

Morgan Stanley

Morgan Stanley GIFT Annual Report

2018 Year in Review



Photo courtesy of Platon

An aerial photograph showing a winding asphalt road that curves through a landscape of agricultural fields. The fields are in various stages of growth, with some appearing as vibrant green and others as golden-brown. A single car is visible on the road, and a long shadow is cast across the fields from the left side of the frame.

MORGAN STANLEY GIFT 2018

The Morgan Stanley
Global Impact Funding Trust
(Morgan Stanley GIFT) aims
to promote effective and
efficient philanthropy



Photo courtesy of Platon

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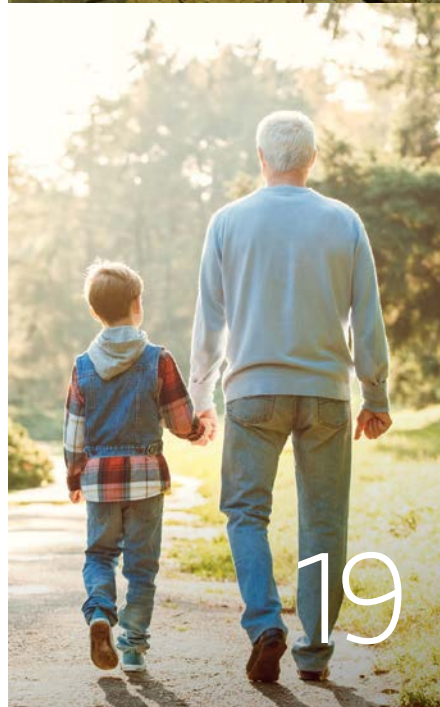
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2018 in Review

BY MELANIE SCHNOLL BEGUN

As the President of Morgan Stanley Global Impact Funding Trust (MS GIFT), I am pleased to present 2018 in Review. The charitable giving landscape experienced many changes in 2018. An expanding economy coupled with fluctuating market conditions weighed in favor of clients making charitable gifts, as 2018 marked an outstanding year.

Thanks to the generosity of our donors, in 2018 MS GIFT opened 2,085 new accounts with contributions totaling \$679 million, and awarded \$360 million in grants across the U.S. as well as five other countries. Since inception, MS GIFT has awarded more than \$1.77 billion in grants.¹ In a year that saw a staggering number of natural disasters, donors really displayed their generosity when it comes to helping others no matter how near or far.

Over the course of the year, the MS GIFT Board of Directors worked with various business partners to drive initiatives and incorporate feedback from the perspectives of Financial Advisors and their clients. We are thrilled to work with nonprofit organizations that are both geographically and mission diverse. To further nurture clients' increasing commitment to strategic giving, we hosted various events that explored novel gift giving strategies. In looking ahead to 2019, we plan to dig deeper in these relationships, advocating and delivering on issues that are important to you, and providing thought leadership to further develop clients' philanthropic commitment.

A key component of our business is to help clients advance a more sustainable world. In 2018, we sought to make sustainable investing more accessible as the impact investing sector has become a staple in the modern wealth management landscape. The MS GIFT Investing with Impact Pools allow donors an opportunity to broaden their impact by generating positive environmental and social impact in the public markets.

MS GIFT strives to engage donors across the entire spectrum of wealth, ensuring their philanthropic aspirations and objectives will be achieved. In 2019, we look forward to nurturing the interests of donors, helping clients realize their philanthropic vision, and ultimately advance and enable diligent and prudent financial giving. We thank our donors for their philanthropic commitment and generosity.

In gratitude and service,



Melanie Schnoll Begun

MELANIE SCHNOLL BEGUN

*Managing Director
President of Morgan Stanley GIFT
Head of Morgan Stanley Philanthropy Management*





MS GIFT Makes Giving Simple

The Power of a Donor Advised Fund Account

- Establish a long-term charitable giving strategy that reflects your passions, vision and values
- Contribute using a wide variety of cash and marketable securities, and with prior approval, illiquid assets such as real estate, artwork or private company stock
- Help coordinate charitable giving with succession planning
- Mitigate capital gains tax on gifts of appreciated securities and other appreciated assets
- Conduct research on areas of charitable interest and specific charities
- Receive professional investment advice on growing your charitable gifts
- Achieve positive environmental and social impact in the public markets through the MS GIFT Impact Pools' investment holdings
- Potentially reduce your estate tax liabilities
- Make anonymous grants
- Create a philanthropic legacy with your family

MS GIFT Platform Features

Asset allocation strategies developed by the Morgan Stanley Wealth Management Global Investment Committee

Investment managers and products analyzed by Morgan Stanley Wealth Management's Global Investment Manager Analysis (GIMA) team for possible inclusion in the Select UMA program

Disciplined portfolio construction provided by the Custom Solutions Team

Professionally managed investment strategies featuring broad diversification and automatic rebalancing



Key Facts About MS GIFT

18+ years

More than 18 years of operation and experience; established in August 2000

7,200+

accounts, collectively valued at over \$1.8 billion¹

Total grants to charities of

\$1.77 billion

since inception¹

Investment platform professionally managed by Morgan Stanley

Led by a board of directors that includes seasoned professionals from both within and outside of Morgan Stanley

2018 Highlights

\$1.80
Billion

MS GIFT Assets
Under Management¹

2,085

New Accounts
Opened in 2018¹

7,274

Active Accounts¹

\$360
Million

Total Grant Value¹

17,074

Grantees¹

38,320

Number of Grants Made¹

\$679
Million

Total Contribution Value¹

9,624

Contributions Received¹

30

Complex Asset
Gifts Since 2015¹

"I opened a donor advised fund account to deepen my philanthropic footprint. MS GIFT allows me to align my financial and philanthropic capital and allocate it towards creating positive impact in the issues my family and I care about."

MANDELL CRAWLEY

*Managing Director,
Head of Morgan Stanley's Private Wealth Management*

Geographic Dispersion of Grants

52%

Of Donors Give Locally¹

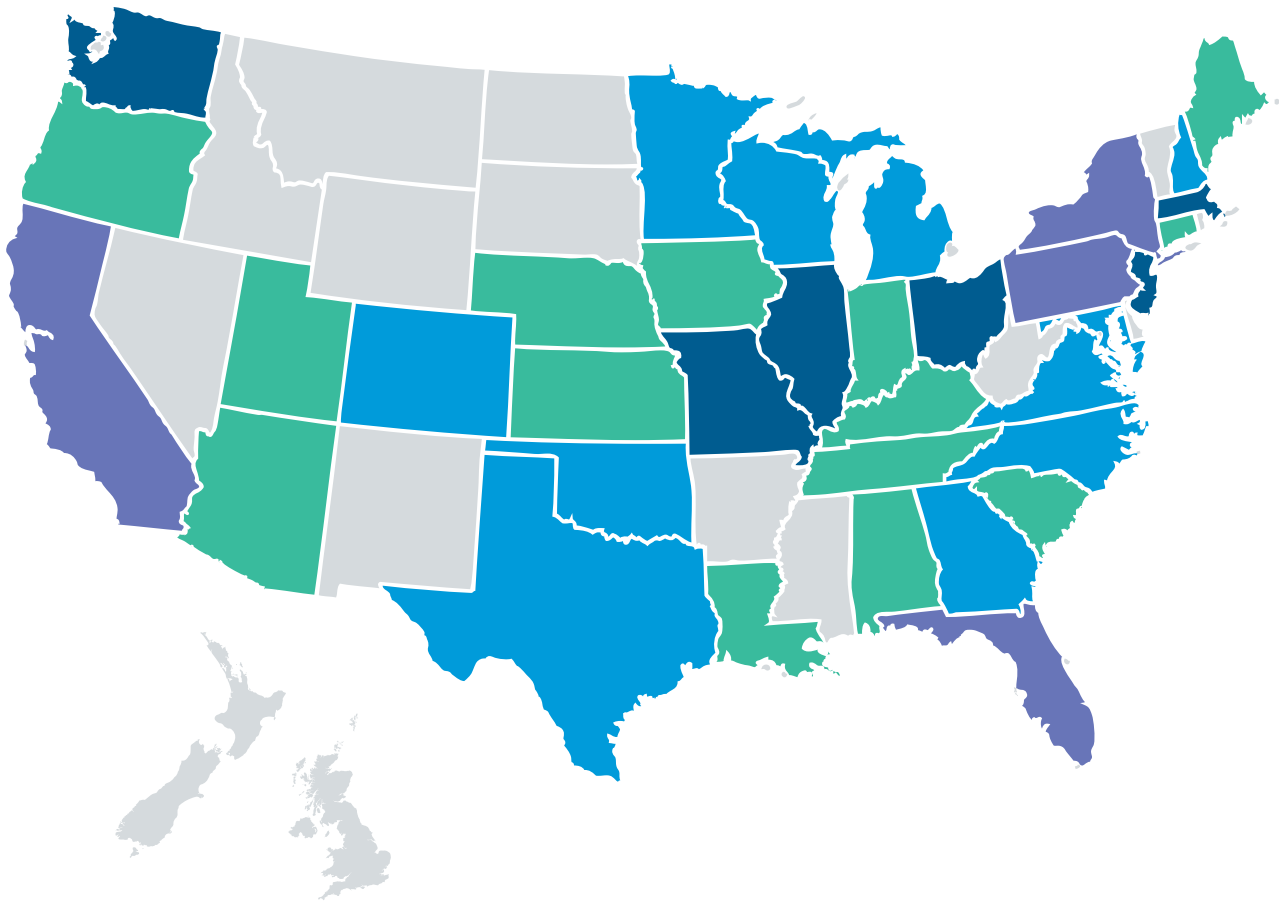
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Countries Represented¹

50

States Represented¹

High concentration of grantees²
in California, New York, Florida and Pennsylvania

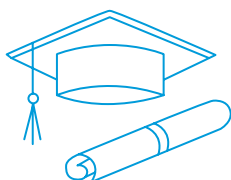


— <\$1M — \$1-\$4.9M — \$5M-\$9.9M — \$10M-24.9M — >\$25M

Through 38,000+ Grants in 2018, Our Donors Supported a Wide Variety of Causes

36%

Of Total Grants Went to **Education**¹



21%

Of Total Grants Went to **Public/Society Benefit**¹



11%

Of Total Grants Went to **Faith-Based Causes**¹



8%

Of Total Grants Went to **Health**¹



Our donors gave generously to a wide variety of organizations

Donors made **38,000+** grants to **17,074** organizations¹

Donors contributed a total of **\$678.7 million** to MS GIFT, and a total of **\$360 million** was granted out¹

In 2018, our donors recommended

\$360 Million

in grants to support

17,000+

charitable organizations across the U.S. and the globe.¹

TOP AREAS OF GIVING

Education

Public/Society Benefit

Faith-Based Causes

Health

Arts, Culture and Humanities

International, Foreign Affairs

Environment and Animals



Photo courtesy of Platon

Platon and The People's Portfolio

The Intersection of Art, Media, Civil and Human Rights

Led by artist and photographer Platon, The People's Portfolio (TPP) uses visual storytelling to document humanitarian efforts around the globe. Platon spent many years working with world-renowned advertising teams, mastering his craft before dedicating his career and legacy to civil and human rights. According to TPP Executive Director Elizabeth Blackney, "TPP is the manifestation of his vision of how to be at the intersection of art, media, and civil and human rights." A Supporting Organization was created under MS GIFT to advance TPP's fundraising efforts.

"It's not that we're given this vision of who we are and what we can do, but sometimes we have to rise to the challenge because there's no one else around to do it." —Platon

In using visual storytelling to celebrate human rights defenders and to advocate responsible global citizenship, Platon and TPP have ensured ethics and protocols are embedded into every interaction they have. Whether it is a community organizer, a former U.S. President or a patient in a clinic, everyone is valued and given four-star recognition of their humanity. The uniqueness of the foundation is its sensitivity to the communities, emphasizing empathy and compassion rather than shame and stigma. It aims to leverage its platform to create a safe environment to empower people.

Building a portfolio for Nobel Prize Laureate Dr. Mukwege has been one of the most gratifying experiences for Platon and TPP. At the 2015 World Economic Forum in Davos, Platon had the honor of moderating a session with Dr. Mukwege, who has worked with 52,000+ sexual violence survivors. TPP's work has contributed to the ongoing awareness of his efforts for these women.

Platon does more than just share news; he tells stories in the context of someone else's narrative who does not have a voice or platform.

—Elizabeth Blackney,
Executive Director of TPP

Currently TPP is working on a film about poverty in the U.S. to shed light on the issue from every angle, including structural racism, unequal access to education, and the broken justice system.

Rather than just another documenter, Platon aims to be an educator, collaborator and facilitator for his subjects. His photos are a living testament to TPP's commitment to the human rights defenders, as he leverages the TPP platform to both ensure a safer community for these people and to encourage the general public to take action.

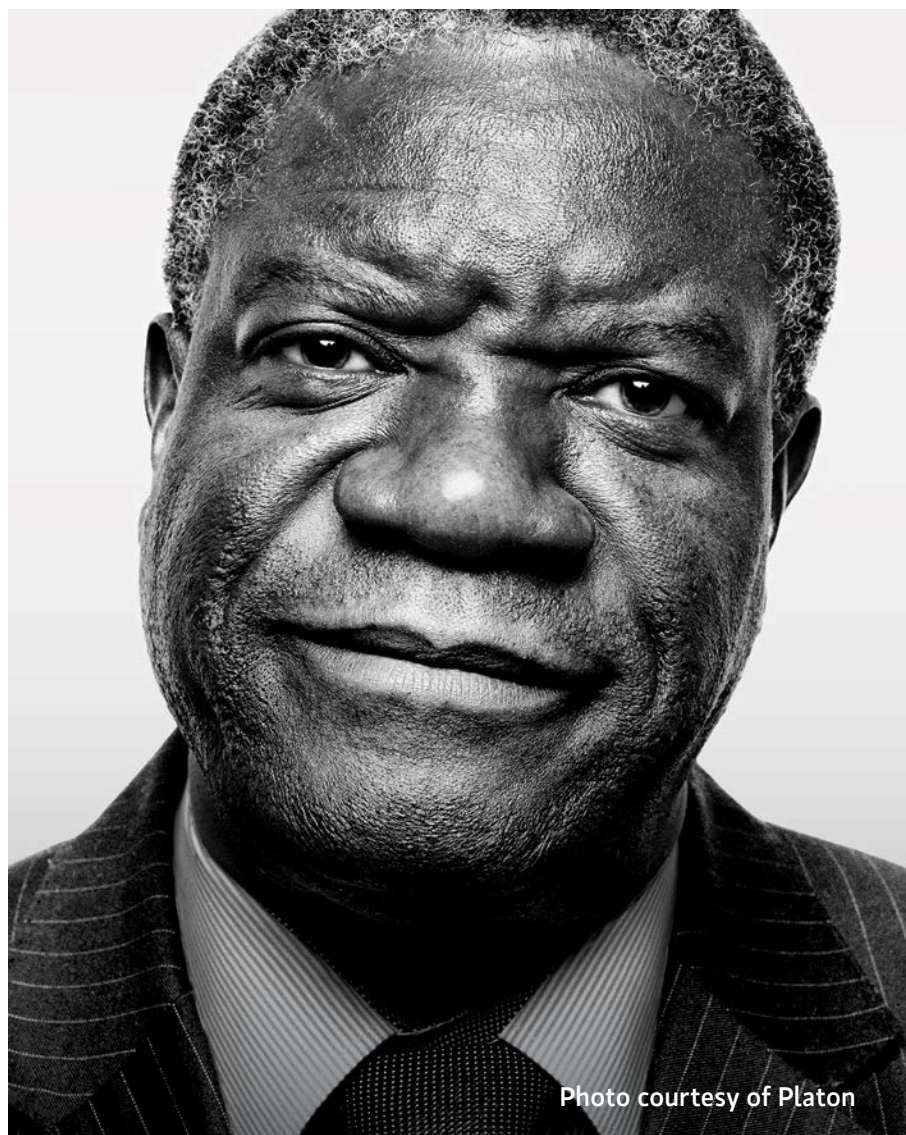


Photo courtesy of Platon

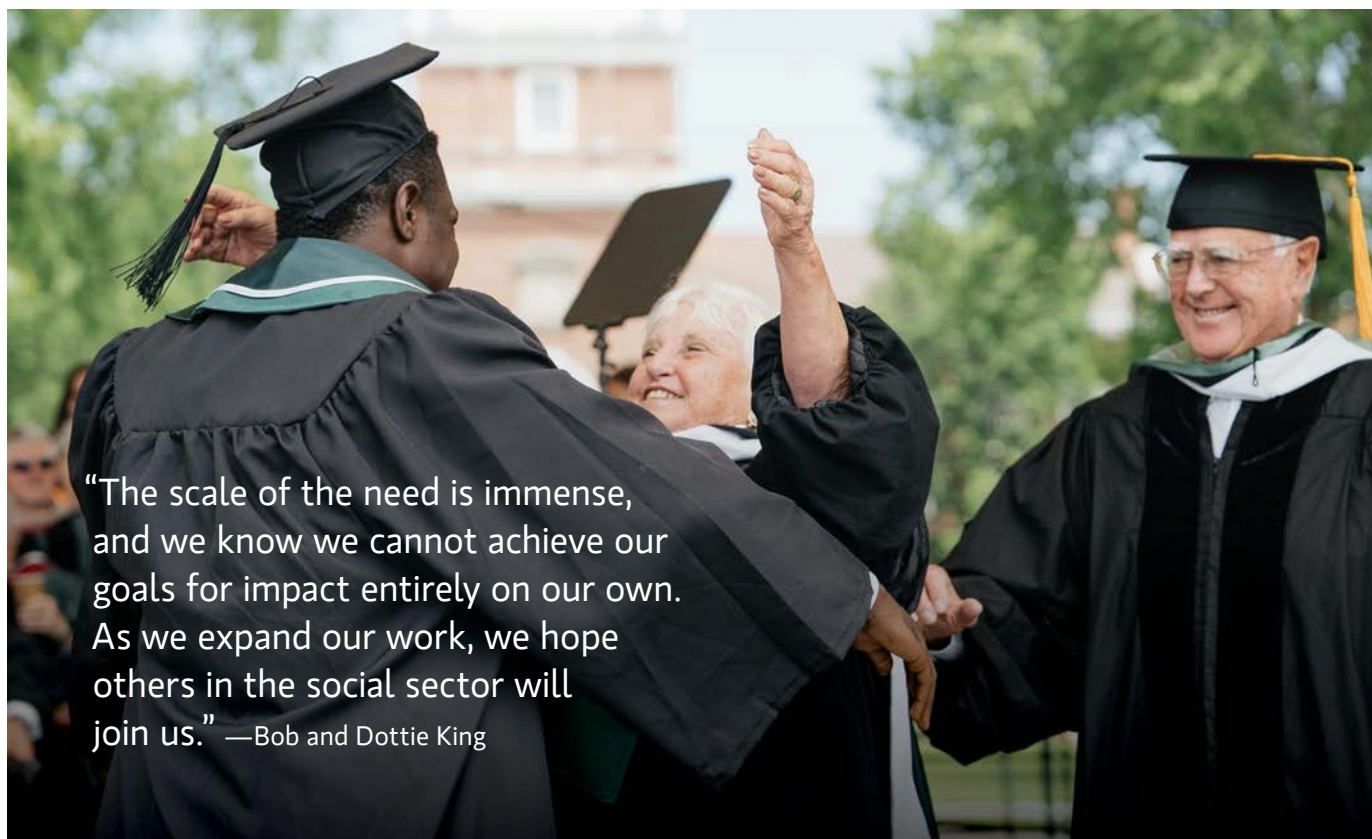
Dr. Mukwege

King Philanthropies' Search for “How to Do the Most Good”

“Our neighbors now include the estimated
700 million people who are living in extreme poverty.”

—Bob and Dottie King





“The scale of the need is immense, and we know we cannot achieve our goals for impact entirely on our own. As we expand our work, we hope others in the social sector will join us.” —Bob and Dottie King

Bob and Dottie King are dedicating their philanthropic efforts and legacy to changing lives: creating opportunity for those that need it most. In asking themselves, “How to do the most good?” the Kings have identified high-impact opportunities for philanthropic investment in Africa and parts of Asia, where most of those in extreme poverty reside.

In their professional, personal and philanthropic experiences, Bob and Dottie do their best to follow the commandment to “love your neighbor as yourself.” As they watch our world shrink, the Kings have come to understand that their “neighbors” go far beyond those who live near them in Menlo Park; in their own words, “our neighbors now include the estimated 700 million people who are living in extreme poverty.”

The Kings have deployed their charitable giving using a Private Foundation, Charitable Remainder

Trust and Donor Advised Fund. In working with their Private Wealth Advisor, Jim Greenfield, Bob and Dottie are able to use the same investment managers across the three vehicles, helping to streamline their investment activities as well as their annual giving in a tax-efficient manner.

“Bob and Dottie established King Philanthropies in 2016 with a very intentional mission: to make a meaningful difference in the lives of the world’s poorest by multiplying the impact of high-performing leaders and organizations,” explains Kim Starkey Jonker, President and CEO of King Philanthropies.

Bob, Dottie and the team at King Philanthropies achieve this mission through three pillars: the King Essentials initiative addresses fundamental human needs of those in extreme poverty, the Stanford Institute for Innovation in Developing Economies (Stanford Seed) scales businesses and creates jobs in

Africa and Asia, and the Global Scholars Program develops future leaders by engaging the next generation of students who grew up in extreme poverty circumstances.

Working in the spirit of focus, collaboration and results, King Philanthropies has made incredible progress in the area of global poverty; yet in their words, “the scale of the need is immense, and we know we cannot achieve our goals for impact entirely on our own. As we expand our work, we hope others in the social sector will join us.”

An aerial photograph of a dense, lush green forest. A winding asphalt road with a double yellow line curves through the trees on the right side of the image. In the bottom right corner, a small portion of a bright blue lake is visible. The lighting is soft, suggesting early morning or late afternoon, with some trees appearing slightly more yellowish-green.

Environmental Philanthropy

Tremendous Responsive Giving During Unparalleled Year of Natural Disasters

From hurricanes to wildfires to earthquakes and more, the number of natural disasters in 2018 was uncanny. Though the aftermath of these natural disasters was catastrophic, the tremendous response from our donors helped support those affected by providing both immediate funding as well as ongoing support needed to rebuild the affected communities.



The **California Wildfires** was the 2018 top donor cause with

\$500K+³

The **top 6** disaster relief causes³ received a total of

\$1.14 million

from our donors¹

MS GIFT and Morgan Stanley's Commitment to Sustainability

MS GIFT AND OUR DONORS ARE COMMITTED TO THE ENVIRONMENT



MS GIFT has pledged to further reduce its paper footprint

\$9.6 million

Our donors granted \$9.6 million to causes related to the environment¹

MORGAN STANLEY'S PLASTIC WASTE RESOLUTION



Morgan Stanley is committed to tackling the growing global challenge of plastic waste in the environment. Through the capital markets and partnering with our clients and employees, we will prevent, reduce and remove 50 million metric tons of plastic waste from entering rivers, oceans, landscapes and landfills by 2030

MS GIFT Investing with Impact Pools

Since its inception in 2012, Morgan Stanley’s Investing with Impact Platform has provided Financial Advisors with tools and products to help clients advance a more sustainable world through their investments.

The Future is Bright for Investing with Impact

71%

Of individual investors believe companies with leading sustainability practices may be better long-term investments⁴

2050

Year that business opportunities for sustainability-focused companies are expected to be between \$4 trillion and \$10 trillion annually, or up to 4.5% of global GDP⁵



Companies are improving their competitive position by adjusting their business strategies to address long-term global themes/ mega-trends⁶

75%

Of investors are interested in sustainable investing⁴ and 80% of U.S. money managers⁵ say their decision to offer ESG⁷ strategies is in response to client demand

MS GIFT Impact Pools Holistic Investment Process

We utilize a four-part process to create impact pools that amplify your charitable giving

Establish financial and impact guidelines in line with charitable giving goals

Ongoing risk management through in-depth analysis of variations in risk, managers and their strategies, including a review of impact outcomes



Asset allocation based on market analysis and guidance from the Morgan Stanley Wealth Management Global Investment Committee

Evaluate managers based on Morgan Stanley’s Investing with Impact Framework, and optimize manager weights through multifactor analysis and emphasis on high-conviction, complementary managers with established track records

The Investing with Impact Pools Within MS GIFT



Utilize highly regarded third-party investment managers with demonstrated experience in generating positive environmental and social impact alongside potential market-rate returns



Are well-diversified and risk-aware



Include separately managed accounts, mutual funds and exchange-traded funds

Percentage Growth of Impact Pools



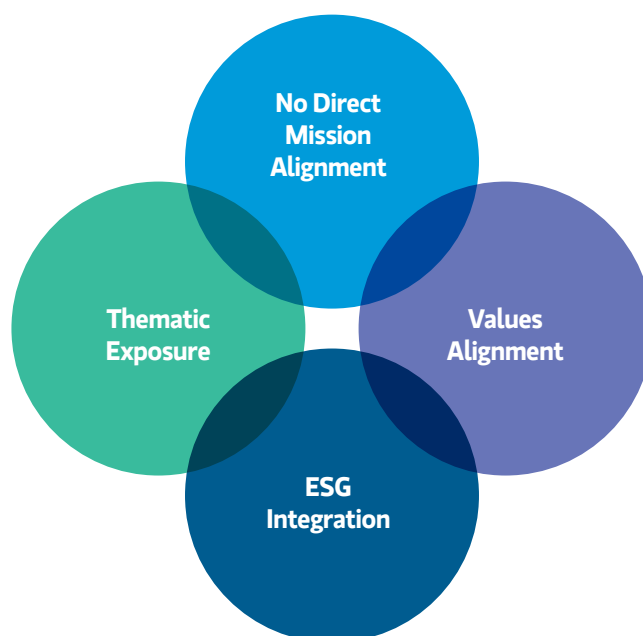
Past performance is not indicative of future results.

The Impact Pools Incorporate the Following Investing with Impact Approaches

RESTRICTION SCREENING: This approach excludes companies or sectors that are in opposition to an investor’s values, for example, tobacco, alcohol and weapons.

ESG INTEGRATION: Examples of Environmental, Social and Governance (ESG) criteria include the corporate carbon footprint, employee health and safety, workforce diversity policies and business ethics.

THEMATIC EXPOSURE: Investment by themes and sectors allows for solutions to targeted ESG issues, for example, resource scarcity, and community development including affordable housing.



MS GIFT Aligns Philanthropy, Impact Investing and Social Change through Mission Align 360SM

Investing with Impact Thematic Exposure

We help clarify the range of approaches and the investment solutions based on theme

Climate Change and Fossil Fuel-Aware Investing

Faith-Based Investing

Gender Diversity Investing

Mission Align 360SM Investing: evaluate, align and activate all pools of capital toward the theme of your choice to accomplish your organization's unique mission

Mission Align 360SM

Organizations, families and individuals responsible for overseeing capital intended for charitable purposes are increasingly investing in opportunities that positively impact our global society, environment and economy. What is unique about Morgan Stanley is that we offer a vast array of capabilities and deliver the experience required to be a trusted advisor in helping organizations examine all 360 degrees of the organization to align total portfolios with purpose across all dimensions. The goal of Mission Align 360 is to make it easy for organizations to align all of their resources and capital with mission and generate positive impact.



FINANCIAL CAPITAL

Investments that seek to achieve specific social and/or environmental goals while targeting market-rate financial returns



PHILANTHROPIC CAPITAL

A broad term which describes capital that has no, or low, expectation of financial return, such as grant-making and program-related investments



HUMAN CAPITAL

The collective skills, talents, knowledge or other intangible assets of individuals that can be used to create economic value for the individuals, their organization or their community

Tucker Wilson's Generous Gift to the Michael J. Fox Foundation for Parkinson's Research



Tucker is able to focus on the causes he feels are most important to him personally through his DAF account.

After witnessing his mother's pain of living with a Parkinsonian Disease, and a few years after her death being diagnosed himself, Tucker decided to make a substantial gift from his DAF account to the Michael J. Fox Foundation for Parkinson's Research on Giving Tuesday. Through his generosity, Tucker hopes to further research in Parkinson's Disease. While he recognizes he may not reap the benefits of these advances, he hopes that his gift can help make the path to a cure that much shorter.

Tucker believes it truly does not matter where you come from, or how much money you have, but rather it's the values you have that make you who you are and that help to create your legacy. Through Tucker's DAF account, he was able to give to a cause he cares deeply about, allowing him to leave a lasting legacy of generosity.

Tucker Wilson grew up in Greenwich, Connecticut, with his parents and three siblings. His parents always looked at philanthropy very strategically, instilling strong values in their children and encouraging them to act with a sense of humility and generosity. In Tucker's words, he "won the lottery when it came to parents."

In 2006, his mother was diagnosed with a Parkinsonian Disease, which progressed quickly. As luck may have it, in addition to sharing his mother's wit, Tucker also shared a diagnosis of Parkinson's Disease. As an active man, who leads a healthy life, Tucker was

doing everything right, but "disease does not discriminate, anyone can be a victim, and one's place in life certainly does not exempt a person from a bad diagnosis."

Tucker and his three siblings now run the Bridgemill Foundation, a foundation created by his parents in 1992. In addition, each sibling has an MS GIFT DAF account used for their individual giving. While the family is able to make philanthropic grants together through their Foundation, Tucker is able to focus on the causes he feels are most important to him personally through his DAF account.

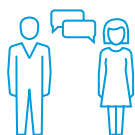
"Disease does not discriminate, anyone can be a victim, and one's place in life certainly does not exempt them from a bad diagnosis." —Tucker Wilson

Thought Leadership Content

Throughout 2018, MS GIFT collaborated with various business partners to drive initiatives while offering feedback from the perspectives of Financial Advisors and our clients.

Thought Leadership

Through our events and publications, we are able to both highlight the tremendous generosity of our donors as well as provide the opportunity for philanthropic leaders to come together and further their large-scale impact.



EVENTS

The Exchange

Morgan Stanley in collaboration with The Social Impact Exchange hosted the annual two-day conference focused on How Philanthropy Can Help Lead an Era of Cross-Sector Collaboration.

Jewish Value Consortium

Across three events continuing into 2019 in New York City, Los Angeles and Delray Beach, Morgan Stanley brought together 100+ leaders in the Jewish philanthropy and investment communities to discuss what it means to give and invest money in alignment with Jewish values.

Art, Legacy and Philanthropy

Across two events in Washington, D.C. and St. Petersburg, Florida, Morgan Stanley brought together 150+ active individuals' families with a passion for the arts to learn about the issues that affect philanthropists funding the arts as well as issues regarding legacy and succession of their collections.



PUBLICATIONS

Perspectives in Philanthropy

In 2018, we focused on expanding our thought capital library with the next issue of Perspectives in Philanthropy, a periodic journal featuring valued clients and thought leaders engaged in transformational philanthropy.

NYC Jewish Values Consortium White Paper

The publication of NYC Jewish Values Consortium white paper and video aimed at advancing Jewish Values philanthropy and investing initiative.

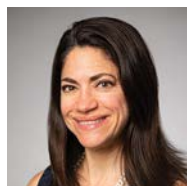
Digital Content

We amplified reach of thought capital through release of digital content including MS.com articles and Gifts for Good Catalogue on Reserved | Living & Giving. In addition, in order to provide high level information on popular areas of giving, we published Subject Briefs on Financial Inclusion and Veterans.

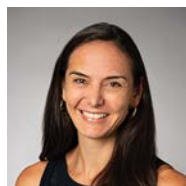
Insights & Outcomes

In the biannual magazine by the Family Office Resources division, we produced a piece on the Business of Philanthropy and recent trends in the philanthropic sector.

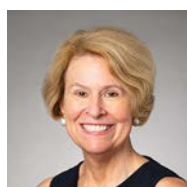
MS GIFT Board of Directors



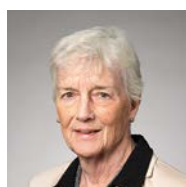
Melanie Schnoll Begun,* *President*
Managing Director, Head of Philanthropy
Management for Morgan Stanley



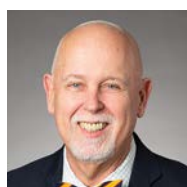
Katharine Leonberger
President and CEO,
Community Resource Exchange



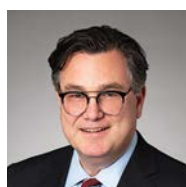
Carol Argento, Board Chair
Vice President,
Charles Hayden Foundation



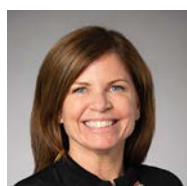
Jane O'Connell
Board Chair, Altman Foundation



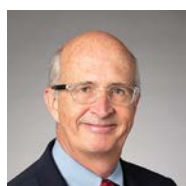
Robert Seaberg, Vice President
President, Intersect Consulting, LLC



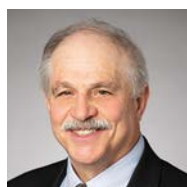
Roger Paradiso
Head of Alternative Distribution Strategies,
Legg Mason Global Asset Management



Allyson McDonald, Secretary
Founder, Work Capital



Ross Richards*
Executive Director, Practice Management
Group, Morgan Stanley Wealth Management



Michael Swartz, Treasurer
Private Investor, Retired,
former Vice President and Treasurer,
Brandeis University



James Tracy*
Managing Director,
Director of Consulting Group for
Morgan Stanley Wealth Management



Patricia Biggers
Senior Vice President,
Portfolio Manager/Analyst,
Lazard Asset Management



Sundeep Vira
Chief Operating Officer,
The Academy Group



Shelley Goode
Vice President,
Resource Development, Oxfam

*Affiliated with Morgan Stanley Smith Barney LLC

Thank You For Your Generosity

We thank you for your philanthropic commitment and the privilege of helping you realize your philanthropic goals. Morgan Stanley's four core values are putting clients first, doing the right thing, leading with excellent ideas and giving back. We value your business and look forward to partnering with you for years to come on your philanthropy and wealth management needs.



Contact your Morgan Stanley Financial Advisor
or Private Wealth Advisor to get started.





¹ Information provided as of 02/2019

² State identified from the state where the grant check was sent

³ Top donor cause in terms of dollars granted

⁴ Morgan Stanley Institute for Sustainable Investing, Sustainable Signals: New Data from the Individual Investor, 2017

⁵ Vision 2050: The New Agenda for Business, World Business Council for Sustainable Development, 2010

⁶ Morgan Stanley & Co. Sustainability Research

⁷ ESG = Environmental, social and governance

The Morgan Stanley Global Impact Funding Trust, Inc. ("MS GIFT, Inc.") is an organization described in Section 501(c) (3) of the Internal Revenue Code of 1986, as amended. MS Global Impact Funding Trust ("MS GIFT") is a donor-advised fund. Morgan Stanley Smith Barney LLC provides investment management services to MS GIFT. Back office administration is provided by RenPSG, an unaffiliated charitable gift administrator.

While we believe that MS GIFT provides a valuable philanthropic opportunity, contributions to MS GIFT are not appropriate for everyone. Other forms of charitable giving may be more appropriate depending on a donor's specific situation. Of critical importance to any person considering making a donation to MS GIFT is the fact that any such donation is an irrevocable contribution. Although donors will have certain rights to make recommendations to MS GIFT as described in the Donor Circular & Disclosure Statement, contributions become the legal property of MS GIFT when donated. The Donor Circular & Disclosure Statement describes the risks, fees and expenses associated with establishing and maintaining an MS GIFT account. Read it carefully before contributing.

Morgan Stanley Smith Barney LLC, its affiliates and Morgan Stanley Financial Advisors and Private Wealth Advisors do not provide tax or legal advice. Clients should consult their tax advisor for matters involving taxation and tax planning and their attorney for matters involving trust and estate planning, charitable giving, philanthropic planning and other legal matters.

The returns on a portfolio consisting primarily of Environmental, Social and Governance ("ESG") aware investments may be lower or higher than a portfolio that is more diversified or where decisions are based solely on investment considerations. Because ESG criteria exclude some investments, investors may not be able to take advantage of the same opportunities or market trends as investors that do not use such criteria.

Asset Allocation and diversification do not assure a profit or protect against loss in declining financial markets.