisor.

MSWM's Global Investment Manager Analysis Group

In connection with requests for information on Investments, there may be certain Investments that are evaluated by GIMA. GIMA may delegate some or all of its functions to an affiliate or third party.

Focus List. The Focus List status indicates GIMA's high confidence level in the overall quality of the investment option and its ability to outperform applicable benchmarks over a full market cycle. To be considered for the Focus List, Investments provide GIMA with relevant documentation on the strategy being evaluated, which may include a Request for Information ("RFI"), asset allocation histories, its Form ADV (the form that investment managers use to register with the SEC), past performance information and marketing literature. Additional factors for consideration may include personnel depth, turnover

and experience, investment process, business and organization characteristics and investment performance. GIMA personnel may also interview the manager or fund and its key personnel and examine its operations. Following this review process, Investments are placed on the Focus List if they meet the required standards for Focus List status.

GIMA periodically reviews Investments on the Focus List. GIMA considers a broad range of factors (which may include investment performance, staffing, operational issues and financial condition). Among other things, GIMA personnel may interview each manager or fund periodically to discuss these matters. GIMA may also review the collective performance of a composite of the MSWM accounts managed by a manager/fund and compare this performance to overall performance data provided by the manager/fund, and then investigate any material deviations.

Approved List. Managers of certain Investments provide GIMA with relevant documentation on the strategy being evaluated, which may include an RFI, sample portfolios, asset allocation histories, its Form ADV, past performance information and marketing literature. Additional factors for consideration may include personnel depth, turnover and experience; investment process; business and organizational characteristics; and investment performance. GIMA personnel may also interview the managers of a fund and its key personnel, typically via conference call.

Based on the above, GIMA then determines whether the Investment meets the standards for Approved List status. Approved List managers meet an acceptable due diligence standard based upon GIMA's evaluation.

GIMA continuously evaluates Investments on the Approved List and Focus List.

In connection with any Investments that are not covered by GIMA, the Private Wealth Advisor will conduct a limited review of the material available to them, which may include publicly available information, GIMA research on the company's industry or sector, offering documents, marketing materials, and the composition of the company (e.g., board members, senior management). The Private Wealth Advisor will use this information to make a recommendation in relation to the client's overall asset allocation, where applicable.

B. Material, Significant, or Unusual Risks Relating to Investment Strategies

No asset allocation recommendation has the ability to accurately predict the future, eliminate risk or guarantee investment results. As investment returns, inflation, taxes, and other economic conditions vary from the assumptions used to form our recommendation, actual results will vary, perhaps significantly, from those presented in the asset allocation. Investment returns can, and often do, vary widely from year to year and vary widely from a long-term average.

Timing for implementing, monitoring and adjusting your strategies is a critical element in achieving your financial objectives. You are responsible for implementing, monitoring and periodically reviewing and adjusting your investment strategies.

Your asset allocation recommendation is based on the information you provide to MSWM. Your Private Wealth Advisor and MSWM will only be responsible for correcting and updating the information you provided (e.g., to reflect changes to your investment objectives and risk tolerance) if you engage them to do so. As a result, your asset allocation recommendation may very well become outdated or inaccurate as these factors change over time, unless you take steps to work with your Private Wealth Advisor to correct and update your asset allocation recommendation.

MSWM is not a legal or tax advisor and the Services do not constitute tax, legal, or accounting advice.

C. Risks Associated with Particular Types of Securities

All trading and investing in an account is at your risk. The value of the assets held in an account is subject to a variety of factors, such as the liquidity and volatility of the securities markets. Investment performance of any kind is not guaranteed, and MSWM's, or its employees' past performance with respect to other accounts does not predict future performance with respect to any particular account. You should consult with your Private Wealth Advisor regarding the specific risks associated with the investments in your account.

Risks Relating to Exchange Traded Funds. There may be a lack of liquidity in certain exchange-traded funds ("ETFs") which can lead to a large difference between the bid-ask prices (increasing the cost to you when you buy or sell the ETF). A lack of liquidity also may cause an ETF to trade at a large premium or discount to its net asset value. Additionally, an ETF may suspend issuing new shares and this may result in an adverse difference between the ETF's publicly available share price and the actual value of its underlying investment holdings. At times when underlying holdings are traded less frequently, or not at all, an ETF's returns also may diverge from the benchmark it is designed to track.

Risks Relating to Master Limited Partnerships. Master Limited Partnerships ("MLPs") are limited partnerships or limited liability companies whose interests (limited partnerships or limited liability companies units) are generally traded on securities exchanges like shares of common stock. Investments in MLPs entail 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. Investments in such MLP interests are subject to the risks generally applicable to companies in these 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. Please see any fund prospectus for any additional information.

Risks Relating to Funds that Primarily Invest in Master Limited Partnerships. In addition to the risks outlined above relating to Master Limited Partnerships, funds that primarily invest in MLPs generally accrue deferred tax liability. The fund's deferred tax liability (if any) is reflected each day in the fund's net asset value. As a result, the fund's total annual operating expenses may be significantly higher than those of funds that do not primarily invest in MLPs. Please see the fund prospectus for additional information.

Risks Relating to Funds that Pursue Complex or Alternative Investment Strategies or Returns. These Funds 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 investment strategies are not appropriate for all investors.

While mutual funds and ETFs may at times utilize non-traditional investment options and strategies, they have different investment characteristics from unregistered privately offered alternative investments. Because of regulatory limitations, mutual funds and ETFs may not invest in as broad a spectrum of investments as privately offered alternative investments. 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".

Risks Relating to Alternative Investments. Alternative investments have different features and risks than other types of investment products. As further described in the offering documents of any particular alternative investment, alternative investments can be highly illiquid, are speculative and are not appropriate for all investors. For example, alternative investments may place substantial limits on liquidity and the redemption rights of investors, including only permitting withdrawals on a limited periodic basis and with a significant

period of notice and may impose early withdrawal fees. Alternative investments are intended for experienced and sophisticated investors who are willing to bear the high economic risks of the investment. Investors should carefully review and consider potential risks before investing. Certain of these risks may include: loss of all or a substantial portion of the investment due to leveraging, short selling, or other speculative practices; lack of liquidity, in that there may be no secondary market for the fund and none expected to develop; volatility of returns; restrictions on transferring interests in the fund; potential lack of diversification and resulting higher risk due to concentration of trading authority when a single advisor is utilized; absence of information regarding valuations and pricing; complex tax structures and delays in tax reporting; less regulation and higher fees than mutual funds; and advisor risk. Alternative investment products may also have higher fees (including multiple layers of fees) compared to other types of investments.

Individual funds will have specific risks related to their investment programs that vary from fund to fund. For more details on these and other features and risks, please carefully read the documentation (including risk disclosures) relating to such investment.

Risks Relating to Private Investments (Direct and Co-investments). Private investments often present high risks and investors could lose all or a substantial amount of their investment. Before investing, investors should carefully review and consider any available offering memorandum, documents and potential risks of the specific investment. Private investment risks may include but are not limited to high illiquidity, volatility, use of leverage and other speculative practices, restrictions on transferring interests, potential lack of diversification, absence of information regarding valuations and pricing, complex tax structures and tax reporting delays, less regulation and higher fees than other investments, risks associated with operations, personnel, and processes of the manager and with cybersecurity. Clients should consult their own tax and legal advisors as MSWM does not provide tax or legal advice.

A co-investment is an investment in a specific transaction made by limited partners of a private equity fund alongside, but not through the main fund. In addition to the above risks related to alternative investments and private investments, co-investments are subject to enhanced concentration risk.

Risks Relating to Differing Classes of Securities. Different classes of securities have different rights as creditor if the issuer files for bankruptcy or reorganization. For example, bondholders' rights generally are more favorable than shareholders' rights in a bankruptcy or reorganization.

Risks Relating to Digital Assets. Certain Exchange Traded Products ("ETPs") may hold underlying positions in cryptocurrencies such as Bitcoin, Ethereum, or other digital assets ("Digital Assets"). The risks related to an investment in Digital Assets are significant. Digital Assets are highly

speculative and have been in existence for only a short period of time, and historical prices have been extremely volatile. An investor could lose their entire investment.

In addition to extreme volatility and the speculative nature of Digital Assets, an investor should be aware of additional risks and considerations, which include but are not limited to the following:

- Due to the new and evolving nature of digital currencies, the regulatory landscape is uncertain, and the value of Digital Assets may be negatively impacted by future legal and regulatory developments.
- Many significant aspects of the tax treatment of Digital Assets are uncertain. Moreover, ETPs containing Digital Assets are not intended to generate unrelated business taxable income (“UBTI”); however, as tax treatment of Digital Assets evolves, this may change.
- Any performance data relating to Digital Asset products may not be verifiable as pricing models are not uniform.
- Certain Digital Asset exchanges have experienced failures or interruptions in service due to fraud, security breaches, operational problems or business failure, and similar events could impact the value of your investment, regardless of whether the fund or product relies on such an impacted exchange. Further, certain Digital Asset exchanges are not regulated to the same extent as other securities exchanges, which increases the chance that transactions conducted on such exchanges are subject to market manipulation. Both factors can impact your investment product’s ability to transact in a Digital Asset and/or materially decrease its price, thereby decreasing the value of your investment, regardless of whether your product relies on an impacted exchange.
- Digital Assets could be permanently lost, stolen, destroyed or become inaccessible by virtue of, among other things, the loss or theft of the private keys necessary to access a product’s Digital Asset.
- Digital Assets are not legal tender, and are not backed by any government, corporation or other identified body, other than with respect to certain cryptocurrencies that certain governments are or may be developing now or in the future. Digital Assets held in digital wallets are not FDIC insured. Certain of the spot cryptocurrency ETPs are not registered investment companies under the Investment Company Act of 1940 and therefore are not subject to the same regulatory requirements as mutual funds or traditional exchange traded funds. Shareholders do not have the same regulatory protections associated with registered investment companies. Please see the prospectus of each product/fund before making an investment decision.
- Investment products with exposure to Digital Assets have traded at prices that are materially lower (or

higher) than the net asset value of the product’s underlying shares, which means that the market price of a product’s shares may be lower (or higher) than the value of the corresponding amount of Digital Assets that the share purports to represent. This risk is separate and distinct from the risk that the value of the relevant Digital Assets may decrease.

- Due to the anonymity Digital Assets offer, they have known use in illegal activity, including drug dealing, money laundering, human trafficking, sanction evasion and other forms of illegal commerce. Abuses could impact legitimate consumers and speculators; for instance, law enforcement agencies could shut down or restrict the use of platforms and exchanges, limiting or shutting off entirely the ability to use or trade Digital Asset products.
- An ETP, which has direct exposure to a Digital Asset, is different from a mutual fund or ETF that primarily invests in Digital Asset futures. Funds that invest in Digital Asset futures do not directly invest in cryptocurrency but instead seek to purchase futures contracts that speculate as to the future price of certain Digital Asset.
- ETPs that track Digital Asset futures contracts may be subject to contango, which occurs when a given Digital Asset’s spot price is lower than the price of the Digital Asset’s futures price. Rolling contracts when futures prices are in contango involves selling lower priced futures and buying higher priced futures further from expiration; super contango occurs when the spot price of a given Digital Assets is trading dramatically below its futures price. The probability of the Digital Asset’s futures curve experiencing super contango may be elevated due their highly volatile nature.

Item 9: Disciplinary Information

This section contains information on certain legal and disciplinary events.

- On June 8, 2016, the SEC entered into a settlement order with MSWM (“June 2016 Order”) settling an administrative action. In this matter, the SEC found that MSWM willfully violated Rule 30(a) of Regulation S-P (17 C. F. R. § 248.30(a)) (the “Safeguards Rule”). In particular, the SEC found that, prior to December 2014, although MSWM had adopted written policies and procedures relating to the protection of customer records and information, those policies and procedures were not reasonably designed to safeguard its customers’ personally identifiable information as required by the Safeguards Rule and therefore failed to prevent a MSWM employee, who was subsequently terminated, from misappropriating customer account information. In determining to accept the offer resulting in the June 2016 Order, the SEC considered the remedial efforts promptly undertaken by MSWM and MSWM’s cooperation afforded to the SEC Staff. MSWM consented, without admitting or denying the findings, to a censure, to

cease and desist from committing or causing future violations, and to pay a civil penalty of \$1,000,000.

- On January 13, 2017, the SEC entered into a settlement order with MSWM (“January 2017 Order”) settling an administrative action. The SEC found that from 2009 through 2015, MSWM inadvertently charged advisory fees in excess of what had been disclosed to, and agreed to by, its legacy Citigroup Global Markets Inc. (“CGM”, a predecessor to MSWM) clients, and, from 2002 to 2009 and from 2009 to 2016, MS&Co. and MSWM, respectively, inadvertently charged fees in excess of what was disclosed to and agreed to by their clients. The SEC also found that MSWM failed to comply with requirements regarding annual surprise custody examinations for the years 2011 and 2012, did not maintain certain client contracts, and failed to adopt and implement written compliance policies and procedures reasonably designed to prevent violations of the Investment Advisers Act of 1940 (the “Advisers Act”). The SEC found that, in relation to the foregoing, MSWM willfully violated certain sections of the Advisers Act. In determining to accept the offer resulting in the January 2017 Order, the SEC considered the remedial efforts promptly undertaken by MSWM. MSWM consented, without admitting or denying the findings, to a censure, to cease and desist from committing or causing future violations, to certain undertakings related to fee billing, books and records and client notices and to pay a civil penalty of \$13,000,000.
- On February 14, 2017, the SEC entered into a settlement order with MSWM settling an administrative action. The SEC found that from March 2010 through July 2015, MSWM solicited approximately 600 non-discretionary advisory accounts to purchase one or more of eight single inverse exchange traded funds (“SIETFs”), without fully complying with its internal written compliance policies and procedures related to these SIETFs, which among other things required that clients execute a disclosure notice, describing the SIETF’s features and risks, prior to purchasing them, for MSWM to maintain the notice, and for subsequent related reviews to be performed. The SEC found that, despite being aware of deficiencies with its compliance and documentation of the policy requirements, MSWM did not conduct a comprehensive analysis to identify and correct past failures where the disclosure notices may not have been obtained and to prevent future violations from occurring. The SEC found that, in relation to the foregoing, MSWM willfully violated section 206(4) of the Investment Advisers Act of 1940 and Rule 206(4)-7 thereunder. MSWM admitted to certain facts and consented to a censure, to cease and desist from committing or causing future violations, and to pay a civil penalty of \$8,000,000.
- On June 29, 2018, the SEC entered into a settlement order with MSWM settling an administrative action which relates to misappropriation of client funds in four related accounts by a single former MSWM financial advisor (“FA”). The SEC found that MSWM failed to adopt and implement policies and procedures or systems reasonably designed to

prevent personnel from misappropriating assets in client accounts. The SEC specifically found that, over the course of eleven months, the FA initiated unauthorized transactions in the four related client accounts in order to misappropriate client funds. The SEC found that while MSWM policies provided for certain reviews prior to issuing disbursements, such reviews were not reasonably designed to prevent FAs from misappropriating client funds. Upon being informed of the issue by representatives of the FA’s affected clients, MSWM promptly conducted an internal investigation, terminated the FA, and reported the fraud to law enforcement agencies. MSWM also fully repaid the affected clients, made significant enhancements to its policies, procedures and systems (“Enhanced MSWM Policies”) and hired additional fraud operations personnel. The SEC found that MSWM willfully violated section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder. The SEC also found that MSWM failed to supervise the FA pursuant to its obligations under Section 203(e)(6) of the Advisers Act. MSWM consented, without admitting or denying the findings, to a censure; to cease and desist from committing or causing future violations; to certain undertakings, including certifications related to the implementation and adequacy of the Enhanced MSWM Policies and to pay a civil penalty of \$3,600,000.

- On May 12, 2020, the SEC entered into a settlement order with MSWM settling an administrative action which relates to certain information provided in marketing and client communications to retail advisory clients in MSWM’s wrap fee programs with third-party managers and MSWM’s policies and procedures related to trades not executed at MSWM. In the applicable wrap fee programs, the third-party manager has the discretion to place orders for trade execution on clients’ behalf at a broker-dealer other than Morgan Stanley. MSWM permits managers to “trade away” from MSWM in this manner in order to seek best execution for trades. The SEC found that, from at least October 2012 through June 2017, MSWM provided incomplete and inaccurate information indicating that MSWM executed most client trades and that, while additional transaction-based costs were possible, clients did not actually incur them in the ordinary course. The SEC found that this information was misleading for certain retail clients because some wrap managers directed most, and sometimes all, client trades to third-party broker-dealers for execution, which resulted in certain clients paying transaction-based charges that were not visible to them. The SEC also found that, on occasion, wrap managers directed trades to MSWM-affiliated broker-dealers in which clients incurred transaction-based charges in violation of MSWM’s affiliate trading policies without detection by MSWM. The SEC noted in the order that it considered certain remedial acts undertaken by MSWM in determining to accept the order, including MSWM enhancing its disclosures to clients, implementing training of financial advisors, enhancing relevant policies and procedures, and refunding clients’ transaction-based charges paid to Morgan Stanley affiliates. The SEC found that MSWM willfully

violated certain sections of the Investment Advisers Act of 1940, specifically Sections 206(2) and 206(4) and Rule 206(4)-7 thereunder. MSWM consented, without admitting or denying the findings and without adjudication of any issue of law or fact, to a censure; to cease and desist from committing or causing future violations; and to pay a civil penalty of \$5,000,000.

- On December 9, 2024, the SEC entered into a settlement order with MSWM settling an administrative action, which relates to misappropriation of client funds in brokerage and advisory accounts by four former MSWM financial advisors (the “FAs”). The SEC found that MSWM failed to adopt and implement policies and procedures reasonably designed to prevent personnel from misusing and misappropriating funds in client accounts and that MSWM’s inadequate policies and procedures and systems to implement them led to its failure reasonably to supervise the four FAs, who misappropriated funds from client and customer accounts while employed at MSWM. Specifically, the SEC found that MSWM failed to adopt and implement policies and procedures reasonably designed to prevent and detect unauthorized externally-initiated ACH payments and unauthorized cash wires. Upon being informed of the potential unauthorized activity in the customer accounts of two of the FAs, MSWM promptly investigated the matters, terminated the FAs, reported the fraud to law enforcement agencies, and fully repaid the affected clients. MSWM also conducted a retroactive review of payment instructions for externally-initiated ACH payment instructions, which led to the identification of misconduct by the other two FAs. MSWM accordingly terminated the other two FAs and reported the misconduct to SEC staff. On its own initiative, MSWM instituted new written procedures to address the conduct at issue and retained an independent compliance consultant to perform a review and assessment. The SEC found that MSWM willfully violated section 206(4) of the Investment Advisers Act of 1940 (“Advisers Act”) and Rule 206(4)-7 thereunder. The SEC also found that MSWM failed to supervise the FAs within the meaning of Section 203(e)(6) of the Advisers Act and/or Section 15(b)(4)(E) of the Securities Exchange Act of 1934. MSWM consented, without admitting or denying the findings, to a censure; to cease and desist from committing or causing future violations; to certain undertakings, including the retention of an Independent Compliance Consultant to review MSWM’s policies, procedures and controls related to the conduct in the Order and to pay a civil penalty of \$15,000,000.

MSWM’s Form ADV Part 1 contains further information about its disciplinary history and is available on request from your Private Wealth Advisor.

Item 10: Other Financial Industry Activities and Affiliations

Morgan Stanley (“Morgan Stanley Parent”) is a financial holding company under the Bank Holding Company Act of

1956. Morgan Stanley Parent is a corporation whose shares are publicly held and traded on the New York Stock Exchange.

Activities of Morgan Stanley Parent. Morgan Stanley Parent is a global firm engaging, through its various subsidiaries, in a wide range of financial services including:

- securities underwriting, distribution, trading, merger, acquisition, restructuring, real estate, project finance and other corporate finance advisory activities
- merchant banking and other principal investment activities
- brokerage and research services
- asset management
- trading of foreign exchange, commodities, and structured financial products and
- global custody, securities clearance services, and securities lending.

A. Broker-Dealer Registration Status

As well as being a registered investment adviser, MSWM is registered as a broker-dealer.

B. Commodity Pool Operator or Commodity Trading Adviser Registration Status

As well as being a registered investment adviser, MSWM has a related person that is a commodity pool operator (Ceres Managed Futures LLC.) For a full listing of affiliated investment advisers please see the ADV Part 1.

C. Material Relationships or Arrangements with Industry Participants

This item is not applicable to the PWMCS program described in this Brochure.

D. Material Conflicts of Interest Relating to Other Investment Advisers

This item is not applicable to the PWMCS program described in this Brochure.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

The MSWM US Investment Advisory Code of Ethics (“Code”) applies to MSWM employees, supervisors, officers and directors engaged in offering or providing investment advisory products and/or services (collectively, the “Employees”). In essence, the Code prohibits Employees from engaging in securities transactions or activities that involve a material conflict of interest, possible diversion of a corporate opportunity, or the appearance of impropriety. Employees must always place the interests of MSWM’s clients above their own and must never use knowledge of client transactions acquired

in the course of their work to their own advantage. Supervisors are required to use reasonable supervision to detect and prevent any violations of the Code by the individuals, branches and departments that they supervise.

The Code generally operates to protect against conflicts of interest either by subjecting Employee activities to specified limitations (including pre-approval requirements) or by prohibiting certain activities. Key provisions of the Code include:

- The requirement for certain Employees, because of their potential access to non-public information, to obtain their supervisors' prior written approval or provide pre-trade notification before executing certain securities transactions for their personal securities accounts;
- Additional restrictions on personal securities transaction activities applicable to certain Employees (including Financial Advisors and other MSWM employees who act as portfolio managers in MSWM investment advisory programs);
- Requirements for certain Employees to provide initial and annual reports of holdings in their Employee securities accounts, along with quarterly transaction information in those accounts; and

Additional requirements for pre-clearance of other activities including, but not limited to, Outside Business Activities, Gifts and Entertainment, and U.S. Political Contributions and Political Solicitation Activity.

You may obtain a copy of the Code of Ethics from your Private Wealth Advisor.

Topics relating to individual securities and trading are not applicable to the Services program described in this Brochure.

Item 12: Brokerage Practices

This item is not applicable to the PWMCS program described in this Brochure.

Item 13: Review of Accounts

At account opening, your Private Wealth Advisor must ensure that, and the Branch Manager (or the Branch Manager's designee) confirms that, the account and the investment style are appropriate for you.

Your Private Wealth Advisor will review your investment objectives with you, at least annually, to see if there are any changes. If your investment objectives change, your Private Wealth Advisor will discuss your asset allocation and make recommendations and/or adjustments that are appropriate for your needs.

Information regarding the review of client accounts and frequency of account reports is not applicable to the PWMCS program described in this Brochure.

Item 14: Client Referrals and Other Compensation

This item is not applicable to the PWMCS program described in this Brochure.

Item 15: Custody

This item is not applicable to the PWMCS program described in this Brochure.

Item 16: Investment Discretion

This item is not applicable to the PWMCS program described in this Brochure.

Item 17: Voting Client Securities

This item is not applicable to the PWMCS program described in this Brochure.

Item 18: Financial Information

This item is not applicable to the PWMCS program described in this Brochure.

Item 19: Requirements for State-Registered Adviser

This item is not applicable to the PWMCS program described in this Brochure.