Prepared for

Virginia State University

VSU VIRGINIA STATE

December 31, 2020

Graystone Consulting℠

Morgan Stanley Relationship with Virginia State University - Over the Years

With coordination through Jonathan Young of VSU, Morgan Stanley has engaged in the following:

- Hugh Steiner (Morgan Stanley's Southern Virginia Complex Director) has been a guest instructor for classes at VSU.
- He has taken VSU students to the Richmond Ballet.
- Hugh has served on various Industry Councils.
- Morgan Stanley hired Amina Mogaji in 2016 (a VSU graduate) who worked in New York as our NBA (Next Best Action) Content Coordinator. NBA is a hi-tech and high touch contact tool to communicate ideas to clients. Now she is in California as a Consulting Group advisory director for Morgan Stanley.
- Morgan Stanley is sponsoring 4 VSU students this semester to take the online course Business of Entertainment from Columbia Business School.
- Stephanie Churchill and Morgan Franklin are holding a Diversity and Inclusion Panel discussion Feb 2021.
- Later this year, a Mentorship Program will be established where 5 local Morgan Stanley employees will mentor 5 VSU students and help them with Resume writing, interview guidelines, and will provide students with a direct connection with someone in the business world.

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Introduction

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- The S&P 500 saw continued gains in the fourth quarter, following a moderate third quarter and a sharp rally in the second quarter. Equities rallied 12.1% on the quarter, following a quarter in which they gained 8.5%. Equities continued to rally as investors cheered the much-anticipated $900 billion stimulus package and the start of vaccine distribution, as well as robust economic data and easy monetary policy. Both international developed and emerging market equities outperformed the US in the fourth quarter. Morgan Stanley & Co. U.S. Equity Strategy has a 3,900 price target on the S&P 500 to December 2021.

- After the S&P 500 sectors finished the third quarter posting moderate returns, the sectors finished the fourth quarter with stronger performance. While Consumer Discretionary, Materials, and Industrials were the top-performing sectors in 3Q20, returning 15.06%, 13.31%, and 12.48%, respectively, Energy, Financials and Industrials were the top-performing sectors in 4Q20, returning 27.8%, 23.2%, and 15.7%, respectively. Laggards included Utilities, Consumer Staples, and Real Estate despite still increasing by 6.5%, 6.3%, and 5.0%, respectively. Other major US indices were also up for the quarter: The Dow Jones Industrial Average rose 10.7% and the NASDAQ Composite rose 15.7%.

- The MSCI EAFE Index (a benchmark for international developed markets) rose 16.1% while the MSCI Emerging Markets Index rose 19.6% for the quarter. Both international developed markets and emerging markets outperformed US equities by 400 and 750 basis points, respectively.

- The US aggregate bond market was positive for a consecutive quarter and outperformed on an absolute but not on a relative basis as investors took on more risk within pro-recovery trades. The Bloomberg Barclays US Aggregate Bond Index, a general measure of the bond market, rose 0.67%.

- Morgan Stanley & Co. economists expect US real GDP will be -2.2% in Q4 2020, but forecast positive GDP growth for 2021 as economic recovery continues.

- Commodities were up in the third quarter; the Bloomberg Commodity Index rose by 10.2% and Gold rose by 0.7%.

Source: FactSet, Bloomberg, Morgan Stanley & Co. Research, Morgan Stanley Wealth Management GIC

Capital Markets Overview: 4Q 2020

The US Economy

Quarterly Update as of December 31, 2020 and Forecasts as of December 22, 2020

Awaiting finalized Q4 data, the Bureau of Economic Analysis estimated that real Gross Domestic Product increased at an annualized rate of 33.4% in 3Q20, in comparison to a 31.4% decrease in 2Q20. Morgan Stanley & Co. economists forecast US Real GDP growth to grow at a 4.8% annualized pace in 4Q20, up from 3.5% expected previously, owing to the fact that exit momentum from the third quarter was strong enough that base effects alone have set a solid foundation for 4Q20 growth in the event of a sharp slowdown. Having expected a deceleration of growth in late Q4 into 1Q21, MS & Co. projects 0.0% year-on-year average growth for 1Q21, with a ramp-up to 12.2% in 2Q21.

The seasonally adjusted unemployment rate for November 2020 was 6.7%, steadily decreasing each month after peaking in April at 14.7%. In November, total nonfarm payrolls were +245K. The improvements in the labor market reflect the continued end-of-year resumption in economic activity to curtail effects of the pandemic. The number of long-term unemployed (those jobless for 27 weeks or more) was 3.9 million, an increase of 385,000 MoM.

According to the most recent data from the Federal Reserve Bank of St. Louis, corporate profits increased 36% quarter over quarter and increased 10.3% year over year.

The Bureau of Labor Statistics has reported a +.2% MoM price increase, and a 1.2% price increase for the year ending November 2020. Morgan Stanley & Co. economists forecast a 1.5% inflation rate for 1Q21, with a steady increase persisting into the new year.

The Census Bureau reported that the number of new private-sector housing starts in November was at a seasonally adjusted annual rate of 1,639,000—up 8.5% from November of last year.

The Census Bureau also reported that seasonally adjusted retail and food services sales declined 1.1% from the previous month, but increased 4.1% above November 2019. Consumer confidence decreased in December, with Conference Board Consumer Confidence Index reading 88.6, after reading 92.9 in November. Despite the decline, the US National Economy Expectations Diffusion Index increased from 84.3 in November to 87.5 in December.

In September, the Institute for Supply Management's (ISM) Purchasing Managers Index (PMI), a manufacturing sector index, registered 57.5% in November, down 1.8% from October. Overall, this figure indicates expansion in the overall economy for the seventh month in a row after a contraction in April, which had been the lowest since 2008. Generally speaking, a PMI or NMI (ISM Non-Manufacturing Index) over 50 indicates that the sector is expanding, and a PMI below 50 indicates that the sector is shrinking.

The ISM's Non-Manufacturing Index (NMI) for November was 55.9%—this represents the sixth straight month of growth in the services sector after the April and May contraction.

Source: FactSet, Bloomberg, Morgan Stanley & Co. Research, Federal Reserve Bank of St. Louis, Morgan Stanley Wealth Management GIC

Capital Markets Overview: 4Q 2020

US Equity Markets

As of 4Q 2020

The Dow Jones Industrial Average gained 10.7% in the fourth quarter of 2020, while the NASDAQ Composite Index gained 15.7%. The S&P 500 Index climbed 12.1% over the same time period.

All 11 sectors of the S&P 500 gained in the fourth quarter with Energy the top performer, having gained 27.8%, and Real Estate the laggard, with a return of 5.0%. In addition, Financials outperformed amid news that the Fed will allow large-cap banks to restart buybacks, leading to a gain of 23.2%. Energy, Financials and Industrials were the top-performing sectors in 4Q20, returning 27.8%, 23.2%, and 15.7%, respectively. Laggards included Utilities, Consumer Staples, and Real Estate despite still increasing by 6.5%, 6.3%, and 5.0%, respectively.

The Russell Midcap gained 19.9% on the quarter, with mid-cap value (20.4%) outperforming mid-cap growth (19.0%).

The Russell 2000, a small-cap index, gained 31.4% for the quarter, with small-cap value (33.3%) outperforming small-cap growth (29.6%).

Key US Stock Market Index Returns (%) for the Period Ending 12/31/2020

INDEX IN USD	Quarter	12 Months	5-Years (Annualized)	7-Years (Annualized
S&P 500	12.15%	18.40%	15.20%	12.90%
Dow Jones	10.73%	9.72%	14.64%	11.80%
Russell 2000	31.37%	19.96%	13.24%	9.33%
Russell Midcap	19.91%	17.10%	13.38%	10.95%
Russell 1000	13.69%	20.96%	15.58%	13.03%

Source: FactSet, Bloomberg, Morgan Stanley Wealth Management GIC

Capital Markets Overview: 4Q 2020

Global Equity Markets

As of 4Q 2020

International outperformed US equities in the fourth quarter of 2020 despite still gaining on the back of global stimulus and amid choppy progress on the fight against the COVID pandemic. The MSCI EAFE Index (a benchmark for international developed markets) advanced 16.1% for US-currency investors.

In the fourth quarter, the MSCI Emerging Markets Index also rallied by 19.8% for US-currency investors. The MSCI Europe Index advanced 15.7% for US-currency investors, while the MSCI Japan outperformed, gaining 15.2%.

The S&P 500 Index rallied 12.1% for the quarter.

Emerging economy equity market indices also rallied in the third quarter. The MSCI BRIC (Brazil, Russia, India and China) Index gained 15.3% in US dollar terms, while the MSCI EM Asia Index rose 18.6%.

Key Global Stock Market Index Returns (%) for the Period Ending 12/31/2020

INDEX IN USD	Quarter	12 Months	5-Years (Annualized)	7-Years (Annualized)
MSCI EAFE	16.09%	8.28%	7.96%	4.88%
MSCI EAFE Growth	13.13%	18.68%	10.91%	7.72%
MSCI EAFE Value	19.26%	-2.10%	4.82%	1.89%
MSCI Europe	15.66%	5.93%	7.41%	4.02%
MSCI Japan	15.24%	15.13%	9.08%	7.23%
S&P 500	12.15%	18.40%	15.20%	12.90%
MSCI Emerging Markets	19.77%	18.69%	13.20%	6.55%

Source: FactSet, Bloomberg, Morgan Stanley Wealth Management GIC

Capital Markets Overview: 4Q 2020

The US Bond Market

As of 4Q 2020

The bond market was positive for a third consecutive quarter, outperforming on an absolute but not relative basis, as investors continued to take on risk in 4Q. The Bloomberg Barclays US Aggregate Bond Index, a general measure of the bond market, rose 0.67%.

Interest rates remained zero-bound, as the yield on the 10-year US Treasury note remained range-bound, closing the quarter at 0.91%, up from the third quarter but still down from 1.92% at the end of 2019. The shortest end of the curve fell in 1Q as the Fed cut its Fed funds target rate, with the yield on 3-month Treasury bills falling to 0.06% as of Q4, from 1.54% at the start of the year.

Riskier parts of the bond market, such as US high yield debt, gained the most in the fourth quarter, buoyed by the market's risk-on sentiment. The Bloomberg Barclays High Yield Index, a measure of lower-rated corporate bonds, rallied 6.45%.

Mortgage-backed securities continued to show slight gains in the fourth quarter. The Bloomberg Barclays Mortgage-Backed Securities Index rose .24%. Municipal bonds rallied slightly more; the Bloomberg Barclays Municipal Index gained 1.82%.

Key US Bond Market Index Returns (%) for the Period Ending 12/31/2020

INDEX IN USD	Quarter	12 Months	5-Years (Annualized)	7-Years (Annualized)
Bloomberg Barclays US Aggregate	0.67%	7.51%	4.43%	4.08%
Bloomberg Barclays High Yield	6.45%	7.11%	8.58%	5.73%
Bloomberg Barclays Government/Credit	0.79%	9.11%	4.98%	4.42%
Bloomberg Barclays Government	-0.83%	8.00%	3.77%	3.53%
Bloomberg Barclays Intermediate Govt/Credit	0.48%	6.53%	3.65%	3.21%
Bloomberg Barclays Long Govt/Credit	1.68%	16.12%	9.34%	8.78%
Bloomberg Barclays Mortgage Backed Securities	0.24%	3.87%	3.05%	3.26%
Bloomberg Barclays Muni	1.82%	5.21%	3.91%	4.54%

Source: FactSet, Bloomberg, Morgan Stanley & Co. Research, Morgan Stanley Wealth Management GIC

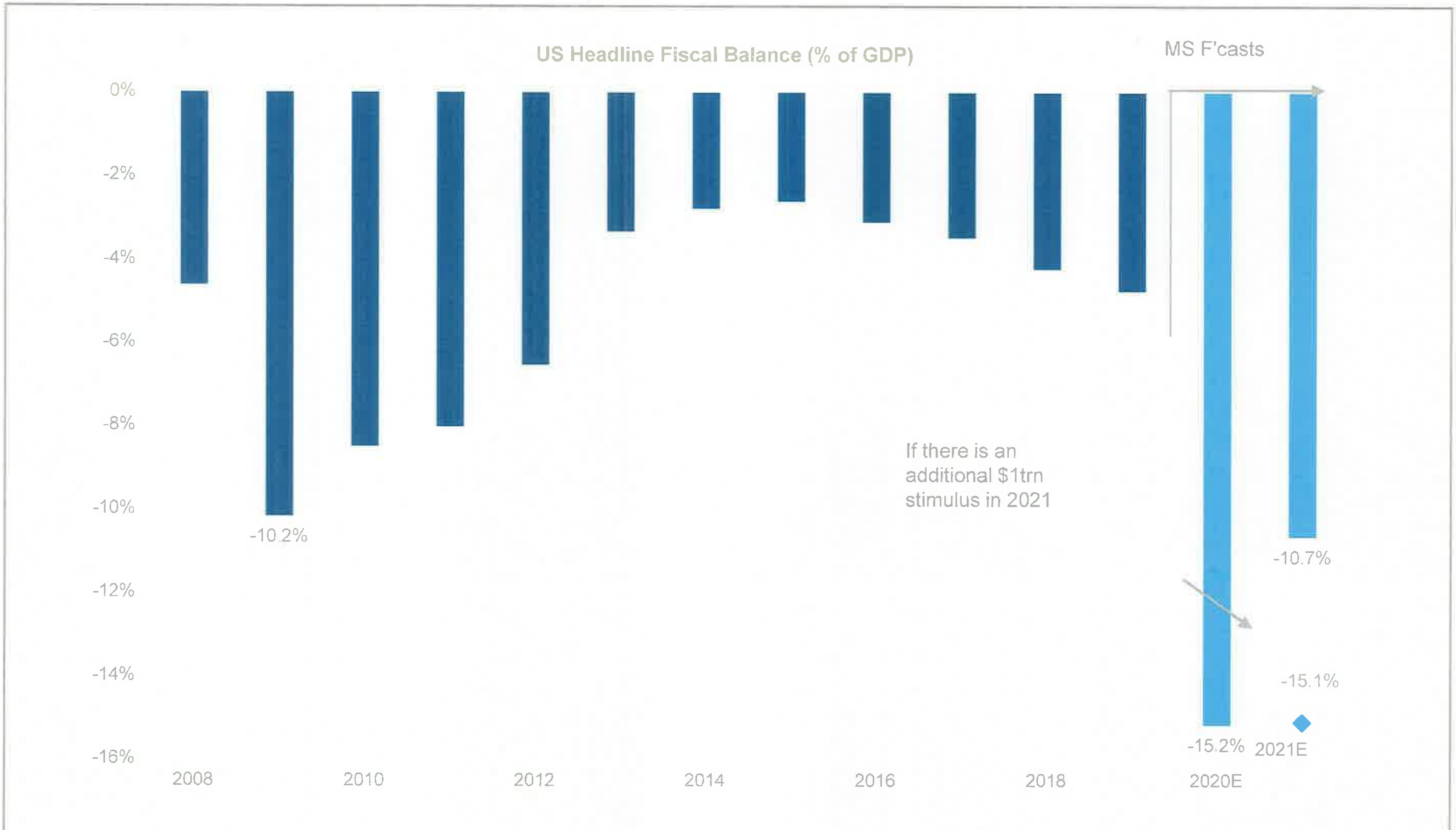
Bond Market Catching up Should Be Catalyst for a Pause, Not End in Bull Market

As of January 13, 2021

- **4 Reasons to Remain Bullish:** (1) new bull markets have begun with a recession and have typically run for years not months. (2) the health crisis has brought unprecedented monetary and fiscal stimulus that is likely to become structural in nature—a policy regime shift; (3) economic data surprises and positive earnings revisions support our V-shaped recovery and forecast for higher equity prices; (4) operating leverage should drive meaningful upside to consensus earnings next year.
- **But, Markets May Be Due for Some Consolidation/Correction:** (1) new administration could order greater lockdowns/restrictions in the coming weeks; (2) interest rate risk growing with Democratic control of Congress and Fed having to contemplate a little less dovishness; (3) institutional positioning appears full and retail sentiment now looks extreme; (4) some speculative assets significantly overvalued.
- **V-Shaped Recovery Is Here.** The Fed's unprecedented response, in conjunction with Congress, has driven a remarkable recovery from the depths of this recession. With Global GDP output having already fully recovered, US economy could be back to pre-COVID levels by 2Q21 and pre-COVID *trend* by 4Q21. US nominal GDP growth could approach 8% this year, a level last reached in 1984.
- **Operating Leverage Is Underappreciated.** Speed and depth of unemployment cycle and cost cutting should drive unprecedented operating leverage this year. *Average* stock could outperform index by 2:1. S&P 500 Equal Weight > S&P 500 Market Weight since the summer as large-cap tech underperforms. We expect that to continue.
- **Barbell of GARP and Cyclicals with a Skew Toward Small/Mid Caps.** In line with our recession/recovery playbook, we continue to recommend a mix of reasonably priced growth stocks (GARP) with the biggest potential beneficiaries of a continued recovery—i.e., cyclicals. Focus on companies that are likely to deliver the strongest operating leverage as business returns. This is likely to include some lower-quality stocks affected the most by the lockdowns **Our US style and sector recommendations reflect this view.** Overweight small/mid over large, Financials, Consumer Cyclicals/Services, Materials, Industrials, and Healthcare. Underweight Utilities and Consumer Staples.
- **Inflation Is the Key to the Secular Bull Market for Stocks and Secular Bear Market for Bonds.** The shift in policy from monetary to fiscal dominance is a significant change that has strong implications for our asset allocation recommendations. A US recession was a necessary condition for this outcome and the health-crisis nature of this event further supports our view for this regime shift. Finally, we remind investors about the other inflationary trends that were well established before this recession began—populism, nationalism, de-globalization, and a sign that the US dollar may either lose or have to share its reserve currency status. Recent US election outcome is an accelerant to this view.
- **We Recommend Being Overweight to Equities and Credit, Underweight Interest Rate Risk—i.e., Duration.** We also recommend owning some commodities as another inflation hedge. Avoid profitless growth stocks and pure bond proxies/defensives. Cash is *not* king with front-end rates at zero and rising inflation. We think the biggest risk to equities and other long-duration risk assets will come from the interest rate channel. A non-linear move in back-end rates will likely lead to an overdue correction/consolidation. Be patient here and use pullbacks around higher rates/less dovish Fed as buying opportunities, led by US cyclicals, international and small/mid caps.

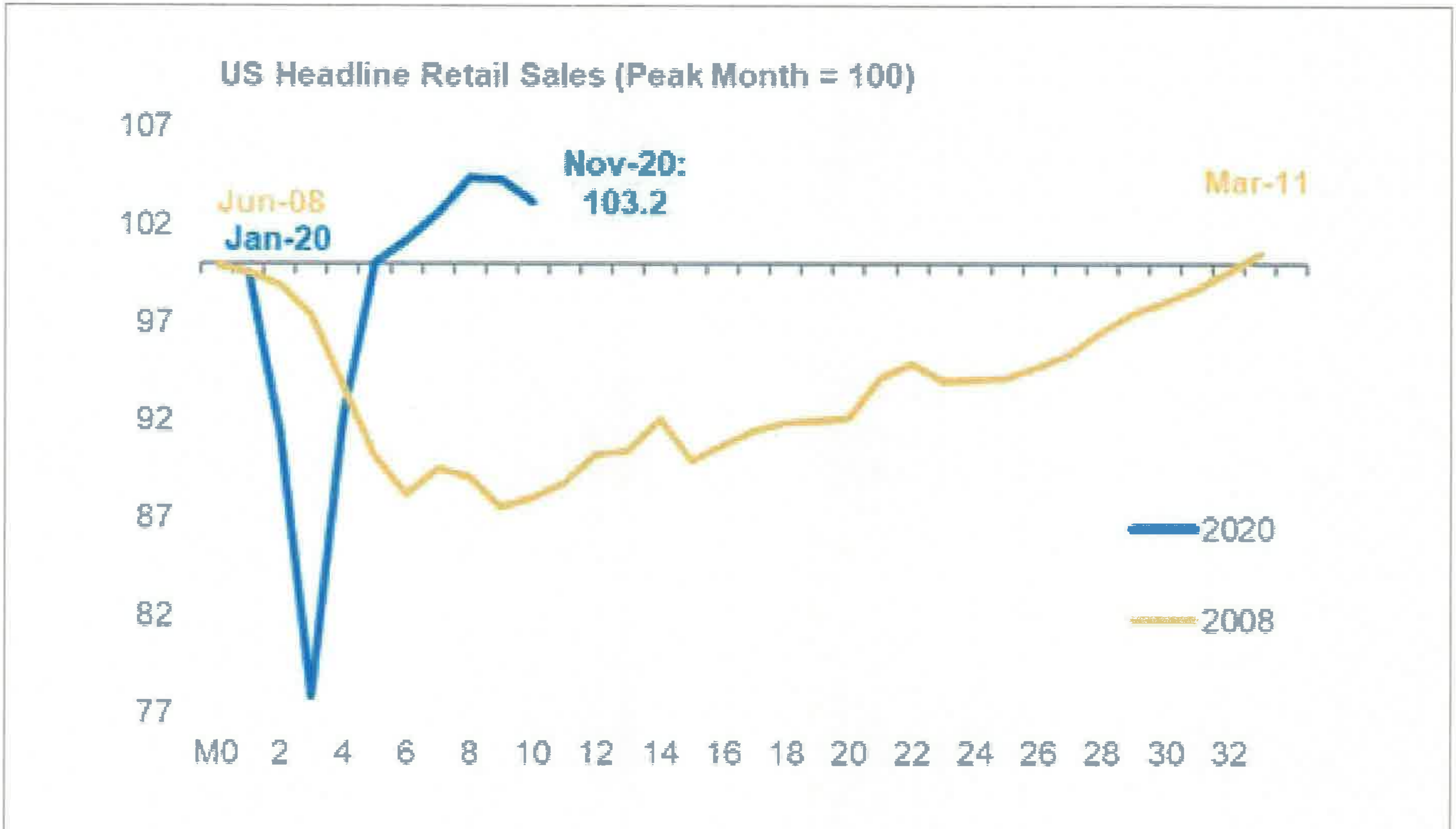
Source: Morgan Stanley & Co. Research

Fiscal Policy Is Different This Time and Suggests "Helicopter Money" Is Here



Source: Bloomberg, Morgan Stanley & Co. Research as of December 31, 2020

Fiscal Spending Has Created *Incremental* Demand, Not Just Filling a Hole



Source: Bloomberg, Morgan Stanley & Co. Research as of December 31, 2020

Stocks May Be the Better Way to Play/Hedge Inflation—Especially Cyclicals

Source: Bloomberg, Morgan Stanley & Co. Research as of January 12, 2021

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The Bull Market in "Stocks" Appears Intact

Source: Bloomberg, Morgan Stanley & Co. Research as of January 12, 2021
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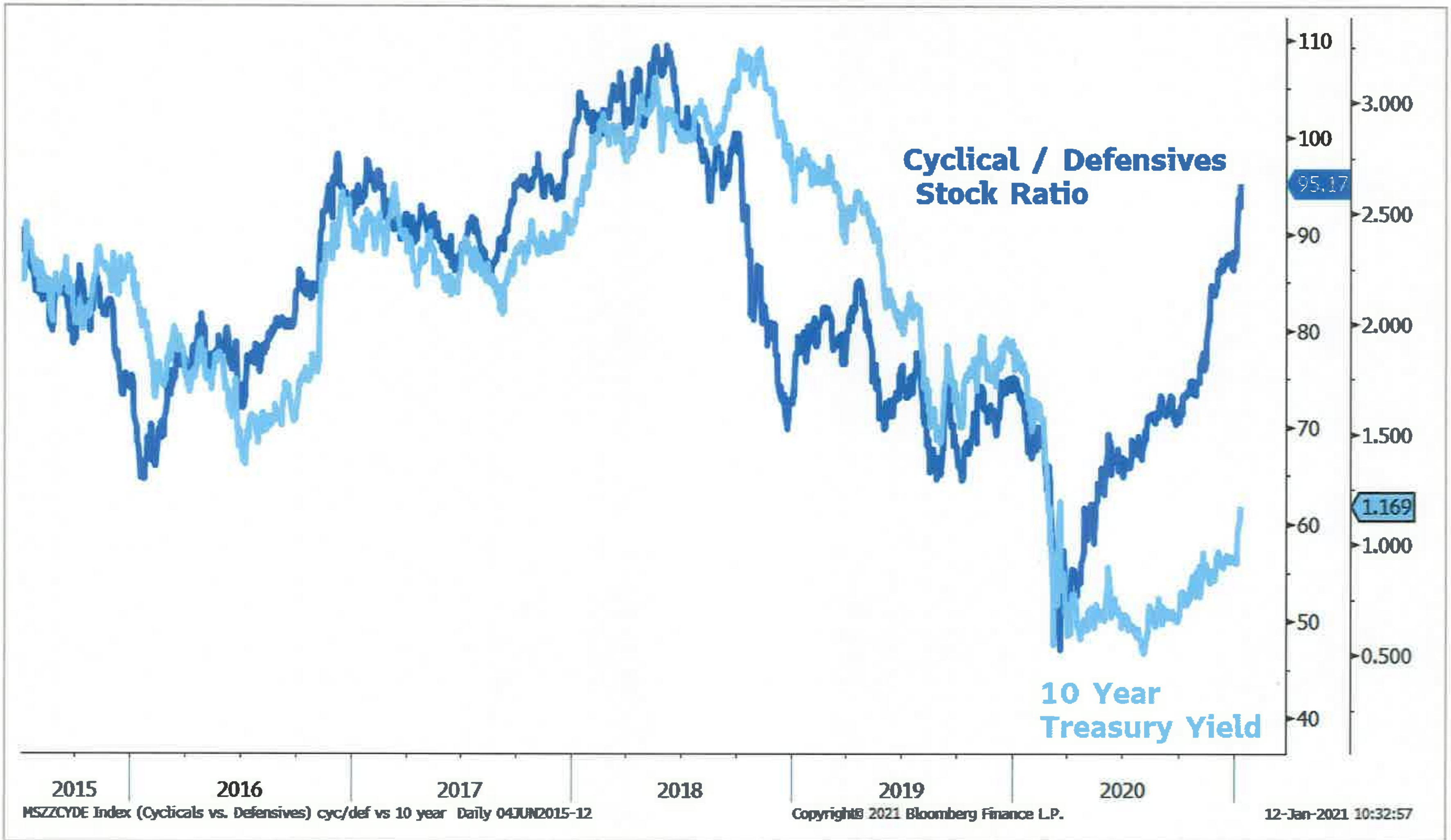
Most Mispriced Asset Is 10-Year US Treasuries—Time for Catch-up Has Arrived



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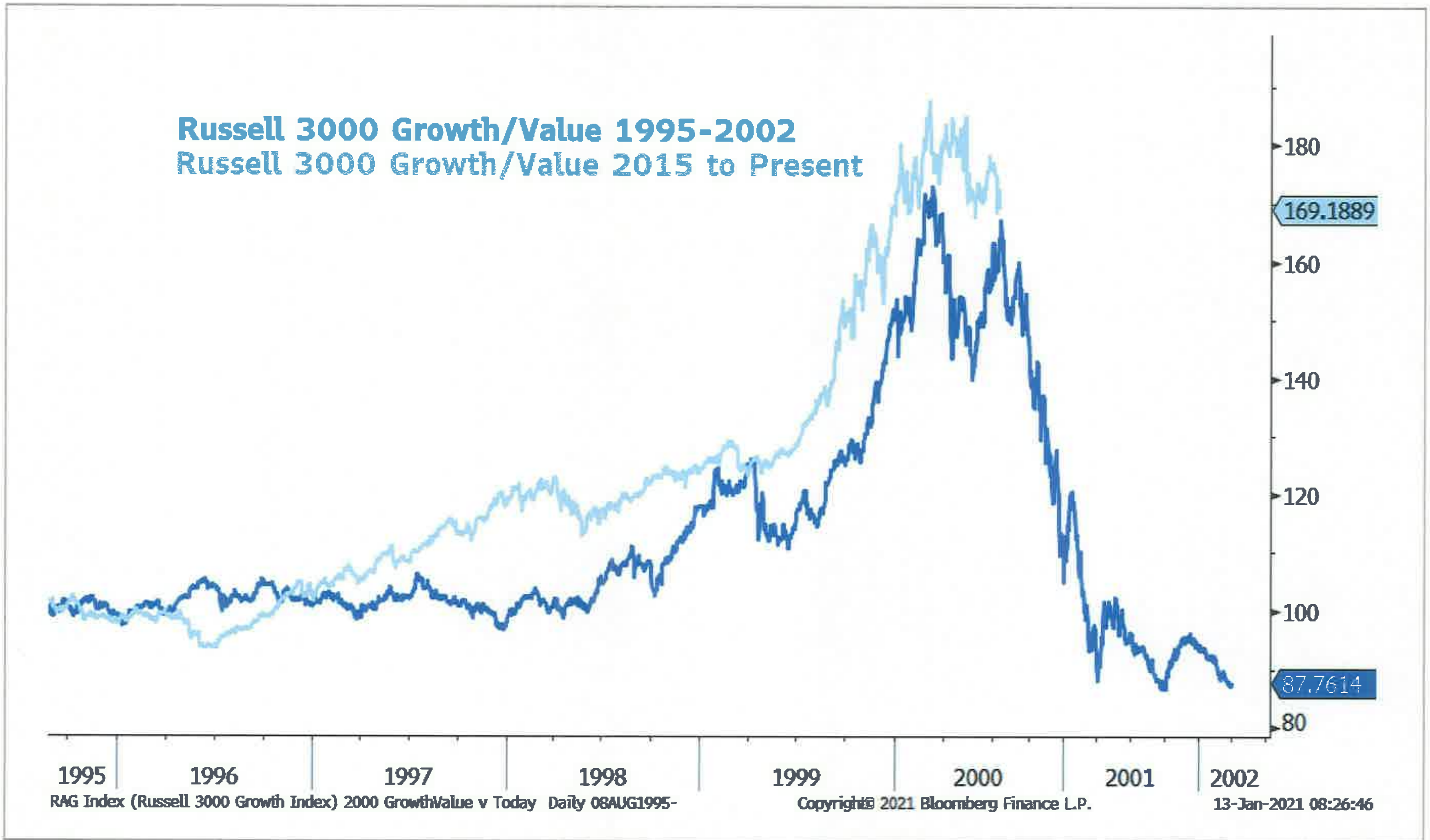
Value / Growth Extreme, but Turning Now as Rates Start to Normalize



Source: Bloomberg, Morgan Stanley & Co. Research as of January 13, 2021

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The proprietary **Value Score** methodology considers an active investment strategies' value proposition relative to its costs. From a historical quantitative study of several quantitative markers, Value Score measures perceived forward-looking benefit and computes (1) "fair value" expense ratios for most traditional investment managers across 40 categories and (2) managers' perceived "excess value" by comparing the fair value expense ratios to actual expense ratios. Managers are then ranked within each category by their excess value to assign a Value Score. Our analysis suggests that greater levels of excess value have historically corresponded to attractive subsequent performance.

For more information on the ranking models, please see *Adverse Active AlphaSM 2.0: Scoring Active Managers According to Potential Alpha* and *Value Score: Scoring Fee Efficiency by Comparing Managers' "Fair Value" and Actual Expense Ratios*. The whitepapers are available from your Financial Advisor or Private Wealth Advisor. ADVERSE ACTIVE ALPHA is a registered service mark of Morgan Stanley and/or its affiliates. U.S. Pat. No. 8,756,098 applies to the Adverse Active Alpha system and/or methodology.

Additionally, highly ranked managers can have differing risk profiles that might not be appropriate for all investors. For more information on AAA, please see the Adverse Active Alpha Ranking Model and Selecting Managers with Adverse Active Alpha whitepapers. The whitepaper are available from your Financial Advisor or Private Wealth Advisor. ADVERSE ACTIVE ALPHA is a registered service mark of Morgan Stanley and/or its affiliates. U.S. Pat. No. 8,756,098 applies to the Adverse Active Alpha system and/or methodology.

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The type of mutual funds and ETFs discussed in this presentation utilizes nontraditional or complex investment strategies and/or derivatives. Examples of these types of funds include those that utilize one or more of the below noted investment strategies or categories or which seek exposure to the following markets: (1) commodities (e.g., agricultural, energy and metals), currency, precious metals; (2) managed futures; (3) leveraged, inverse or inverse leveraged; (4) bear market, hedging, long-short equity, market neutral; (5) real estate; (6) volatility (seeking exposure to the CBOE VIX Index). Investors should keep in mind that while mutual funds and ETFs may, at times, utilize nontraditional investment options and strategies, they should not be equated with unregistered privately offered alternative investments. Because of regulatory limitations, mutual funds and ETFs that seek alternative-like investment exposure must utilize a more limited investment universe. As a result, investment returns and portfolio characteristics of alternative mutual funds and ETFs may vary from traditional hedge funds pursuing similar investment objectives. Moreover, traditional hedge funds have limited liquidity with long "lock-up" periods allowing them to pursue investment strategies without having to factor in the need to meet client redemptions and ETFs trade on an exchange. On the other hand, mutual funds typically must meet daily client redemptions. This differing liquidity profile can have a material impact on the investment returns generated by a mutual fund or ETF pursuing an alternative investing strategy compared with a traditional hedge fund pursuing the same strategy.

Nontraditional investment options and strategies are often employed by a portfolio manager to further a fund's investment objective and to help offset market risks. However, these features may be complex, making it more difficult to understand the fund's essential characteristics and risks, and how it will perform in different market environments and over various periods of time. They may also expose the fund to increased volatility and unanticipated risks particularly when used in complex combinations and/or accompanied by the use of borrowing or "leverage."
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KEY ASSET CLASS CONSIDERATIONS AND OTHER RISKS

Investing in the markets entails the risk of market volatility. The value of all types of investments, including stocks, mutual funds, exchange-traded funds ("ETFs"), closed-end funds, and unit investment trusts, may increase or decrease over varying time periods. To the extent the investments depicted herein represent **international securities**, you should be aware that there may be additional risks associated with international investing, including foreign economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes, and differences in financial and accounting standards. These risks may be magnified in **emerging markets and frontier markets**. **Small- and mid-capitalization companies** may lack the financial resources, product diversification and competitive strengths of larger companies. In addition, the securities of small- and mid-capitalization companies may not trade as readily as, and be subject to higher volatility than, those of larger, more established companies. The value of **fixed income securities** will fluctuate and, upon a sale, may be worth more or less than their original cost or maturity value. Bonds are subject to interest rate risk, call risk, reinvestment risk, liquidity risk, and credit risk of the issuer. **High yield bonds** are subject to additional risks such as increased risk of default and greater volatility because of the lower credit quality of the issues. In the case of **municipal bonds**, income is generally exempt from federal income taxes. Some income may be subject to state and local taxes and to the federal alternative minimum tax. Capital gains, if any, are subject to tax. **Treasury Inflation Protection Securities' (TIPS)** coupon payments and underlying principal are automatically increased to compensate for inflation by tracking the consumer price index (CPI). While the real rate of return is guaranteed, TIPS tend to offer a low return. Because the return of TIPS is linked to inflation, TIPS may significantly underperform versus conventional U.S. Treasuries in times of low inflation. There is no guarantee that investors will receive par if TIPS are sold prior to maturity. The returns on a portfolio consisting primarily of **environmental, social, and governance-aware investments ("ESG")** 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. The companies identified and investment examples are for illustrative purposes only and should not be deemed a recommendation to purchase, hold or sell any securities or investment products. They are intended to demonstrate the approaches taken by managers who focus on ESG criteria in their investment strategy. There can be no guarantee that a client's account will be managed as described herein. **Options** and margin trading involve substantial risk and are not appropriate for all investors. Besides the general investment risk of holding securities that may decline in value and the possible loss of principal invested, **closed-end funds** may have additional risks related to declining market prices relative to net asset values (NAVs), active manager underperformance and potential leverage. Closed-end funds, unlike open-end funds, are not continuously offered. There is a one-time public offering and once issued, shares of closed-end funds are sold in the open market through a stock exchange. Shares of closed-end funds frequently trade at a discount from their NAV which may increase investors' risk of loss. The risk of loss due to this discount may be greater for investors expecting to sell their shares in a relatively short period after completion of the public offering. This characteristic is a risk separate and distinct from the risk that a closed-end fund's net asset value may decrease as a result of investment activities. NAV is total assets less total liabilities divided by the number of shares outstanding. At the time an investor purchases shares of a closed-end fund, shares may have a market price that is above or below NAV. Portfolios 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 those that diversify among a broad range of sectors.

Alternative investments often are speculative and include a high degree of risk. Investors could lose all or a substantial amount of their investment. Alternative investments are appropriate only for eligible, long-term investors who are willing to forgo liquidity and put capital at risk for an indefinite period of time. They may be highly illiquid and can engage in leverage and other speculative practices that may increase the volatility and risk of loss. Alternative Investments typically have higher fees than traditional investments. Investors should carefully review and consider potential risks before investing. Certain of these risks may include but are not limited to: Loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative practices; Lack of liquidity in that there may be no secondary market for a fund; Volatility of returns; Restrictions on transferring interests in a fund; Potential lack of diversification and resulting higher risk due to concentration of trading authority when a single advisor is utilized; Absence of information regarding valuations and pricing; Complex tax structures and delays in tax reporting; Less regulation and higher fees than mutual funds; Risks associated with the operations, personnel, and processes of the manager; and Risks associated with cybersecurity. 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These limitations include survivorship bias (the returns of the indices may not be representative of all the hedge funds in the universe because of the tendency of lower performing funds to leave the index); heterogeneity (not all hedge funds are alike or comparable to one another, and the index may not accurately reflect the performance of a described style); and limited data (many hedge funds do not report to indices, and the index may omit funds, the inclusion of which might significantly affect the performance shown. The HFRI indices are based on information self-reported by hedge fund managers that decide on their own, at any time, whether or not they want to provide, or continue to provide, information to HFR Asset Management, L.L.C. Results for funds that go out of business are included in the index until the date that they cease operations. Therefore, these indices may not be complete or accurate representations of the hedge fund universe, and may be biased in several ways. Composite index results are shown for illustrative purposes and do not represent the performance of a specific investment. Individual funds have specific tax risks related to their investment programs that will vary from fund to fund. Clients should consult their own tax and legal advisors as Morgan Stanley Wealth Management does not provide tax or legal advice. Interests in alternative investment products are offered pursuant to the terms of the applicable offering memorandum , are distributed by Morgan Stanley Wealth Management and certain of its affiliates, and (1) are not FDIC-insured, (2) are not deposits or other obligations of Morgan Stanley Wealth Management or any of its affiliates, (3) are not guaranteed by Morgan Stanley Wealth Management and its affiliates, and (4) involve investment risks, including possible loss of principal. Morgan Stanley Wealth Management is a registered broker-dealer, not a bank. 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Investment products in this category may employ various investment strategies and techniques for both hedging and more speculative purposes such as short -selling, leverage, derivatives and options, which can increase volatility and the risk of investment loss. Alternative investments are not appropriate for all investors. As a diversified global financial services firm, Morgan Stanley Wealth Management engages in a broad spectrum of activities including financial advisory services, investment management activities, sponsoring and managing private investment funds, engaging in broker-dealer transactions and principal securities, commodities and foreign exchange transactions, research publication, and other activities. In the ordinary course of its business, Morgan Stanley Wealth Management therefore engages in activities where Morgan Stanley Wealth Management's interests may conflict with the interests of its clients , including the private investment funds it manages. 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A majority of Alternative Investment managers reviewed and selected by GIMA pay or cause to be paid an ongoing fee for distribution from their management fees to Morgan Stanley Wealth Management in connection with Morgan Stanley Wealth Management clients that purchase an interest in an Alternative Investment and in some instances pay these fees on the investments held by advisory clients. Morgan Stanley Wealth Management rebates such fees that are received and attributable to an investment held by an advisory client and retains the fees paid in connection with investments held by brokerage clients. Morgan Stanley Wealth Management has a conflict of interest in offering alternative investments because Morgan Stanley Wealth Management or our affiliates, in most instances, earn more money in your account from your investments in alternative investments than from other investment options.

It should be noted that the majority of hedge fund indexes are comprised of hedge fund manager returns. This is in contrast to traditional indexes, which are comprised of individual securities in the various market segments they represent and offer complete transparency as to membership and construction methodology. As such, some believe that hedge fund index returns have certain biases that are not present in traditional indexes. Some of these biases inflate index performance, while others may skew performance negatively. However, many studies indicate that overall hedge fund index performance has been biased to the upside. Some studies suggest performance has been inflated by up to 260 basis points or more annually depending on the types of biases included and the time period studied. Although there are numerous potential biases that could affect hedge fund returns, we identify some of the more common ones throughout this paper.

Self-selection bias results when certain manager returns are not included in the index returns and may result in performance being skewed up or down. Because hedge funds are private placements,

hedge fund managers are able to decide which fund returns they want to report and are able to opt out of reporting to the various databases. Certain hedge fund managers may choose only to report returns for funds with strong returns and opt out of reporting returns for weak performers. Other hedge funds that close may decide to stop reporting in order to retain secrecy, which may cause a downward bias in returns.
Survivorship bias results when certain constituents are removed from an index. This often results from the closure of funds due to poor performance, "blow ups," or other such events. As such, this bias typically results in performance being skewed higher. As noted, hedge fund index performance biases can result in positive or negative skew. However, it would appear that the skew is more often positive. While it is difficult to quantify the effects precisely, investors should be aware that idiosyncratic factors may be giving hedge fund index returns an artificial "lift" or upwards bias.

Hedge Funds of Funds and many funds of funds are private investment vehicles restricted to certain qualified private and institutional investors. They are often speculative and include a high degree of risk. Investors can lose all or a substantial amount of their investment. They may be highly illiquid, can engage in leverage and other speculative practices that may increase volatility and the risk of loss, and may be subject to large investment minimums and initial lockups. They involve complex tax structures, tax-inefficient investing and delays in distributing important tax information. Categorically, hedge funds and funds of funds have higher fees and expenses than traditional investments, and such fees and expenses can lower the returns achieved by investors. Funds of funds have an additional layer of fees over and above hedge fund fees that will offset returns. An investment in an **exchange-traded fund** involves risks similar to those of investing in a broadly based portfolio of equity securities traded on an exchange in the relevant securities market, such as market fluctuations caused by such factors as economic and political developments, changes in interest rates and perceived trends in stock and bond prices. An investment in a **target date portfolio** is subject to the risks attendant to the underlying funds in which it invests, in these portfolios the funds are the Consulting Group Capital Market funds. A target date portfolio is geared to investors who will retire and/or require income at an approximate year. The portfolio is managed to meet the investor's goals by the pre-established year or "target date." A target date portfolio will transition its invested assets from a more aggressive portfolio to a more conservative portfolio as the target date draws closer. An investment in the target date portfolio is not guaranteed at any time, including, before or after the target date is reached. **Managed futures** investments are speculative, involve a high degree of risk, use significant leverage, are generally illiquid, have substantial charges, subject investors to conflicts of interest, and are appropriate only for the risk capital portion of an investor's portfolio. Managed futures investments do not replace equities or bonds but rather may act as a complement in a well diversified portfolio. Managed Futures are complex and not appropriate for all investors. **Rebalancing** does not protect against a loss in declining financial markets. There may be a potential tax implication with a rebalancing strategy.

Asset allocation and diversification do not assure a profit or protect against loss in declining financial markets. Past performance is no guarantee of future results. Actual results may vary.

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Indices are unmanaged and investors cannot directly invest in them. They are not subject to expenses or fees and are often comprised of securities and other investment instruments the liquidity of which is not restricted. A particular investment product may consist of securities significantly different than those in any index referred to herein. Composite index results are shown for illustrative purposes only, generally do not represent the performance of a specific investment, may not, for a variety of reasons, be an appropriate comparison or benchmark for a particular investment and may not necessarily reflect the actual investment strategy or objective of a particular investment. Consequently, comparing an investment to a particular index may be of limited use.

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For index, indicator and survey definitions referenced in this report please visit the following: https://www.morganstanley.com/wealth-investmentsolutions/wmir-definitions

GLOBAL INVESTMENT COMMITTEE (GIC) ASSET ALLOCATION MODELS: The Asset Allocation Models are created by Morgan Stanley Wealth Management's GIC.

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FEES REDUCE THE PERFORMANCE OF ACTUAL ACCOUNTS: None of the fees or other expenses (e.g. commissions, mark-ups, mark-downs, fees) associated with actual trading or accounts are reflected in the GIC Asset Allocation Models. The GIC Asset Allocation Models and any model performance included in this presentation are intended as educational materials. Were a client to use these models in connection with investing, any investment decisions made would be subject to transaction and other costs which, when compounded over a period of years, would decrease returns. Information regarding Morgan Stanley's standard advisory fees is available in the Form ADV Part 2, which is available at www.morganstanley.com/adv. The following hypothetical illustrates the compound effect fees have on investment returns: For example, if a portfolio's annual rate of return is 15% for 5 years and the account pays 50 basis points in fees per annum, the gross cumulative five-year return would be 101.1% and the five-year return net of fees would be 96.8%. Fees and/or expenses would apply to clients who invest in investments in an account based on these asset allocations, and would reduce clients' returns. The impact of fees and/or expenses can be material.

Variable annuities are long-term investments designed for retirement purposes and may be subject to market fluctuations, investment risk, and possible loss of principal. All guarantees, including optional benefits, are based on the financial strength and claims-paying ability of the issuing insurance company and do not apply to the underlying investment options. Optional riders may not be able to be purchased in combination and are available at an additional cost. Some optional riders must be elected at time of purchase. Optional riders may be subject to specific limitations, restrictions, holding periods, costs, and expenses as specified by the insurance company in the annuity contract. If you are investing in a **variable annuity** through a tax-advantaged retirement plan such as an IRA, you will get no additional tax advantage from the variable annuity. Under these circumstances, you should only consider buying a variable annuity because of its other features, such as lifetime income payments and death benefits protection. Taxable distributions (and certain deemed distributions) are subject to ordinary income tax and, if taken prior to age 59½, may be subject to a 10% federal income tax penalty. Early withdrawals will reduce the death benefit and cash surrender value.

Equity securities may fluctuate in response to news on companies, industries, market conditions and general economic environment. **Ultrashort-term fixed income** asset class is comprised of fixed income securities with high quality, very short maturities. They are therefore subject to the risks associated with debt securities such as credit and interest rate risk.

Master Limited Partnerships (MLPs) are limited partnerships or limited liability companies that are taxed as partnerships and whose interests (limited partnership units or limited liability company units) are traded on securities exchanges like shares of common stock. Currently, most MLPs operate in the energy, natural resources or real estate sectors. Investments in MLP interests are subject to the risks generally applicable to companies in the energy and natural resources sectors, including commodity pricing risk, supply and demand risk, depletion risk and exploration risk. Individual MLPs are publicly traded partnerships that have unique risks related to their structure. These include, but are not limited to, their reliance on the capital markets to fund growth, adverse ruling on the current tax treatment of distributions (typically mostly tax deferred), and commodity volume risk. The potential tax benefits from investing in MLPs depend on their being treated as partnerships for federal income tax purposes and, if the MLP is deemed to be a corporation, then its income would be subject to federal taxation at the entity level, reducing the amount of cash available for distribution to the fund which could result in a reduction of the fund's value. MLPs carry interest rate risk and may underperform in a rising interest rate environment. MLP funds accrue deferred income taxes for future tax liabilities associated with the portion of MLP distributions considered to be a tax-deferred return of capital and for any net operating gains as well as capital appreciation of its investments; this deferred tax liability is reflected in the daily NAV, and, as a result, the MLP fund's after-tax performance could differ significantly from the underlying assets even if the pre-tax performance is closely tracked.

Investing in commodities entails significant risks. Commodity prices may be affected by a variety of factors at any time, including but not limited to, (i) changes in supply and demand relationships, (ii) governmental programs and policies, (iii) national and international political and economic events, war and terrorist events, (iv) changes in interest and exchange rates, (v) trading activities in commodities and related contracts, (vi) pestilence, technological change and weather, and (vii) the price volatility of a commodity. In addition, the commodities markets are subject to temporary distortions or other disruptions due to various factors, including lack of liquidity, participation of speculators and government intervention. **Physical precious metals** are non-regulated products. Precious metals are speculative investments, which may experience short-term and long term price volatility. The value of precious metals investments may fluctuate and may appreciate or decline, depending on market conditions. Unlike bonds and stocks, precious metals do not make interest or dividend payments. Therefore, precious metals may not be appropriate for investors who require current income. Precious metals are commodities that should be safely stored, which may impose additional costs on the investor.

REITs investing risks are similar to those associated with direct investments in real estate: property value fluctuations, lack of liquidity, limited diversification and sensitivity to economic factors such as interest rate changes and market recessions. Risks of **private real estate** include: illiquidity; a long-term investment horizon with a limited or nonexistent secondary market; lack of transparency; volatility (risk of loss); and leverage. Principal is returned on a monthly basis over the life of a **mortgage-backed security.** Principal prepayment can significantly affect the monthly income stream and the maturity of any type of MBS, including standard MBS, CMOs and Lottery Bonds. **Asset-backed securities** generally decrease in value as a result of interest rate increases, but may benefit less than other fixed-income securities from declining interest rates, principally because of prepayments.

Yields are subject to change with economic conditions. Yield is only one factor that should be considered when making an investment decision. **Credit ratings** are subject to change. **Duration**, the most commonly used measure of bond risk, quantifies the effect of changes in interest rates on the price of a bond or bond portfolio. The longer the duration, the more sensitive the bond or portfolio would be to changes in interest rates. The majority of $25 and $1000 par **preferred securities** are "callable" meaning that the issuer may retire the securities at specific prices and dates prior to maturity. Interest/dividend payments on certain preferred issues may be deferred by the issuer for periods of up to 5 to 10 years, depending on the particular issue. The investor would still have income tax liability even though payments would not have been received. Price quoted is per $25 or $1,000 share, unless otherwise specified. Current yield is calculated by multiplying the coupon by par value divided by the market price. The initial interest rate on a **floating-rate security** may be lower than that of a fixed-rate security of the same maturity because investors expect to receive additional income due to future increases in the floating security's underlying reference rate. The reference rate could be an index or an interest rate. However, there can be no assurance that the reference rate will increase. Some floating-rate securities may be subject to call risk. The market value of **convertible bonds** and the underlying common stock(s) will fluctuate and after purchase may be worth more or less than original cost. If sold prior to maturity, investors may receive more or less than their original purchase price or maturity value, depending on market conditions. Callable bonds may be redeemed by the issuer prior to maturity. Additional call features may exist that could affect yield. Some $25 or $1000 **par preferred securities** are QDI (Qualified Dividend Income) eligible. Information on QDI eligibility is obtained from third party sources. The dividend income on QDI eligible preferreds qualifies for a reduced tax rate. Many traditional 'dividend paying' perpetual preferred securities (traditional preferreds with no maturity date) are QDI eligible. In order to qualify for the preferential tax treatment all qualifying preferred securities must be held by investors for a minimum period – 91 days during a 180 day window period, beginning 90 days before the ex-dividend date.

Companies paying **dividends** can reduce or cut payouts at any time.

Nondiversification: For a portfolio that holds a concentrated or limited number of securities, a decline in the value of these investments would cause the portfolio's overall value to decline to a greater degree than a less concentrated portfolio. The **indices selected by Morgan Stanley Wealth Management** to measure performance are representative of broad asset classes. Morgan Stanley Wealth Management retains the right to change representative indices at any time. Because of their narrow focus, **sector investments** tend to be more volatile than investments that diversify across many sectors and companies.

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.

Any type of **continuous or periodic investment plan** does not assure a profit and does not protect against loss in declining markets. Since such a plan involves continuous investment in securities regardless of fluctuating price levels of such securities, the investor should consider his financial ability to continue his purchases through periods of low price levels.

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VIRGINIA STATE

Performance Review
December 31, 2020

Graystone Consulting℠

ASSET ALLOCATION ANALYSIS

Virginia State University — AS OF 12/31/2020

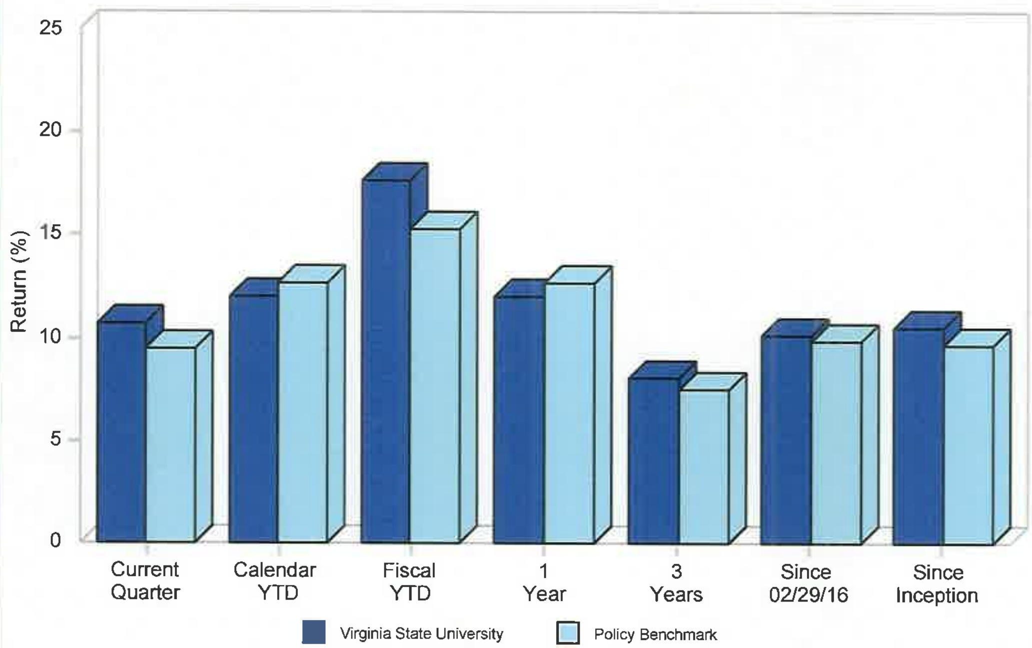
Asset Allocation	*Lower Limit %*	*Upper Limit %*	*Strategic Allocation %*	*Total Fund %*	*Percentage Difference*	*Strategic Allocation $000*	*Total Fund Allocation $000*	*Target Rebalance $000*
Virginia State University			**100.0**	**100.0**	**0.0**	**$23,294**	**$23,294**	**-**
Domestic Equities			**36.0**	**36.7**	**0.7**	**$8,386**	**$8,538**	**-$153**
iShares Russell 1000 Growth ETF	0.0	11.5	6.5	6.5	0.0	$1,514	$1,522	-$7
T. Rowe Price Blue Chip Grth Mutual Fd	0.0	11.5	6.5	6.5	0.0	$1,514	$1,513	$1
iShares Russell 1000 Value ETF	0.0	10.0	4.3	4.2	-0.1	$999	$978	$22
MFS Value Mutual Fd	0.0	10.0	4.3	4.2	-0.1	$999	$978	$22
Oakmark Mutual Fd	0.0	10.0	4.4	4.5	0.1	$1,030	$1,046	-$17
iShares Russell Mid Growth ETF	0.0	8.0	3.0	3.4	0.4	$699	$791	-$92
Thompson Siegel Mid Value SMA	0.0	8.0	3.0	3.1	0.1	$699	$723	-$25
T. Rowe QM Small Cap Grth Mutual Fd	0.0	7.0	2.0	2.1	0.1	$466	$489	-$23
Silvercrest Small Cap Value SMA	0.0	7.0	2.0	2.1	0.1	$466	$499	-$33
International Equities			**23.0**	**23.7**	**0.7**	**$5,358**	**$5,510**	**-$152**
Harding Loevner Intl Fd	3.5	13.5	8.5	8.9	0.4	$1,980	$2,075	-$96
Lazard Intl Equity Select ADR SMA	3.5	13.5	8.5	8.6	0.1	$1,980	$1,995	-$15
iShares Core MSCI Emerg Mtks	0.0	8.0	3.0	3.1	0.1	$699	$732	-$33
Hartford Schroders EM Equity	0.0	8.0	3.0	3.0	0.0	$699	$708	-$9
Fixed Income Investments			**20.0**	**19.4**	**-0.6**	**$4,659**	**$4,511**	**$148**
Pioneer Ultrashort Mutual Fd	0.0	7.0	2.0	1.9	-0.1	$466	$450	$16
Lord Abbett Short Dur Inc Mutual Fd	0.0	8.0	3.0	2.9	-0.1	$699	$677	$22
Prudential Total Rtn Bond Mutual Fd	0.0	10.0	5.0	4.8	-0.2	$1,165	$1,128	$37
Western Core Plus Bond Mutual Fd	0.0	10.0	5.0	4.8	-0.2	$1,165	$1,129	$36
PIMCO Intl Bd US$ Hedged Mutual Fd	0.0	8.0	3.0	2.9	-0.1	$699	$676	$23
BlackRock High Yield Bond Mutual Fd	0.0	7.0	2.0	1.9	-0.1	$466	$452	$14
Alternative Investments			**21.0**	**20.3**	**-0.7**	**$4,892**	**$4,734**	**$157**
Guggenheim Macro Opps Mutual Fd	0.0	10.0	5.0	4.9	-0.1	$1,165	$1,131	$33
Neuberger Berman LS Fd	2.0	12.0	7.0	6.8	-0.2	$1,631	$1,578	$52
Calamos Market Neutral Inc Fd	4.0	14.0	9.0	8.7	-0.3	$2,096	$2,025	$72

TOTAL FUND SUMMARY

Virginia State University

AS OF 12/31/2020

Portfolio Performance(%)

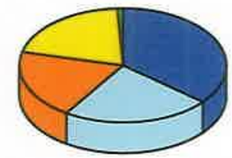


Investment Returns (%)	Current Quarter	Calendar YTD	Fiscal YTD (6/30)	1 Year	3 Years	Since 02/29/16	Since Inception	Inception Date
Virginia State University	***10.73***	***11.99***	***17.69***	***11.99***	***8.05***	***10.13***	***10.56***	***02/09/2016***
Policy Benchmark*	9.47	12.69	15.28	12.69	7.56	9.85	9.65	02/09/2016

Asset Growth ($000)

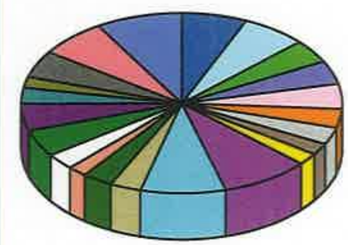
	Current Quarter	Calendar YTD	Fiscal YTD	1 Year	3 Years	Since 02/29/16	Since Inception	Inception Date
Virginia State University								***02/09/2016***
Beginning Market Value	20,282	20,527	19,154	20,527	18,425	8,769	8,556	
Net Contributions	806	340	732	340	141	6,116	6,112	
Gain/Loss	2,207	2,427	3,408	2,427	4,728	8,409	8,626	
Ending Market Value	23,294	23,294	23,294	23,294	23,294	23,294	23,294	

Asset Allocation (%)



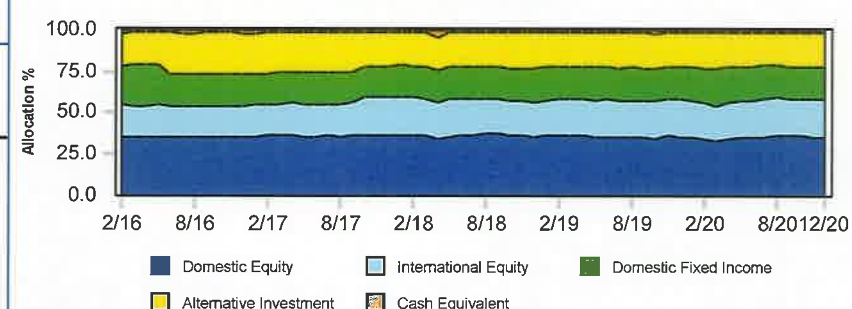
	Allocation (%)
Domestic Equity	36.0
International Equity	23.2
Domestic Fixed Income	19.5
Alternative Investment	20.4
Cash Equivalent	0.9

Asset Allocation By Manager



	Allocation (%)
iShares Russell 1000 Growth ETF	6.5
T. Rowe Price Blue Chip Grth Mutual Fd	6.5
iShares Russell 1000 Value ETF	4.2
MFS Value Mutual Fd	4.2
Oakmark Mutual Fd	4.5
iShares Russell Mid Growth ETF	3.4
Thompson Siegel Mid Value SMA	3.1
T. Rowe QM Small Cap Grth Mutual Fd	2.1
Silvercrest Small Cap Value SMA	2.1
Harding Loevner Intl Fd	8.9
Lazard Intl Equity Select ADR SMA	8.6
iShares Core MSCI Emerg Mkts	3.1
Hartford Schroders EM Equity	3.0
Pioneer Ultrashort Mutual Fd	1.9
Lord Abbett Short Dur Inc Mutual Fd	2.9
Prudential Total Rtn Bond Mutual Fd	4.8
Western Core Plus Bond Mutual Fd	4.8
PIMCO Intl Bd US$ Hedged Mutual Fd	2.9
BlackRock High Yield Bond Mutual Fd	1.9
Guggenheim Macro Opps Mutual Fd	4.9
Neuberger Berman LS Fd	6.8
Calamos Market Neutral Inc Fd	8.7

Allocation Over Time



*Policy Benchmark is comprised of the following indices: 55% MSCI ACWI net, 20% Barclays Aggregate, 25% HFRX Global Hedge.

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MANAGER PERFORMANCE SUMMARY

Virginia State University

AS OF 12/31/2020

	Allocation		Performance						
	Allocation $000	Allocation %	Current Quarter	Calendar YTD	Fiscal YTD (6/30)	1 Year	3 Years	Since Inception	Inception Date
Virginia State University	***$23,294***	***100.0***	***10.73***	***11.99***	***17.69***	***11.99***	***8.05***	***10.56***	***02/09/2016***
Policy Benchmark*			9.47	12.69	15.28	12.69	7.56	9.65	02/09/2016
Domestic Equities	***$8,538***	***36.7***							
iShares Russell 1000 Growth ETF	$1,522	6.5	10.80	37.24	25.44	37.24	22.53	23.52	02/09/2016
Russell 1000 Gr			11.39	38.49	26.12	38.49	22.99	24.33	
T. Rowe Price Blue Chip Grth Mutual Fd	$1,513	6.5	7.90	35.31	21.07	35.31	21.62	24.37	02/09/2016
Russell 1000 Gr			11.39	38.49	26.12	38.49	22.99	24.33	
iShares Russell 1000 Value ETF	$978	4.2	15.92	2.22	22.26	2.22	5.68	11.50	02/09/2016
Russell 1000 Value			16.25	2.80	22.75	2.80	6.07	12.00	
MFS Value Mutual Fd	$978	4.2	12.41	3.64	18.99	3.64	6.72	12.06	02/09/2016
Russell 1000 Value			16.25	2.80	22.75	2.80	6.07	12.00	
Oakmark Mutual Fd	$1,046	4.5	24.16	12.90	31.87	12.90	7.89	15.51	02/09/2016
Russell 1000 Value			16.25	2.80	22.75	2.80	6.07	12.00	
iShares Russell Mid Growth ETF	$791	3.4	18.85	35.03	30.09	35.03	20.11	21.79	02/09/2016
Russell Midcap Growth			19.02	35.59	30.18	35.59	20.50	22.67	
Thompson Siegel Mid Value SMA	$723	3.1	22.34	4.06	26.46	4.06	5.59	10.66	02/09/2016
Russell Midcap Value			20.43	4.96	28.14	4.96	5.37	12.19	
T. Rowe QM Small Cap Grth Mutual Fd	$489	2.1	22.31	23.69	31.02	23.69	15.22	19.95	02/09/2016
Russell 2000 Gr			29.61	34.63	38.88	34.63	16.19	21.61	
Silvercrest Small Cap Value SMA	$499	2.1	29.21	5.86	30.66	5.86	3.69	12.97	02/09/2016
Russell 2000 VL			33.36	4.64	36.77	4.64	3.72	12.49	
International Equities	***$5,510***	***23.7***							
Harding Loevner Intl Fd	$2,075	8.9	16.11	20.30	26.13	20.30	8.97	9.14	10/10/2017
MSCI AC World ex US Net			17.01	10.65	24.33	10.65	4.88	5.94	
Lazard Intl Equity Select ADR SMA	$1,995	8.6	13.86	9.00	22.82	9.00	4.54	9.21	02/09/2016
MSCI EAFE Net			16.05	7.81	21.61	7.81	4.28	10.02	

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MANAGER PERFORMANCE SUMMARY

Virginia State University | AS OF 12/31/2020

	Allocation		Performance						
	Allocation $000	Allocation %	Current Quarter	Calendar YTD	Fiscal YTD (6/30)	1 Year	3 Years	Since Inception	Inception Date
iShares Core MSCI Emerg Mtks	$732	3.1	18.87	17.75	31.78	17.75	5.61	6.53	10/10/2017
MSCI EM IMI Net			19.95	18.39	31.68	18.39	5.77	7.24	
Hartford Schroders EM Equity	$708	3.0	21.33					18.39	08/25/2020
MSCI EM Net			19.70					17.10	
Fixed Income Investments	***$4,511***	***19.4***							
Pioneer Ultrashort Mutual Fd	$450	1.9	0.86	-0.53	2.10	-0.53	1.51	1.72	02/09/2016
FTSE Treasury Bill 3 Month			0.03	0.58	0.06	0.58	1.56	1.18	
Lord Abbett Short Dur Inc Mutual Fd	$677	2.9	1.61	3.02	3.07	3.02	3.27	3.30	02/09/2016
BC Gov/Cr 1-3 Yr			0.21	3.33	0.44	3.33	2.98	2.11	
Prudential Total Rtn Bond Mutual Fd	$1,128	4.8	2.34	7.98	4.13	7.98	5.97	5.59	02/09/2016
Barclays Aggregate			0.67	7.51	1.29	7.51	5.34	4.10	
Western Core Plus Bond Mutual Fd	$1,129	4.8	3.10	9.34	4.95	9.34	6.53	6.02	05/20/2016
Barclays Aggregate			0.67	7.51	1.29	7.51	5.34	4.08	
PIMCO Intl Bd US$ Hedged Mutual Fd	$676	2.9	2.07	6.03	4.23	6.03	5.24	5.14	02/09/2016
Citi Non-US WGBI HED			0.88	4.67	1.91	4.67	5.37	4.28	
BlackRock High Yield Bond Mutual Fd	$452	1.9	6.20	5.69	11.31	5.69	5.75	8.47	02/09/2016
BC Corp HY 2% Issuer Capped			6.44	7.05	11.31	7.05	6.21	9.65	
Alternative Investments	***$4,734***	***20.3***							
Guggenheim Macro Opps Mutual Fd	$1,131	4.9	5.72	11.52	12.18	11.52	4.64	6.26	02/09/2016
HFRX Fixed Income - Credit Index			5.38	11.31	9.48	11.31	4.83	5.25	
Neuberger Berman LS Fd	$1,578	6.8	4.91					4.85	08/25/2020
HFRX Equity Hedge			7.77					8.36	
Calamos Market Neutral Inc Fd	$2,025	8.7	1.96					2.26	08/25/2020
HFRX EH Equity Market Neutral			3.15					2.42	

*Policy Benchmark is comprised of the following indices: 55% MSCI ACWI net, 20% Barclays Aggregate, 25% HFRX Global Hedge.

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Performance Appendix

Performance Data below is net of fees. Please see the Morgan Stanley Smith Barney LLC Form ADV Part 2 Brochure for advisory accounts and/or any applicable brokerage account trade confirmation statements for a full disclosure of the applicable charges, fees and expenses. Your Financial Advisor will provide those documents to you upon request.

Account Name	QTD	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
BlackRock High Yield Bond Mutual Fd	6.11	5.33	5.33	5.40	--	--	8.17	02/09/2016
Calamos Market Neutral Inc Fd	1.87	--	--	--	--	--	2.17	08/25/2020
Guggenheim Macro Opps Mutual Fd	5.62	11.14	11.14	4.28	--	--	5.98	02/09/2016
Harding Loevner Intl Fd	16.01	19.89	19.89	8.61	--	--	8.72	10/10/2017
Hartford Schroders EM Equity	21.23	--	--	--	--	--	18.29	08/25/2020
Lazard Intl Equity Select ADR SMA	13.69	8.31	8.31	3.88	--	--	8.68	02/09/2016
Lord Abbett Short Dur Inc Mutual Fd	1.52	2.67	2.67	2.92	--	--	3.03	02/09/2016
MFS Value Mutual Fd	12.31	3.29	3.29	6.36	--	--	11.74	02/09/2016
Neuberger Berman LS Fd	4.82	--	--	--	--	--	4.76	08/25/2020
Oakmark Mutual Fd	24.06	12.52	12.52	7.53	--	--	15.17	02/09/2016
PIMCO Intl Bd US$ Hedged Mutual Fd	1.98	5.67	5.67	4.88	--	--	4.87	02/09/2016
Pioneer Ultrashort Mutual Fd	0.77	-0.87	-0.87	1.16	--	--	1.47	02/09/2016
Prudential Total Rtn Bond Mutual Fd	2.25	7.61	7.61	5.61	--	--	5.31	02/09/2016
Silvercrest Small Cap Value SMA	28.97	5.04	5.04	2.88	--	--	12.29	02/09/2016
T. Rowe Price Blue Chip Grth Mutual Fd	7.81	34.87	34.87	21.21	--	--	23.96	02/09/2016
T. Rowe QM Small Cap Grth Mutual Fd	22.21	23.28	23.28	14.83	--	--	19.57	02/09/2016
Thompson Siegel Mid Value SMA	22.15	3.41	3.41	4.93	--	--	10.12	02/09/2016
Virginia State University	10.63	11.57	11.57	7.64	--	--	10.10	02/09/2016
Western Core Plus Bond Mutual Fd	3.02	8.97	8.97	6.17	--	--	5.69	05/20/2016
iShares Core MSCI Emerg Mtks	18.77	17.36	17.36	5.26	--	--	6.14	10/10/2017
iShares Russell 1000 Growth ETF	10.70	36.78	36.78	22.12	--	--	23.11	02/09/2016
iShares Russell 1000 Value ETF	15.83	1.88	1.88	5.33	--	--	11.18	02/09/2016
iShares Russell Mid Growth ETF	18.75	34.58	34.58	19.71	--	--	21.40	02/09/2016

All performance above are Time Weighted(TWR) performance

Glossary of Terms

Active Contribution Return: The gain or loss percentage of an investment relative to the performance of the investment benchmark.

Active Exposure: The percentage difference in weight of the portfolio compared to its policy benchmark.

Active Return: Arithmetic difference between the manager's return and the benchmark's return over a specified time period.

Actual Correlation: A measure of the correlation (linear dependence) between two variables X and Y, with a value between +1 and -1 inclusive. This is also referred to as coefficient of correlation.

Alpha: A measure of a portfolio's time weighted return in excess of the market's return, both adjusted for risk. A positive alpha indicates that the portfolio outperformed the market on a risk-adjusted basis, and a negative alpha indicates the portfolio did worse than the market.

Best Quarter: The highest quarterly return for a certain time period.

Beta: A measure of the sensitivity of a portfolio's time weighted return (net of fees) against that of the market. A beta greater than 1.00 indicates volatility greater than the market.

Consistency: The percentage of quarters that a product achieved a rate of return higher than that of its benchmark. The higher the consistency figure, the more value a manager has contributed to the product's performance.

Core: Refers to an investment strategy mandate that is blend of growth and value styles without a pronounced tilt toward either style.

Cumulative Selection Return (*Cumulative Return*): Cumulative investment performance over a specified period of time.

Distribution Rate: 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 return of capital.

Down Market Capture: The ratio of average portfolio returns over the benchmark during periods of negative benchmark return. Lower values indicate better product performance.

Downside Risk: A measure similar to standard deviation, but focuses only on the negative movements of the return series. It is calculated by taking the standard deviation of the negative quarterly set of returns. The higher the value, the more risk the product has.

Downside Semi Deviation: A statistical calculation that measures the volatility of returns below a minimum acceptable return. This return measure isolates the negative portion of volatility: the larger the number, the greater the volatility.

Drawdown: A drawdown is the peak-to-trough decline during a specific period of an investment, fund or commodity.

Excess over Benchmark: The percentage gain or loss of an investment relative to the investment's benchmark.

Excess Return: Arithmetic difference between the manager's return and the risk-free return over a specified time period.

Growth: A diversified investment strategy which includes investment selections that have capital appreciation as the primary goal, with little or no dividend payouts. These strategies can include reinvestment in expansion, acquisitions, and/or research and development opportunities.

Growth of Dollar: The aggregate amount an investment has gained or lost over a certain time period, also referred to as Cumulative Return, stated in terms of the amount to which an initial dollar investment would have grown over the given time period.

Investment Decision Process (IDP): A model for structuring the investment process and implementing the correct attribution methodologies. The IDP includes every decision made concerning the division of the assets under management over the various asset categories. To analyze each decision's contribution to the total return, a modeling approach must measure the marginal value of every individual decision. In this respect, the hierarchy of the decisions becomes very important. We therefore use the IDP model, which serves as a proper foundation for registering the decisions and relating them to each other.

Information Ratio: Measured by dividing the active rate of return by the tracking error. The higher the Information Ratio, the more value-added contribution by the manager.

Jensen's Alpha: The Jensen's alpha measure is a risk-adjusted performance measure that represents the average return on a portfolio or investment above or below that predicted by the capital asset pricing model (CAPM) given the portfolio's or investment's beta and the average market return. This metric is also commonly referred to as alpha..

Kurtosis: A statistical measure that is used to describe the distribution, or skewness, of observed data around the mean, sometimes referred to as the volatility of volatility.

Maximum Drawdown: The drawdown is defined as the percent retrenchment from a fund's peak to the fund's trough value. It is in effect from the time the fund's retrenchment begins until a new fund high is reached. The maximum drawdown encompasses both the period from the fund's peak to the fund's valley (length), and the time from the fund's valley to a new fund high (recovery). It measures the largest percentage drawdown that has occurred in any fund's data record.

Modern Portfolio Theory (MPT): An investment analysis theory on how risk-averse investors can construct portfolios to optimize or maximize expected return based on a given level of market risk, emphasizing that risk is an inherent part of higher reward.

Mutual Fund (MF): An investment program funded by shareholders that trade in diversified holdings and is professionally managed.

Peer Group: A combination of funds that share the same investment style combined as a group for comparison purposes.

Peer/ Plan Sponsor Universe: A combination of asset pools of total plan investments by specific sponsor and plan types for comparison purposes.

Performance Ineligible Assets: Performance returns are not calculated for certain assets because accurate valuations and transaction data for these assets are not processed or maintained by us. Common examples of these include life insurance, some annuities and some assets held externally.

Performance Statistics: A generic term for various measures of investment performance measurement terms.

Portfolio Characteristics: A generic term for various measures of investment portfolio characteristics.

Preferred Return: A term used in the private equity (PE) world, and also referred to as a "Hurdle Rate." It refers to the threshold return that the limited partners of a private equity fund must receive, prior to the PE firm receiving its carried interest or "carry."

Ratio of Cumulative Wealth: A defined ratio of the Cumulative Return of the portfolio divided by the Cumulative Return of the benchmark for a certain time period.

Regression Based Analysis: A statistical process for estimating the relationships among variables. It includes many techniques for modeling and analyzing several variables, when the focus is on the relationship between a dependent variable and one or more independent variables

Residual Correlation: Within returns-based style analysis, residual correlation refers to the portion of a strategy's return pattern that cannot be explained by its correlation to th is being compared.

Return: A rate of investment performance for the specified period.

Rolling Percentile Ranking: A measure of an investment portfolio's ranking versus a peer group for a specific rolling time period (i.e. Last 3 Years, Last 5 years, etc.).

R-Squared: The percentage of a portfolio's performance explained by the behavior of the appropriate benchmark. High R-Squared means a higher correlation of the portfolio's performance to the appropriate benchmark.

SA/CF (Separate Account/Comingled Fund): Represents an acronym for Separate Account and Commingled Fund investment vehicles.

Sector Benchmark: A market index that serves as a proxy for a sector within an asset class.

Sharpe Ratio: Represents the excess rate of return over the risk free return divided by the standard deviation of the excess return. The result is the absolute rate of return per unit of risk. The higher the value, the better the product's historical risk-adjusted performance results in.

Standard Deviation: A statistical measure of the range of a portfolio's performance; the variability of a return around its average return over a specified time period.

Total Fund Benchmark: The policy benchmark for a complete asset pool that could consist of multiple investment mandates.

Total Fund Composite: The aggregate of multiple portfolios within an asset pool or household.

Tracking Error: A measure of standard deviation for a portfolio's investment performance, relative to the performance of an appropriate market benchmark.

Treynor Ratio: A ratio that divides the excess return (above the risk free rate) by the portfolio's beta to arrive at a unified measure of risk adjusted return. It is generally used to rank portfolios, funds and benchmarks. A higher ratio is indicative of higher returns per unit of market risk. This measurement can help determine if the portfolio is reaching its goal of increasing returns while managing market risk.

Up Market Capture: The ratio of average portfolio returns over the benchmark during periods of positive benchmark return. Higher values indicate better product performance.

Upside Semi Deviation: A statistical calculation that measures the volatility of returns above an acceptable return. This return measure isolates the positive portion of volatility: the larger the number, the greater the volatility.

Value: A diversified investment strategy that includes investment selections which tend to trade at a lower price relative to its dividends, earnings, and sales. Common attributes are stocks that include high dividend, low price-to-book ratio, and/or low price-to-earnings ratio.

Worst Quarter: The lowest rolling quarterly return for a certain time period.

Information Disclosures

Performance results are annualized for time periods greater than one year and include all cash and cash equivalents, realized and unrealized capital gains and losses, and dividends, interest and income. The investment results depicted herein represent historical performance. As a result of recent market activity, current performance may vary from the figures shown. Past performance is not a guarantee of future results.

Please see the Morgan Stanley Smith Barney LLC Form ADV Part 2 Brochure for advisory accounts and/or any applicable brokerage account trade confirmation statements for a full disclosure of the applicable charges, fees and expenses. Your Financial Advisor will provide those documents to you upon request.

Benchmark indices and blends included in this material are for informational purposes only, are provided solely as a comparison tool and may not reflect the underlying composition and/or investment objective(s) associated with the account(s). Indices are unmanaged and not available for direct investment. Index returns do not take into account fees or other charges. Such fees and charges would reduce performance.

The performance data shown reflects past performance, which does not guarantee future results. Investment return and principal will fluctuate so that an investor's shares when redeemed may be worth more or less than original cost. Please note, current performance may be higher or lower than the performance data shown. For up to date month-end performance information, please contact your Financial Advisor or visit the funds' company website.

Investors should carefully consider the fund's investment objectives, risks, charges and expenses before investing. The prospectus and, if available the summary prospectus, contains this and other information that should be read carefully before investing. Investors should review the information in the prospectus carefully. To obtain a prospectus, please contact your Financial Advisor or visit the funds' company website.

Past performance is no guarantee of future results.

Investing involves market risk, including possible loss of principal. **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** involves the risk that the market may not recognize that securities are undervalued and they may not appreciate as anticipated. **Small and mid-capitalization companies** may lack the financial resources, product diversification and competitive strengths of larger companies. The securities of small capitalization companies may not trade as readily as, and be subject to higher volatility than those of larger, more established companies. **Bond funds** and bond holdings have the same interest rate, inflation and credit risks that are associated with the underlying bonds owned by the funds. The return of principal in bond funds, and in funds with significant bond holdings, is not guaranteed. **International securities'** prices may carry additional risks, including foreign economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes and differences in financial and accounting standards. International investing may not be for everyone. These risks may be magnified in emerging markets. **Alternative investments**, including private equity funds, real estate funds, hedge funds, managed futures funds, and funds of hedge funds, private equity, and managed futures funds, are speculative and entail significant risks that can include losses due to leveraging or\other speculative investment practices, lack of liquidity, volatility of returns, restrictions on transferring interests in a fund, potential lack of diversification, absence and/or delay of information regarding valuations and pricing, complex tax structures and delays in tax reporting, less regulation and higher fees than mutual funds and risks associated with the operations, personnel and processes of the advisor. **Master Limited Partnerships** (MLPs) are limited partnerships or limited liability companies that are taxed as partnerships and whose interests (limited partnership units or limited liability company units) are traded on securities exchanges like shares of common stock. Currently, most MLPs operate in the energy, natural resources or real estate sectors. Investments in MLP interests are subject to the risks generally a energy and natural resources sectors, including commodity pricing risk, supply and demand risk, depletion risk and exploration risk; and MLP interests in the real estate sector are subject to special risks, including interest rate and property value fluctuations, as well as risks related to general and economic conditions. Because of their narrow focus, MLPs maintain exposure to price volatility of commodities and/or underlying assets and tend to be more volatile than investments that diversify across many sectors and companies. MLPs are also subject to additional risks including: investors having limited control and rights to vote on matters affecting the MLP, limited access to capital, cash flow risk, lack of liquidity, dilution risk, conflict of interests, and limited call rights related to acquisitions.

Mortgage backed securities also involve prepayment risk, in that faster or slower prepayments than expected on underlying mortgage loans can dramatically alter the yield-to-maturity of a mortgage-backed security and prepayment risk includes the possibility that a fund may invest the proceeds at generally lower interest rates.

Tax managed funds may not meet their objective of being tax-efficient.

Real estate investments are subject to special risks, including interest rate and property value fluctuations, as well as risks related to general and economic conditions. **High yield** fixed income securities, also known as "junk bonds", are considered speculative, involve greater risk of default and tend to be more volatile than investment grade fixed income securities.

Credit quality is a measure of a bond issuer's creditworthiness, or ability to repay interest and principal to bondholders in a timely manner. The credit ratings shown are based on security rating as provided by Standard & Poor's, Moody's and/or Fitch, as applicable. Credit ratings are issued by the rating agencies for the underlying securities in the fund and not the fund itself, and the credit quality of the securities in the fund does not represent the stability or safety of the fund. Credit ratings shown range from AAA, being the highest, to D, being the lowest based on S&P and Fitch's classification (the equivalent of Aaa and C, respectively, by Moody(s). Ratings of BBB or higher by S&P and Fitch (Baa or higher by Moody's) are considered to be investment grade-quality securities. If two or more of the agencies have assigned different ratings to a security, the highest rating is applied. Securities that are not rated by all three agencies are listed as "NR".

"**Alpha tilt strategies** comprise a core holding of stocks that mimic a benchmark type index such as the S&P 500 to which additional securities are added to help tilt the fund toward potentially outperforming the market in an effort to enhance overall investment returns. Tilt strategies are subject to significant timing risk and could potentially expose investors to extended periods of underperformance."

Custom Account Index: The Custom Account Index is an investment benchmark based on your historical target allocations and/or manager selection that you may use to evaluate the performance of your account. The Custom Account index does take into consideration certain changes that may have occurred in your portfolio since the inception of your account, i.e., asset class and/or manager changes. However, in some circumstances, it may not be an appropriate benchmark for use with your specific account composition. For detailed report of the historical composition of this blend please contact your Financial Advisor.

Peer Groups

Peer Groups are a collection of similar investment strategies that essentially group investment products that share the same investment approach. Peer Groups are used for comparison purposes to compare and illustrate a clients investment portfolio versus its peer across various quantitative metrics like performance and risk. Peer Group comparison is conceptually another form of benchmark comparison whereby the actual investment can be ranked versus its peer across various quantitative metrics.

All Peer Group data are provided by Investment Metrics, LLC.

The URL below provides all the definitions and methodology about the various Peer Groups

https://www.invmetrics.com/style-peer-groups

Peer Group Ranking Methodology

A percentile rank denotes the value of a product in which a certain percent of observations fall within a peer group. The range of percentile rankings is between 1 and 100, where 1 represents a high statistical value and 100 represents a low statistical value.

The 30th percentile, for example, is the value in which 30% of the highest observations may be found, the 65th percentile is the value in which 65% of the highest observations may be found, and so on.

Percentile rankings are calculated based on a normalized distribution ranging from 1 to 100 for all products in each peer group, where a ranking of 1 denotes a high statistical value and a ranking of 100 denotes a low statistical value. It is important to note that the same ranking methodology applies to all statistics, implying that a ranking of 1 will always mean highest value across all statistics.

For example, consider a risk/return assessment using standard deviation as a measure of risk. A percentile ranking equal to 1 for return denotes highest return, whereas a percentile ranking of 1 for standard deviation denotes highest risk among peers.

In addition, values may be used to demonstrate quartile rankings. For example, the third quartile is also known as the 75th percentile, and the median is the 50th percentile.

Alternatives

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Traditional alternative investment vehicles are illiquid and usually are not valued daily. The estimated valuation provided will be as of the most recent date available and will be included in summaries of your assets. Such valuation may not be the most recent provided by the fund in which you are invested. No representation is made that the valuation is a market value or that the interest could be liquidated at this value. We are not required to take any action with respect to your investment unless valid instructions are received from you in a timely manner. Some positions reflected herein may not represent interests in the fund, but rather redemption proceeds withheld by the issuer pending final valuations which are not subject to the investment performance of the fund and may or may not accrue interest for the length of the withholding. Morgan Stanley does not engage in an independent valuation of your alternative investment assets. Morgan Stanley provides periodic information to you including the market value of an alternative investment vehicle based on information received from the management entity of the alternative investment vehicle or another service provider.

Traditional alternative investment vehicles often are speculative and include a high degree of risk. . Investors should carefully review and consider potential risks before investing. Certain of these risks may include but are not limited to:• Loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative practices;• Lack of liquidity in that there may be no secondary market for a fund;• Volatility of returns;• Restrictions on transferring interests in a fund;• Potential lack of diversification and resulting higher risk due to concentration of trading authority when a single advisor is utilized;• Absence of information regarding valuations and pricing;• Complex tax structures and delays in tax reporting;• Less regulation and higher fees than mutual funds; and• Risks associated with the operations, personnel, and processes of the manager. As a diversified global financial services firm, Morgan Stanley Wealth Management engages in a broad spectrum of activities including financial advisory services, investment management activities, sponsoring and managing private investment funds, engaging in broker-dealer transactions and principal securities, commodities and foreign exchange transactions, research publication, and other activities. In the ordinary course of its business, Morgan Stanley Wealth Management therefore engages in activities where Morgan Stanley Wealth Management's interests may conflict with the interests of its clients, including the private investment funds it manages. Morgan Stanley Wealth Management can give no assurance that conflicts of interest will be resolved in favor of its clients or any such fund.

Indices are unmanaged and investors cannot directly invest in them. Composite index results are shown for illustrative purposes and do not represent the performance of a specific investment. Past performance is no guarantee of future results. Actual results may vary. Diversification does not assure a profit or protect against loss in a declining market. Any performance or related information presented has not been adjusted to reflect the impact of the additional fees paid to a placement agent by an investor (for Morgan Stanley placement clients, a one-time upfront Placement Fee of up to 3%, and for Morgan Stanley investment advisory clients, an annual advisory fee of up to 2.5%), which would result in a substantial reduction in the returns if such fees were incorporated.

For most investment advisory clients, the program account will be charged an asset-based wrap fee every quarter ("the Fee"). In general, the Fee covers investment advisory services and reporting. In addition to the Fee, clients will pay the fees and expenses of any funds in which their account is invested. Fund fees and expenses are charged directly to the pool of assets the fund invests in and impact the valuations. Clients must understand that these fees and expenses are an additional cost and will not be included in the Fee amount in the account statements.

As fees are deducted quarterly, the compounding effect will be to increase the impact of the fees by an amount directly related to the gross account performance. For example, for an account with an initial value of $100,000 and a 2.5% annual fee, if the gross performance is 5% per year over a three year period, the compounding effect of the fees will result in a net annual compound rate of return of approximately 2.40% per year over a three year period, and the total value of the client's portfolio at the end of the three year period would be approximately $115,762.50 without the fees and $107,372.63 with the fees. Please see the applicable Morgan Stanley Smith Barney LLC Form ADV Part 2A for more information including a description of the fee schedule. It is available at www.morganstanley.com/ADV <http://www.morganstanley.com/ADV> <http://www.morganstanley.com/ADV> or from your Financial Advisor/Private Wealth Advisor.

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SIPC insurance does not apply to precious metals, other commodities, or traditional alternative investments.

Money Market Funds

You could lose money in Money Market Funds. Although MMFs classified as government funds (i.e., MMFs that invest 99.5% of total assets in cash and/or securities backed by the U.S government) and retail funds (i.e., MMFs open to natural person investors only) seek to preserve value at $1.00 per share, they cannot guarantee they will do so. The price of other MMFs will fluctuate and when you sell shares they may be worth more or less than originally paid. MMFs may impose a fee upon sale or temporarily suspend sales if liquidity falls below required minimums. During suspensions, shares would not be available for purchases, withdrawals, check writing or ATM debits. A MMF investment is not insured or guaranteed by the Federal Deposit Insurance Corporation or other government agency.