

Capital Preservation & Tax Free Income

All statistics as of: Sept 6, 2017

CRC:1889867 9/06/17

The portfolio is designed to be an actively monitored risk-optimized tax-advantaged portfolio. A solution generating tax free income with an emphasis's on capital preservation, and liquidity. The portfolio invests in municipal national tax free securities. 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 tax free income over a intermediate time horizon.

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	Aa3/AA-
Yield to Worst	2.09%
Current Yield	4.16%
Coupon	4.96%
Avg. Duration	6.28
*TEY (YTC) 39.6%	3.36%
*TEY (YTM) 39.6%	3.89%

- *TEY = Taxable Equivalent Yield
- *YTC = Yield To Call
- *YTM = Yield To Maturity
- Portfolio statistics can vary over time in terms of Yield, Holdings and Risk Tolerance.

Investment Minimum

\$100,000

Top Holdings

Top Holdings	Rating	Weight
Clark CNTY NV Impt Dist	Aa1/AA+	7.0%
Washington DC Metro Transit	NA/AA-	7.0%
North Carolina ST Med Care	Aa3/AA-	7.0%
San Antonio TX Wtr Rev	Aa2/AA	7.0%
University of Idaho Rev	Aa3/A+	7.0%

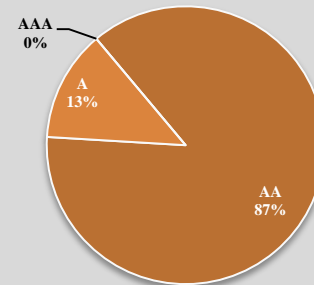
Ratings are Moodys and S&P. Actual holdings can change over time based on availability and continued due diligence

Portfolio Managers

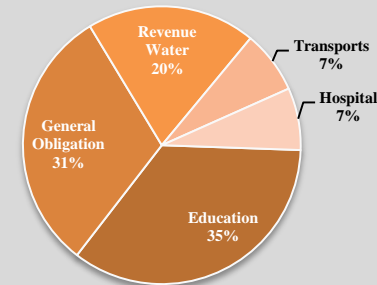
Keith Knoop CPM®	Financial Advisor Senior Portfolio Manager
Joseph White CPM®	Portfolio Management Associate

Portfolio Composition

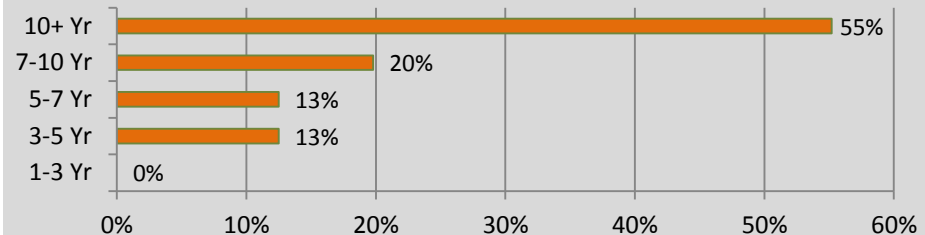
Target Credit Rating*



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 *

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 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.

Interest in municipal bonds is generally exempt from federal income tax. However, some bonds may be subject to the alternative minimum tax (AMT). Typically, state tax-exemption applies if securities are issued within one's state of residence and, local tax-exemption typically applies if securities are issued within one's city of residence.

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.

A taxable equivalent yield is only one of many factors that should be considered when making an investment decision. Morgan Stanley and its Financial Advisors or Private Wealth Advisors do not offer tax advice; investors should consult their tax advisors before making any tax-related investment decisions.

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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