

# Short Term Income

The SVS Team at Morgan Stanley  
**Portfolio Management**  
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## Capital Preservation & Income Portfolio

All statistics as of: Sept 6, 2017

CRC:1889816 09/06/17

The portfolio is designed to be an actively monitored low duration income solution with emphasis's on capital preservation and liquidity. The portfolio invests in investment grade, preferred stock/hybrid securities, U.S. Treasuries & Agencies and International Agencies. The portfolio has the ability to incorporate a variety of strategies; including ladders and barbells. The goal of this portfolio is to provide both income and capital preservation, by actively monitoring positions at the discretion of the Portfolio Management Team. For investors who are looking for a steady stream of income for their short term cash needs and distributions.

### Portfolio Snapshot

- Portfolio is currently positioned as a laddered model. A laddered bond portfolio is a multi-maturity investment strategy that diversifies holdings in a bond portfolio; seeking to provide structure, stability and a predictable cash flow.
- Investors should consider the laddered approach for two main reasons: (1) to hedge potential changes in interest rates, and (2) to provide flexibility for changes to an individual's financial situation over time.

#### Key Statistics\*

Target Holdings	15-25
Avg. Credit Rating	Baa1/BBB+
Yield to Worst	1.93%
Current Yield	3.52%
Coupon	3.97%
Avg. Duration	1.44
Option Adjusted Spread	66.64

- Portfolio statistics can vary over time in terms of Yield, Holdings and Risk Tolerance.

#### Investment Minimum

\$35,000

#### Top Holdings

Top Holdings	Rating	Weight
LPXIX	NA	10.0%
BXDYX	NA	10.0%
INTL Lease Fin	Baa3/BBB-	6.0%
American Tower	Baa3/BBB-	6.0%
Merrill Lynch	Baa1/BBB+	6.0%

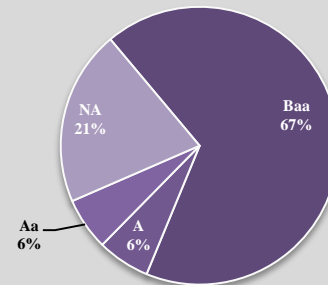
Ratings are Moody/S&P. Actual holdings can change over time based on availability and continued due diligence

#### Portfolio Managers

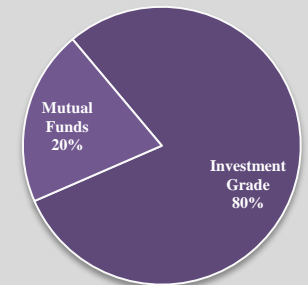
<b>Keith Knoop</b> CPM®	Financial Advisor Senior Portfolio Manager
<b>Joseph White</b> CPM®	Portfolio Management Associate

### Portfolio Composition

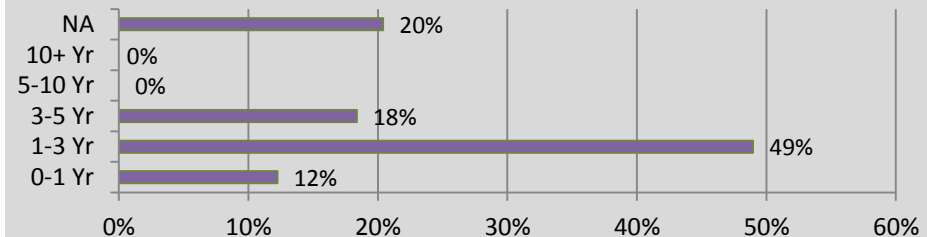
#### Target Credit Rating\*



#### Target Portfolio Composition\*



#### Allocation by Maturity\*



Sample Holdings consist of the top issues in each sector within the model portfolio as of the above date. These sample holdings are for informational purposes only and should not be deemed to be a recommendation to purchase or sell the securities mentioned. There are no guarantees that any securities mentioned will be held in a client's account. It should not be assumed that the securities transactions or holdings discussed were or will be profitable. Data are indicative only as of the given date. Holdings will fluctuate, and no assurance can be given that an actual portfolio will be able to obtain the same attributes. \* Please see additional important information at the end of this report \*

# Disclosures

## IMPORTANT INFORMATION AND QUALIFICATIONS

The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. Principal value and return of an investment will fluctuate with changes in market conditions.

This material is intended only for clients and prospective clients of the Portfolio Management program. It has been prepared solely for informational purposes only 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.

**Barbell**- Strategy in fixed income investing where half of the portfolio is composed of long-term bonds and the other half is composed of extremely short-term bonds. Strategy in its own right looks like a "barbell", since it is heavily weighted on both ends with nothing in between.

**Option Adjusted Spread**- Mainly used for fixed-income products, OAS measures the yield spread that is not directly attributable to the security's characteristics.

The individuals mentioned as the Portfolio Management Team are Financial Advisors with Morgan Stanley participating in the Morgan Stanley Portfolio Management program. The Portfolio Management program is an investment advisory program in which the client's Financial Advisor invests the client's assets on a discretionary basis in a range of securities. The Portfolio Management program is described in the applicable Morgan Stanley ADV Part 2, available at [www.morganstanley.com/ADV](http://www.morganstanley.com/ADV) or from your Financial Advisor.

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 performance, holdings, sector weightings, portfolio traits and other data for an actual account may differ from that in this material due to various factors including the size of an account, cash flows within an account, and restrictions on an account.

Bonds are subject to interest rate risk. When interest rates rise, bond prices fall; generally the longer a bond's maturity, the more sensitive it is to this risk. Bonds may also be subject to call risk, which is the risk that the issuer will redeem the debt at its option, fully or partially, before the scheduled maturity date. The market value of debt instruments may fluctuate, and proceeds from sales prior to maturity may be more or less than the amount originally invested or the maturity value due to changes in market conditions or changes in the credit quality of the issuer. Bonds are subject to the credit risk of the issuer. This is the risk that the issuer might be unable to make interest and/or principal payments on a timely basis. Bonds are also subject to reinvestment risk, which is the risk that principal and/or interest payments from a given investment may be reinvested at a lower interest rate.

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. High yield bonds should comprise only a limited portion of a balanced portfolio.

Preferred securities can be called prior to maturity, which may reduce yield if purchased at a premium. Preferred securities may be subject to other call features or corporate restrictions that may have an effect similar to a call. Prices may fluctuate reflecting market interest rates and the issuer's credit status.

Top holdings, sector allocation, portfolio statistics and credit quality are based on the recommended portfolio for new investors as of the date specified. Holdings lists indicate the largest security holdings by allocation weight as of the specified date. Other data in this material is believed to be accurate as of the date this material was prepared unless stated otherwise. Data in this material may be calculated by Morgan Stanley or by third party providers licensed by the Financial Advisors or Morgan Stanley.

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