The Beyer Stein Group at Morgan Stanley

Global Multi-Asset ETF Portfolio Management
An Efficient Approach to a Diversified Investment Plan
**As part of the Morgan Stanley Portfolio Management Program all our portfolios are managed individually on a fully discretionary basis.**

At The Beyer Stein Group, we have created a proprietary Multi-Asset ETF investment strategy* that is designed to provide global market exposure in a single investment account. Managed by David Beyer and Mitchell Stein, our strategy takes advantage of cost-effective, exchange-traded funds (ETFs) to efficiently incorporate multiple asset classes, including equities, fixed income, commodities and real estate.

We draw on over four decades of combined investment experience to evaluate individual ETFs and build portfolios that provide broad diversification in a highly efficient manner. We invite you to explore this opportunity as part of your overall wealth management plan.

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Our approach to building ETF portfolios mirrors the strategy that has historically been employed by managers of large institutions with multibillion-dollar endowments. These managers work to gain broad investment exposure and limit downside risk by diversifying their investments across many asset types, geographies and styles of investing. They look to create a pool of widely varying asset types with low correlations to each other. The growth of ETFs provides a cost efficient opportunity to replicate this same approach for individual investors.

**The Expanding ETF Universe**

ETFs are baskets of securities that were traditionally built to replicate the performance of passively managed indexes like the S&P 500.

There are currently more than 1,400 ETFs with over $1.2 trillion in combined assets.*

ETFs now represent virtually every segment of the market, both in the U.S. and internationally.

Not all ETFs, however, are created equal. While some ETFs are relatively straightforward, others have unusual investment objectives or use complex investment strategies.

To determine the best of breed within each asset class, it takes careful research and extensive knowledge. That’s where our experience, backed by the deep resources of Morgan Stanley, comes in to play.

**Building Global Multi-Asset ETF Portfolios**

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We offer our discretionary ETF strategies on a fee-based structure. With no commission structure, our interests and priorities are aligned with yours. We seek only to preserve and grow your wealth.

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* Source: Morgan Stanley ETF Quarterly September 4, 2012

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ETFs are subject to market risk and may fluctuate in value. Shares may be worth more or less than original cost when they are redeemed or sold. Frequent trading of ETFs may increase costs such that they offset any savings from low fees or expenses.
We start with a universe of over 1,400 U.S. traded ETFs. We screen for those with low fees, liquidity, tax-efficiency and strong institutional support. We combine them in precise proportions to create Global Multi-Asset Class ETF Portfolios.

Diversification and ETFs
Diversification is the art and science of combining ingredients that are sufficiently different from each other so that the whole portfolio is greater than the sum of the parts. With the proliferation of ETFs, a far wider variety of investment assets have become “investable.” As a result, we can now build portfolios that can be more diversified and seek to reduce risk.

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<td>Asset Class</td>
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Determine Portfolio Asset Allocation
While many factors may impact the performance of an investment portfolio, one outweighs all the rest: asset allocation. In fact, studies have shown that asset allocation is responsible for 93.6% of a portfolio’s return variation over time. In other words, the better part of your returns is likely to depend on the percentage of funds in your portfolio devoted to different types of assets, like stocks, bonds, cash alternatives and physical assets like commodities and real estate securities.

The weightings of asset classes in our portfolio reflect the current investment strategy of the Morgan Stanley Global Investment Committee, and our own views, as well as capital market expectations, risks and correlations. We continually monitor and analyze global economic, financial, and market developments, as well as the performance of assets in the portfolio. Weightings are adjusted and portfolios are rebalanced semiannually, or as required by fundamental changes and market developments.

Clients use our ETF strategy as the diversified “core” element that represents the equity or fixed income exposure in their overall portfolio. In addition to this portfolio, we can design a portfolio that accommodates existing holdings or addresses other specific needs.

Select “Best of Breed” ETFs
After determining a comprehensive asset allocation, we analyze over 1,400 ETFs to identify those that we believe most closely represent our investment criteria and objectives. We look for those with low fees, high liquidity, tax-efficiency and well-established track records. We leverage relationships throughout the industry and the resources of Morgan Stanley’s strategists to assess the “best of breed” ETFs. Following a disciplined, transparent process, we determine which ETFs are best suited to fill the various positions in our asset allocation portfolio. Typically, our portfolios are comprised of 15 to 25 ETFs, each of which carries a tactical weighting.

Monitor Portfolio to Manage Risk
We continually monitor the performance of your portfolio, adjusting allocations and swapping out ETFs where we find better opportunities. We are trained to question holdings and rigorously stress test portfolios using analysis of global economic, financial and market events. Our goal is to minimize volatility, while attempting to keep the portfolio on track with its objectives.

We believe that risk is not something to be avoided, but something to be thoughtfully managed. Our approach to risk management begins with knowing what you own. In other words, we approach investment management with the goal of complete transparency, allowing us to fully understand every position and every exposure in our portfolios. To achieve that aim, we have a multi-tiered approach to risk management, deployed first at the portfolio level by the management team, then assessed by Morgan Stanley’s Global Investment Committee, and finally utilizing the due diligence of Morgan Stanley’s Portfolio Management Group.

Our Investment Process
The Beyer Stein Group has an in-depth knowledge and expertise of most available ETFs and their composition, gained over years of experience investing in global multi-asset class ETF portfolios. We have no obligation or proprietary affiliation with any specific ETF provider, though we do have established working relationships with most.

Mitchell Stein, CFP®
Vice President — Wealth Management
Senior Portfolio Manager
Mitch joined The Beyer Stein Group in 2005, after working for several years at UBS on the Equity Research and Sales team identifying domestic and international equity opportunities. He is a CERTIFIED FINANCIAL PLANNER™ with training in portfolio management, retirement planning, estate planning and insurance. Mitch focuses on investment strategy and securities analysis for The Beyer Stein Group. His experience and ingenuity ensure that each client receives customized and comprehensive financial management.

Mitch graduated with highest distinction from The Pennsylvania State University with a Bachelor of Science degree in finance. He resides in New Jersey with his wife, Ellyn, and their children, Hallie and Jake.

David Beyer
Executive Director — Wealth Management
Wealth Advisor
Senior Portfolio Management Director
With over 35 years of experience in the investment and financial planning fields, David has worked to create innovative financial solutions for his clients. He is the founding partner of The Beyer Stein Group where he coordinates and manages the day-to-day operations. As the senior portfolio manager, David manages equity, balanced, and fixed income portfolios. David’s focus on asset management, financial planning, and concentrated equity and wealth transfer strategies has helped him earn and retain the trust and confidence of each and every one of his clients.

David is a member of Morgan Stanley’s prestigious 2012 Chairman’s Club, an honor granted to the Firm’s most accomplished Financial Advisors. Prior to joining Morgan Stanley, David worked at UBS for over 20 years where he was also a member of the Chairman’s Club and was one of the pioneers of the Investment Consulting Process. He has been featured in multiple publications including the NY Times Business Section and Registered Rep Magazine and has given presentations on a wide range of topics including portfolio and risk management.

David graduated from Hofstra University with a BBA in finance. He has three children, Jared, Amanda and Sam and resides in New York City with his wife Tracey.

The Benefit of Experience

Global Multi-Asset ETF Portfolios are just one facet of The Beyer Stein Group’s commitment to helping our clients solve their unique financial challenges. We stand ready to serve as your primary financial advisor, helping you define your goals and create highly customized strategies to address your specific needs. Acting as your personal CFO, we will work to help you prepare for your future and make well-informed financial decisions in times of transition.

The Beyer Stein Group: Overall Capabilities

- We have over four decades of experience providing wealth planning services.
- We advise successful individuals and organizations on how to help preserve and grow their assets through customized financial planning.
- We will work with tax accountants and attorneys to devise a personalized strategy designed to fit your unique individual needs.

We look forward to helping you address unique challenges facing you and your family.
This material is intended only for clients and prospective clients of the Portfolio Management program. It has been prepared solely for informational purposes and is not an offer to buy or sell or a solicitation of any offer to buy or sell any security or other financial instrument, or to participate in any trading strategy.

The Portfolio Management Program account will be charged an asset-based wrap fee every quarter ("the Fee"). In general, the Fee covers investment advisory services, the execution of transactions through Morgan Stanley Smith Barney LLC or its affiliates, custody of the client’s assets with Morgan Stanley Wealth Management and its affiliates, and reporting. In addition to the Fee, you will pay the fees and expenses of any funds in which your account is invested. Fund fees and expenses are charged directly to the pool of assets the fund invests in and are reflected in each fund’s share price. You understand that these fees and expenses are an additional cost to you and will not be included in the Fee amount in your account statements. Please see the Morgan Stanley Form ADV Part 2 for more information including a description of the fee schedule.

Past performance of any security is not a guarantee of future performance. There is no guarantee that this investment strategy will work under all market conditions.

Holdings are subject to change daily, so any securities discussed in this profile may or may not be included in your account if you invest in this investment strategy. Do not assume that any holdings mentioned were, or will be, profitable.

The investments listed may not be suitable for all investors. Morgan Stanley Smith Barney LLC recommends that investors independently evaluate particular investments, and encourages investors to seek the advice of a financial advisor. The appropriateness of a particular investment will depend upon an investor’s individual circumstances and objectives.

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