

## Applied Equity Advisors

440 S. LaSalle Street, 38th Floor  
Chicago, Illinois 60605

## EXECUTIVE SUMMARY

To help you better understand the performance results of third-party investment manager strategies within our Select UMA Program, we are including additional information within manager profiles that may inform your decision to invest in this strategy:

- The performance results displayed in this profile may include a composite of Morgan Stanley accounts enrolled in the strategy. These are **unshaded** in the Investment Results and Portfolio Quarterly Returns sections of the profile with the Select UMA label.
- The results may also display the performance of the manager's own composite of accounts invested in its version of the investment strategy, prior to the strategy's inception in the Select UMA program. These are shaded in **grey** and labeled Manager.
- If the transition month between the manager's results and the strategy's results occurs in the middle of a quarter, that quarter or year will be shaded **gold** in the Investment Results and Portfolio Quarterly Returns sections of the profile and labeled Transition.

The manager exercises discretion in selecting securities for your account, but differences between the manager's prior gross results and the strategy's ongoing gross results may arise from variations in who executes the strategy or how it is implemented:

- Some managers may deliver a model portfolio to Morgan Stanley, which may ultimately be responsible for executing those investment decisions.
- In some cases, the manager may act as an "executing manager," which means it implements its investment decisions and transactions directly instead of delivering instructions to Morgan Stanley.
- The manager's prior performance results are based on accounts that do not participate in the Select UMA program, with investment and operational differences such as account size and/or level of customization.
- There may be other reasons why the performance results differ from those of individual Select UMA accounts managed in the same or a substantially similar investment strategy. For example, Morgan Stanley may deviate from strategy models when applying client-requested restrictions.

If you have any questions about any of the information included in this profile, please contact your Morgan Stanley team.

Past performance is not a guarantee of future results. Actual individual account results may differ from the performance shown in this profile. There is no guarantee that any investment strategy will achieve its intended results under all market conditions. Do not rely upon this profile as the sole basis for your investment decisions.

For MAPS Third Party Model Portfolios, 'Manager' illustrated performance is that of the Model Portfolio Provider.

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Style: US Large Cap  
Sub-Style:  
Firm AUM: \$1,362.3 billion^  
Firm Strategy AUM: \$1.7 billion

Year Founded: 1975  
GIMA Status: Approved  
Program Inception Date: 10/27/2016  
Strategy Minimum: \$100,000

### STRATEGY OVERVIEW

An unconstrained core portfolio of typically 30 - 40 stocks, designed to generate excess returns versus the S&P 500 benchmark regardless of style market leadership.

### TARGET PORTFOLIO CHARACTERISTICS

Number of security holdings:	35
P/E ratio:	—
Cash level over market cycle:	—
Risk (standard deviation):	—
Average turnover rate:	40.00
Use ADRs:	No
Capitalization:	—
Eligible Investments:	Individual Stocks, ETFs

### PORTFOLIO'S EQUITY SECTOR WEIGHTINGS +

Sector	-----06/23-----		12/22
	AEA	Index***	AEA
Energy	4.98	4.11	0.00
Materials	3.47	2.50	0.00
Industrials	7.91	8.49	0.00
Consumer Discretionary	16.86	10.66	0.00
Consumer Staples	5.13	6.67	0.00
Health Care	7.48	13.42	0.00
Financials	17.66	12.42	0.00
Information Technology	25.15	28.26	0.00
Communication Services	7.40	8.39	0.00
Utilities	3.10	2.58	0.00
Real Estate/REITs	0.68	2.49	0.00
Cash/Cash Equivalents	0.26	0.00	0.00

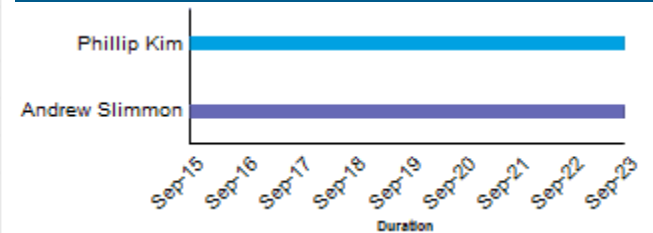
### PORTFOLIO STATISTICS

	-----06/23-----		12/22
	AEA	Index***	AEA
Number of security holdings	35	503	—
Dividend Yield	1.1%	1.5%	—
Distribution Rate	—	—	—
Wtd avg P/E ratio <sup>1</sup>	20.32x	22.00x	—
Wtd avg portfolio beta	—	—	—
Mega capitalization +	0.0%	65.7%	0.0%
Large capitalization +	0.0%	32.8%	0.0%
Medium capitalization +	0.0%	1.6%	0.0%
Small capitalization +	0.0%	0.0%	0.0%
Micro capitalization +	0.0%	0.0%	0.0%

### PORTFOLIO'S TOP FIVE SECURITY HOLDINGS

	%
MICROSOFT CORP USD COM	9.9
APPLE INC USD COM	9.7
ALPHABET INC-CL A	7.4
COSTCO WHOLESALE CORP USD COM	4.1
MCDONALDS CORP USD COM	4.0

### PORTFOLIO MANAGER DETAILS



### MANAGER'S INVESTMENT STRATEGY

- Top-down / portfolio structures based on economic trends
- Bottom-up / portfolio structure based on individual securities

^As of 03/31/2023. Information as of 06/30/2023 is not yet available.

\*\*\*Index : S and P 500

<sup>1</sup>The P/E used here is calculated by the harmonic mean.

+Total may not equal 100% due to rounding.

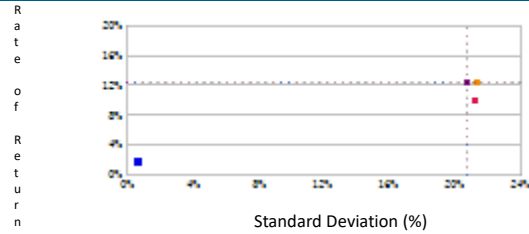
MANAGER'S INVESTMENT PROCESS	RISK CONSIDERATIONS	PORTFOLIO'S ALLOCATION HISTORY (%) <sup>+</sup>															
<p>• The investment process combines the best of fundamental and quantitative approaches to investing, experience and judgment of long-tenured Portfolio Managers. The result is a highly-active portfolio with a heavy emphasis on risk-management throughout the investment process and portfolio construction.</p>	<p>Investing in securities entails risks, including: Equity portfolios are subject to the basic stock market risk that a particular security, or securities in general, may decrease in value. Equity securities' prices may fluctuate in response to specific situations for each company, industry, market conditions and general economic environment. Companies paying dividends can reduce or cut payouts at any time. Strategies that invest a large percentage of assets in only one industry sector (or in only a few sectors) are more vulnerable to price fluctuation than portfolios that diversify among a broad range of sectors. 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. Value investing does not guarantee a profit or eliminate risk. Not all companies whose stocks are considered to be value stocks are able to turn their business around or successfully employ corrective strategies which would result in stock prices that do not rise as initially expected. Bonds rated below investment grade may have speculative characteristics and present significant risks beyond those of other securities, including greater credit risk and price volatility in the secondary market. Investors should be careful to consider these risks alongside their individual circumstances, objectives and risk tolerance before investing in high-yield bonds. If a strategy expects to hold a concentrated portfolio of a limited number of securities, it should be noted that a decline in the value of these investments would cause the portfolio's overall value to decline to a greater degree than that of a less concentrated portfolio. Morgan Stanley offers investment program services through a variety of investment programs, which are opened pursuant to written client agreements. Each program offers investment managers, funds and features that are not available in other programs; conversely, some investment managers, funds or investment strategies may be available in more than one program. Morgan Stanley's investment advisory programs may require a minimum asset level and, depending on a client's specific investment objectives and financial position, may not be appropriate for the client. Please see the applicable program disclosure document for more information, available at <a href="http://www.morganstanley.com/ADV">www.morganstanley.com/ADV</a> or from your Financial Advisor.</p>	<table border="1"> <thead> <tr> <th></th> <th>06/23</th> <th>03/23</th> <th>12/22</th> <th>09/22</th> </tr> </thead> <tbody> <tr> <td>U.S. Stocks</td> <td>100</td> <td>99</td> <td>0</td> <td>0</td> </tr> <tr> <td>Cash/Cash Equivalents</td> <td>0</td> <td>1</td> <td>0</td> <td>0</td> </tr> </tbody> </table>		06/23	03/23	12/22	09/22	U.S. Stocks	100	99	0	0	Cash/Cash Equivalents	0	1	0	0
	06/23	03/23	12/22	09/22													
U.S. Stocks	100	99	0	0													
Cash/Cash Equivalents	0	1	0	0													
<p><b>% PROCESS BASED ON</b></p> <ul style="list-style-type: none"> <li>0 Asset allocation - cash vs. stock</li> <li>0 Industry or sector weighting</li> <li>0 Stock Selection</li> </ul>																	

See important notes and disclosures pages for a discussion of the sources of the performance data used to calculate the performance results and related analyses shown above.

The subsequent pages contain important disclosures and a glossary of terms. Information as of June 30, 2023, unless otherwise noted and is subject to change.

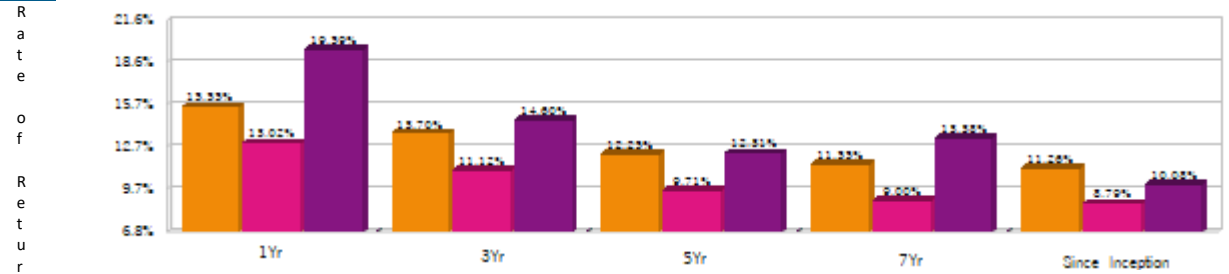
Morgan Stanley Composite Start Date: —  
Strategy Inception Date: 07/2001<sup>3</sup>

**RISK/RETURN ANALYSIS<sup>2</sup> - 5 YEARS ENDING 06/30/23**



	STD	ROR
AEA (Gross)	21.41	12.25
AEA (Net)	21.33	9.71
Primary Benchmark	20.78	12.31
Risk-free Benchmark	0.76	1.56

**AVERAGE ANNUAL TOTAL RETURN (%) - PERIODS ENDING 06/30/23**

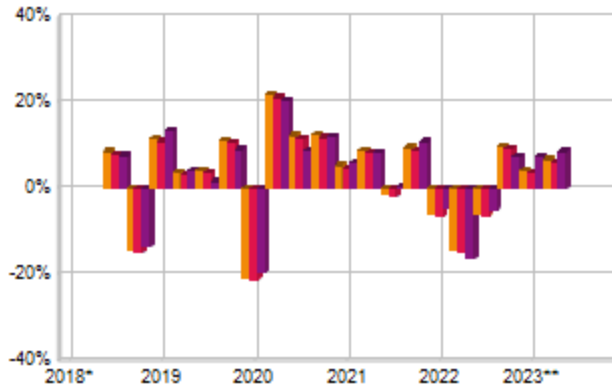


**INVESTMENT RESULTS<sup>2</sup>**

	Annual Rates of Return (%)							7 Year - Ending 06/30/23		
	2016*	2017	2018	2019	2020	2021	2022	Snc. Incpt.	Annual	Std. Dev.
AEA (Gross)	2.90	20.57	-9.60	34.70	22.44	24.14	-16.05	11.26	11.55	18.40
AEA (Net)	1.68	17.79	-11.71	31.71	19.68	21.34	-17.99	8.79	9.00	18.33
Primary Benchmark	7.82	21.83	-4.38	31.49	18.40	28.70	-18.11	10.08	13.38	17.58

\*09/01/2016-12/31/2016

**RISK VOLATILITY (%)<sup>2</sup>**



\*07/01/18-12/31/18      \*\*01/01/23-06/30/23

	Number Of	Up Qtrs.	Down Qtrs.
AEA (Gross)	14	6	6
AEA (Net)	14	6	6
Primary Benchmark	15	5	5

**PORTFOLIO'S QUARTERLY RETURNS (%)**

	Quarter1		Quarter2		Quarter3		Quarter4	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
2016					0.13	-0.46	2.77	2.15
2017	8.21	7.59	4.09	3.48	0.20	-0.39	6.83	6.21
2018	-3.13	-3.68	0.35	-0.25	8.61	8.00	-14.37	-14.91
2019	11.62	11.00	3.86	3.28	4.40	3.81	11.30	10.67
2020	-20.58	-21.04	21.84	21.20	12.41	11.79	12.56	11.87
2021	5.46	4.84	8.93	8.33	-1.35	-1.91	9.54	8.93
2022	-5.73	-6.30	-14.09	-14.63	-5.75	-6.26	9.98	9.38
2023	4.31	3.73	6.88	6.27				

**PORTFOLIO'S RISK STATISTICS - PERIODS ENDING 06/30/23<sup>1,2</sup>**

	3 Year	5 Year
Standard Deviation	16.94%	21.41%
Standard Deviation of Primary Benchmark	16.85%	20.78%
Sharpe Ratio	0.73	0.50
Sharpe Ratio of Primary Benchmark	0.79	0.52
Alpha	-0.56%	-0.14%
Beta	0.98	1.02
Downside Risk	2.84%	2.43%
R-Squared	0.94	0.97
Tracking Error	4.00%	3.71%
Information Ratio	-0.22	-0.02

0 ■ Manager ■ Transition □ Select UMA

1. Statistics are calculated using gross of fee performance only.
2. S&P 500 was used as the Primary Benchmark, the 90-Day T-Bills Index as the Risk-free Benchmark
3. For more information on these dates please see the Glossary of Terms section

**PORTFOLIO DIVERSIFICATION<sup>2</sup> - R<sup>2</sup>(INCEPTION THROUGH 06/23)+**

	R <sup>2</sup>
AEA vs. Primary Benchmark	0.95

+Statistics are calculated using gross of fee performance only.

## IMPORTANT NOTES AND DISCLOSURES

### INDEX DESCRIPTIONS

#### 90-Day T-Bills

The 90-Day Treasury Bill is a short-term obligation issued by the United States government. T-bills are purchased at a discount to the full face value, and the investor receives the full value when they mature. The difference of discount is the interest earned. T-bills are issued in denominations of \$10,000 auction and \$1,000 increments thereafter.

#### S&P 500

The S&P 500 Total Return has been widely regarded as the best single gauge of the large cap U.S. equities market since the index was first published in 1957. The index has over \$5.58 trillion benchmarked, with index assets comprising approximately \$1.31 trillion of this total. The index includes 500 leading companies in leading industries of the U.S. economy, capturing 75% coverage of U.S. equities. This index includes dividend reinvestment.

**Indices are unmanaged and have no expenses. You cannot invest directly in an index. Depending on your account holdings and investment objectives, indices included may not be an appropriate measure for comparison purposes and are presented for illustration only. The strategy shown does not necessarily seek to track the index, may not be restricted to securities in the index and may be more volatile than the index. The benchmark presented may differ from the benchmark assigned by the manager.**

### GLOSSARY OF TERMS

**Alpha** is a mathematical estimate of risk-adjusted return expected from a portfolio above and beyond the benchmark return at any point in time.

**American Depositary Receipts (ADRs)** are receipts for shares of a foreign-based corporation held in the vault of a U.S. bank.

**Average Portfolio Beta** is a measure of the sensitivity of a benchmark or portfolio's rates of return to changes against a market return. The market return is the S&P 500 Index. It is the coefficient measuring a stock or a portfolio's relative volatility.

**Beta** is a measure of the sensitivity of a portfolio's rates of return to changes in the market return. It is the coefficient measuring a stock or a portfolio's relative volatility.

**Bottom-Up Stock Selection** Emphasis primarily on individual stock selection. Considerations of economic and industry factors are of secondary importance in the investment decision-making process.

**Capitalization** is defined as the following: Mega (Above \$100 billion), Large (\$12 to \$100 billion), Medium (\$2.5 - \$12 billion), Small (\$.50 - \$2.5 billion) and Micro (below \$.50 billion).

**Distribution Rate** is defined as the most recent distribution paid, annualized, and then divided by the current market price. Distribution rate may consist of investment income, short-term capital gains, long-term capital gains, and /or returns of capital.

**Dividend** a portion of a company's profit paid to common and preferred shareholders.

**Dividend Yield** annual dividend per share divided by price per share. Dividend Yield for the portfolio is a weighted average of the results for the individual stocks in the portfolio.

**Downside Risk** is a measure of the risk associated with achieving a specific target return. This statistic separates portfolio volatility into downside risk and upside uncertainty. The downside considers all returns below the target return, while the upside considers all returns equal to or above the target return.

**Duration** is a measure of price sensitivity expressed in years.

**High Grade Corporate Bonds** corporate bonds from issuers with credit ratings of AA or AAA.

**Information Ratio** is a measure of the investment manager's skill to add active value against a given benchmark relative to how stable that active return has been. Essentially, the information ratio explains how significant a manager's alpha is. Therefore, the higher the information ratio, the more significant the alpha.

**Investment Grade Bonds** are those rated by Standard & Poor's AAA (highest rated), AA, A or BBB (or equivalent rating by other rating agencies or, in the case of securities not rated, by the investment manager).

**Morgan Stanley Composite Start Date** is the date when Morgan Stanley began to calculate the composite performance of the strategy using qualifying advisory accounts.

**Program Inception Date** is the date that the strategy was launched in the Select UMA program.

**Price/Book Ratio (P/B)** weighted average of the stocks' price divided by book value per share. Book value per share is defined as common equity, including intangibles, divided by shares outstanding times the adjustment factor.

**Price/Cash Flow Ratio** a ratio used to compare a company's market value to its cash flow. It is calculated by dividing the company's market cap by the company's operating cash flow in the most recent fiscal year (or the most recent four fiscal quarters); or, equivalently, divide the per-share stock price by the per-share operating cash flow.

**Price/Earnings Ratio (P/E Ratio)** shows the multiple of earnings at which a stock sells. Determined by dividing current stock price by current earnings per share (adjusted for stock splits). Earnings per share for the P/E ratio are determined by dividing earnings for past 12 months by the number of common shares outstanding. The P/E ratio shown here is calculated by the harmonic mean.

**Price/Sales Ratio** determined by dividing current stock price by revenue per share (adjusted for stock splits). Revenue per share for the P/S ratio is determined by dividing revenue for past 12 months by number of shares outstanding.

**R2 (R-Squared)/Portfolio Diversification** indicates the proportion of a security's total variance that is benchmark-related or is explained by variations in the benchmark.

**Sharpe Ratio** measures the efficiency, or excess return per unit of volatility, of a manager's returns. It evaluates managers' performance on a volatility-adjusted basis.

**Standard Deviation** is a statistical measure of historical variability or spread of returns around a mathematical average return that was produced by the investment manager over a given measurement period. The higher the standard deviation, the greater the variability in the investment manager's returns relative to its average return.

**Strategy Inception Date** is the date that the Manager started to calculate the performance of the strategy.

**Top-Down/Economic Analysis** Emphasis primarily on macroeconomic trends as opposed to bottom-up stock selection.

**Tracking Error** represents the standard deviation of the difference between the performance of the investment strategy and the benchmark. This provides a historical measure of the variability of the investment strategy's returns relative to its benchmark.

**U.S. Treasury Bonds** a marketable, fixed interest U.S. government debt security with a maturity of more than 10 years. Treasury bonds make interest payments semi-annually and the income that holders receive is only taxed at the federal level.

**Volatility** a measure of risk based on the standard deviation of the asset return. Volatility is a variable that appears in option pricing formulas, where it denotes the volatility of the underlying asset return from now to the expiration of the option. There are volatility indexes. Such as a scale of 1-9; a higher rating means higher risk.

**CRC #: 5941754**

**Approval Date: 09/2023**