



**CHIPPEWA COUNTY
BOARD OF COMMISSIONERS
HEALTH CARE TRUST COMMITTEE**

Scott Shackleton, Chairperson

NOTICE OF MEETING

The Chippewa County Board of Commissioners Health Care Trust ("OPEB Trust") Committee will hold a regular meeting on Monday, November 10, 2025, immediately following the Finance Claims and Accounts Committee Meeting in the Chippewa County Building 91st District Courtroom, (or Circuit Courtroom, if necessary)
in Sault Ste. Marie, Michigan.

AGENDA

- A. CALL TO ORDER AND ROLL CALL**
- B. ADDITIONS / DELETIONS TO THE AGENDA**
- C. APPROVAL OF THE AGENDA**
- D. PUBLIC COMMENTS**
- E. AGENDA ITEMS – Health Care Trust ("OPEB Trust")**
 - 1. Approve Health Care Trust minutes August 12, 2025
 - 2. Quarterly Reports
- F. Next meeting Tuesday, February 10, 2026**
- G. Chairman and/or Committee Comments**
- H. ADJOURN**

HEALTH CARE TRUST COMMITTEE

MEETING MINUTES

August 12, 2025

A regular meeting of the Chippewa County Board of Commissioners' Health Care Trust Committee was held on Tuesday, August 12, 2025, at 4:15 p.m., at the County Building in Sault Ste. Marie, Michigan. Chairman Shackleton called the meeting to order at 4:20 p.m. with a quorum present.

MEMBERS PRESENT: Scott Shackleton, Jim Traynor, Justin Knepper, Jim Martin, and Damon Lieurance

MEMBERS ABSENT: None

OTHER'S PRESENT: Karen Senkus, Mike Bitnar, Greg Postma, Ryan Hering, Justin Fruchey, Cady Bauers and Kelly Church

Approval of the Agenda

It was moved by Commissioner Traynor, supported by Commissioner Knepper, to approve the agenda as presented. On a voice vote, the motion CARRIED.

Public Comment

No public comment was offered.

Health Care Trust ("OPEB Trust") – Jessica Fitzgerald, Senior Vice President, Graystone Consulting from Morgan Stanley, quarterly reports

Jessica Fitzgerald, Senior Vice President, presented the Committee with the 2nd quarter of 2025 performance report, she reviewed the fund performance, asset allocations and disclosure with the Committee. The funds are performing well and gained \$995,194.00 in the second quarter and \$1,276,325 YTD. The fund is having great returns with less risk. She pointed out our primary asset which holds 50% of our allocation is performing at 4.43 and the County's target rate is 5.0%. The funds are all in compliance with no violations; she stated that the allocations are not too risky but not too safe either. Morgan Stanley is using a more conservative approach and de-risking the portfolio holdings. It was noted that all three entities: County, Health Department and the EDC would be withdrawing funds in FY2025, to pay for their respective retiree health expenditures. There were no additional questions, and the Committee thanked Ms. Fitzgerald for her attendance today.

Approve Health Care Trust minutes May 13, 2025

The Committee reviewed the May 13, 2025, minutes.

It was moved by Commissioner Knepper, supported by Commissioner Traynor, to approve May 13, 2025, Health Care Trust Committee minutes, as presented. On a voice vote, the motion CARRIED.

Next meetings November 10, 2025

Chairman and/or Committee Comments

No additional comments were offered.

Adjourn

It was moved by Commissioner Martin, supported by Commissioner Knepper, to adjourn.

The meeting adjourned at 4:30 p.m.

Calendar Quarter Account Breakdown

Date Received	Total Invested Market Value	County Department	Weight %
12/20/2024	\$755,248.19	EDC	3.47%
12/20/2024	\$5,176,899.70	Health Dept	23.77%
12/16/2024	\$15,851,505.41	County	72.77%
Total:	\$21,783,653.30		

Aggregate OPEB	
6/30/2025 Balance	\$23,925,970.00
Net Cont/Withdrawals	-\$1,039,134.82
Investment Earnings	\$855,168.00
9/30/2025 Balance	\$23,742,003.18



County	
6/30/2025 Balance	\$17,246,719.50
Net Cont/Withdrawals	-\$600,000.00
Investment Earnings	\$616,436.56
9/30/2025 Balance	\$17,263,156.06

Health Dept	
6/30/2025 Balance	\$5,846,469.51
Net Cont/Withdrawals	-\$400,000.00
Investment Earnings	\$208,965.97
9/30/2025 Balance	\$5,655,435.49

EDC	
6/30/2025 Balance	\$832,780.99
Net Cont/Withdrawals	-\$39,134.82
Investment Earnings	\$29,765.47
9/30/2025 Balance	\$823,411.64



**Graystone
Consulting**
from Morgan Stanley

Chippewa County Health Care Trust

3rd Quarter 2025 Performance Report

November 11, 2025

Jessica Fitzgerald, CIMA®, CRPS®, CPM®, QPFC

Senior Vice President
Institutional Consulting Director
Corporate Retirement Director
Family Wealth Director
U.S. Government Entity Specialist

Great Lakes Michigan Group

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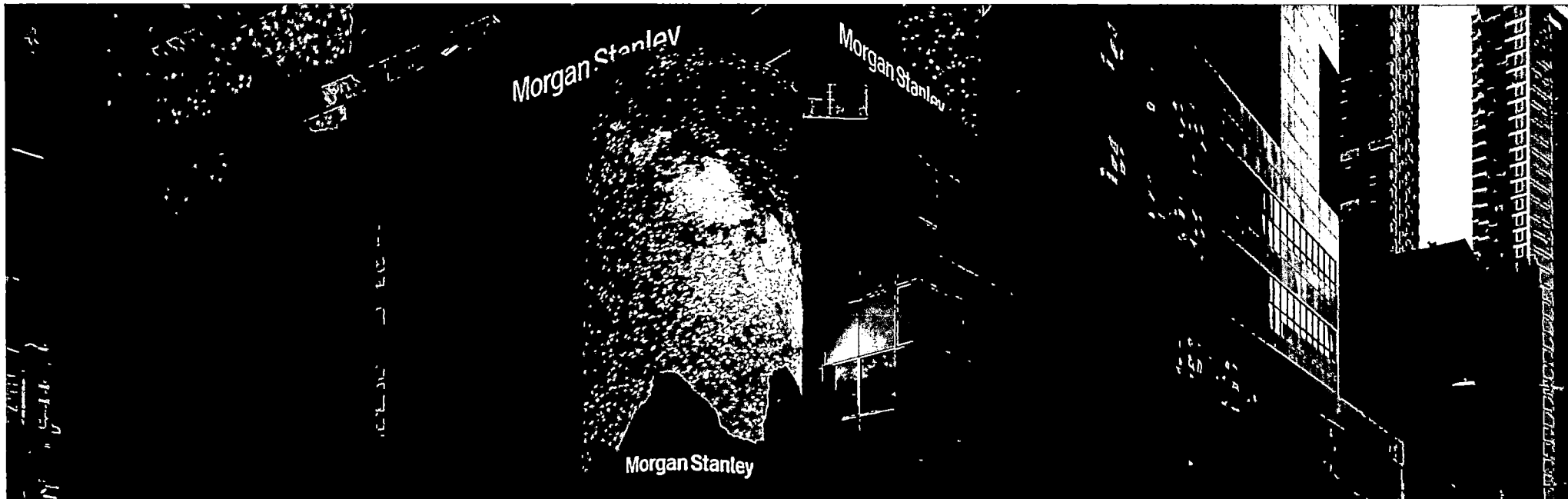


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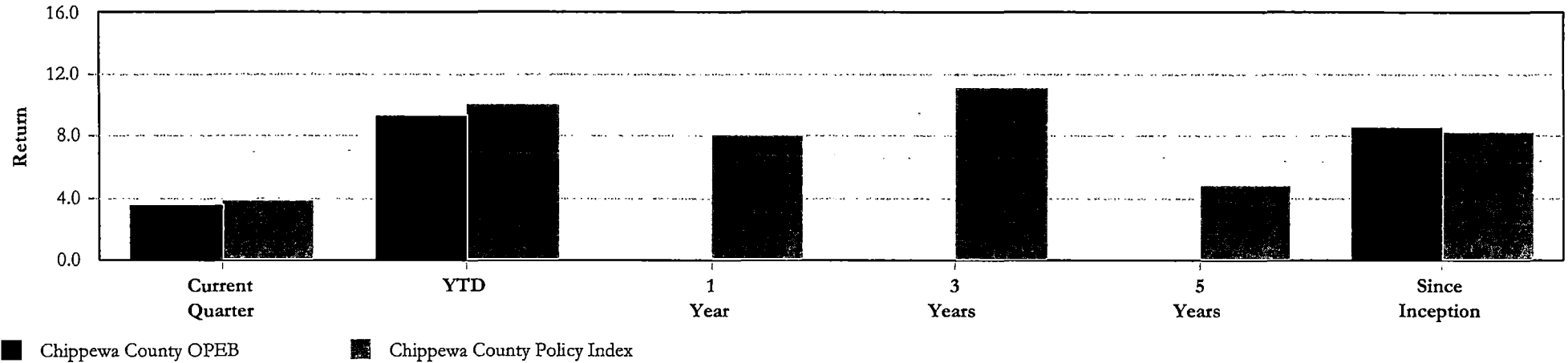
Section 1	Fund Performance
Section 2	Asset Allocation
Section 3	Disclosures

SECTION 1

Fund Performance

Chippewa County OPEB
Total Fund Performance
As of September 30, 2025

Performance

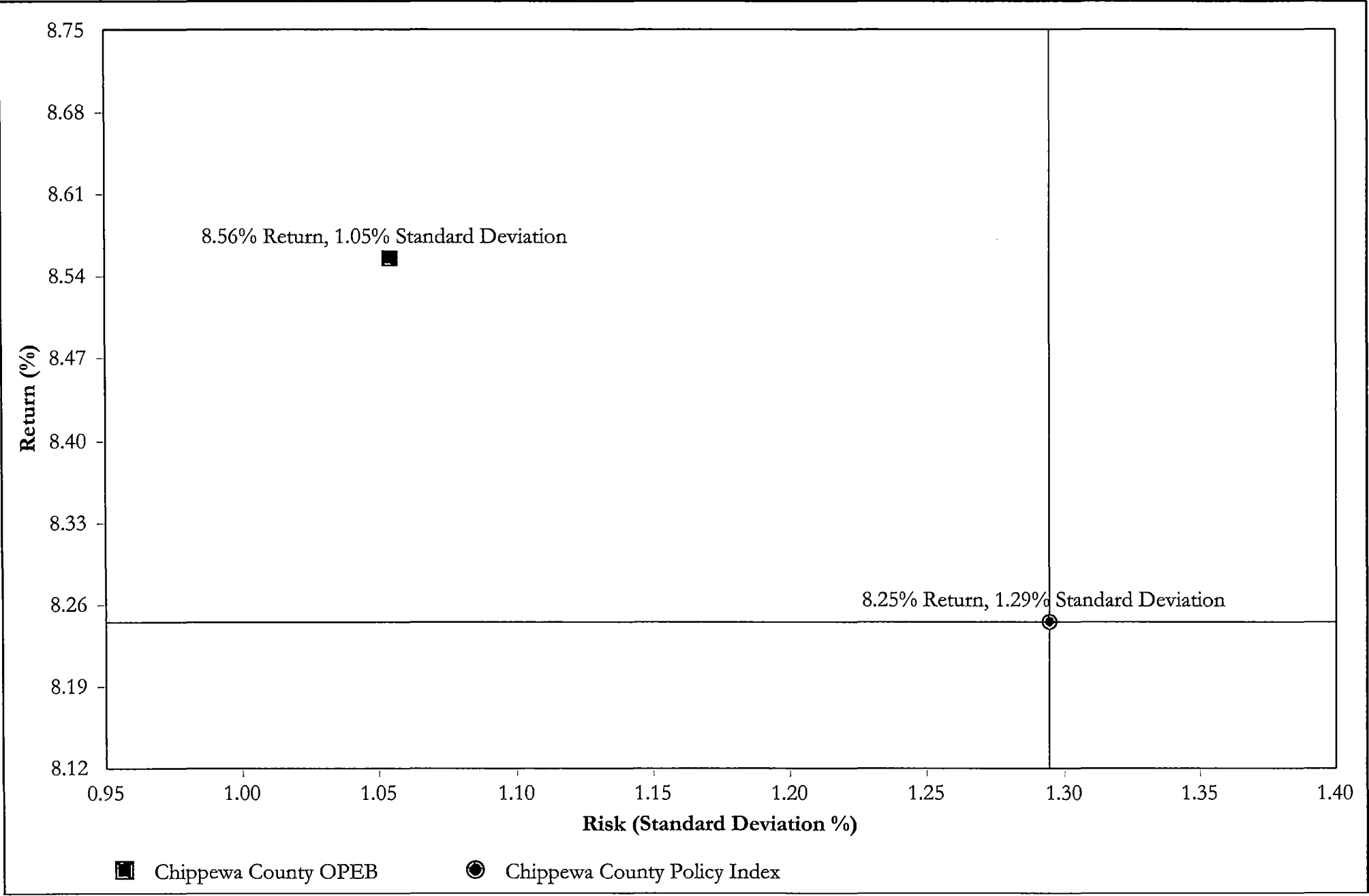


	Current Quarter	YTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
Chippewa County OPEB	3.53	9.34	-	-	-	8.56	12/16/2024
Chippewa County Policy Index	3.87	10.10	-	-	-	8.25	12/16/2024

Asset Summary

	Current Quarter	YTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
Chippewa County OPEB							12/16/24
Beginning Market Value	23,925,970	23,157,504	-	-	-	20,331,337	
Net Deposits/Withdrawals	-1,022,742	-1,030,674	-	-	-	1,960,777	
Gain/Loss	838,775	1,615,173	-	-	-	1,449,889	
Ending Market Value	23,742,003	23,742,003	-	-	-	23,742,003	

Chippewa County OPEB
Risk/Return Chart
Since Inception Ending September 30, 2025



Calculation based on monthly periodicity.

Chippewa County OPEB
Manager Performance
As of September 30, 2025

	Allocation		Performance(%)						
	Market Value	%	Current Quarter	YTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
Chippewa County OPEB	23,742,003	100.00	3.53	9.34	-	-	-	8.56	12/16/2024
Equities	8,596,187	36.21	6.67	16.37	-	-	-	-	12/16/2024
JP Morgan Large Cap Growth	1,034,906	4.36	9.29	15.90	-	-	-	11.33	12/16/2024
Russell 1000 Growth			10.51	17.24	-	-	-	13.81	
Peer Group Rank			26	45	-	-	-	76	
ClearBridge Large Growth	860,775	3.63	3.95	9.99	-	-	-	6.43	12/16/2024
Russell 1000 Growth			10.51	17.24	-	-	-	13.81	
Peer Group Rank			88	90	-	-	-	92	
Boston Partners LC Value	1,170,303	4.93	7.40	14.91	-	-	-	12.11	12/16/2024
Russell 1000 Value			5.33	11.65	-	-	-	8.18	
Peer Group Rank			17	24	-	-	-	11	
Aristotle Value Equity	993,866	4.19	4.38	10.03	-	-	-	6.47	12/16/2024
Russell 1000 Value			5.33	11.65	-	-	-	8.18	
Peer Group Rank			81	78	-	-	-	48	
Vanguard Mid-Cap ETF Index	625,510	2.63	5.34	12.53	-	-	-	7.56	12/16/2024
Russell Midcap			5.33	10.42	-	-	-	5.76	
Peer Group Rank			43	19	-	-	-	10	
Vanguard Small Cap ETF	561,959	2.37	7.65	6.61	-	-	-	0.75	12/16/2024
Russell 2000			12.40	10.39	-	-	-	4.99	
Peer Group Rank			58	51	-	-	-	34	
Harding Loevner Intl Eq ADR	1,081,287	4.55	3.66	19.51	-	-	-	16.31	12/16/2024
MSCI ACWI Ex USA NR USD			6.89	26.02	-	-	-	22.77	
Peer Group Rank			73	80	-	-	-	81	

Chippewa County OPEB
Manager Performance
As of September 30, 2025

	Allocation		Performance(%)						
	Market Value	%	Current Quarter	YTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
iShares Core Intl Stock ETF	1,133,989	4.78	6.82	26.82	-	-	-	22.96	12/16/2024
MSCI ACWI Ex USA IMI NR USD			6.86	25.97	-	-	-	22.82	
Peer Group Rank			42	44	-	-	-	53	
Driehaus Emerg Mkts Growth I	1,133,207	4.77	11.01	24.87	-	-	-	21.81	12/16/2024
MSCI EM Net			10.64	27.53	-	-	-	24.00	
Peer Group Rank			37	64	-	-	-	77	
Fixed Income	14,130,233	59.52	2.10	6.47	-	-	-	-	12/16/2024
Sage Advisory LDI 10 Pl YR Dur	11,312,129	47.65	2.10	6.50	-	-	-	6.62	12/18/2024
Bloomberg US Long Gov/Cr			3.16	6.64	-	-	-	4.03	
Peer Group Rank			54	33	-	-	-	10	
Loomis Sayles Core FI	2,817,998	11.87	2.06	6.29	-	-	-	6.46	12/16/2024
Bloomberg US Aggregate			2.03	6.13	-	-	-	5.38	
Peer Group Rank			56	37	-	-	-	12	
Alternative Investments	986,196	4.15	2.15	5.58	-	-	-	0.28	12/16/2024
HPS Corp Lending Fund	502,019	2.11	2.76	5.58	-	-	-	5.68	12/20/2024
Cambridge Private Credit			0.00	4.87	-	-	-	5.19	
Cohen & Steers Realty Shares	484,162	2.04	1.51	6.40	-	-	-	1.97	12/16/2024
FTSE NAREIT All Equity REITS			2.67	4.51	-	-	-	0.38	
Peer Group Rank			69	20	-	-	-	8	
Cash	29,386	0.12	0.97	2.58	-	-	-	2.58	12/16/2024
Cash Equivalents			0.73	2.58	-	-	-	2.65	
Cash Equivalents			0.00	0.00	-	-	-	0.00	
Cash Equivalents			1.55	2.56	-	-	-	2.56	

SECTION 2

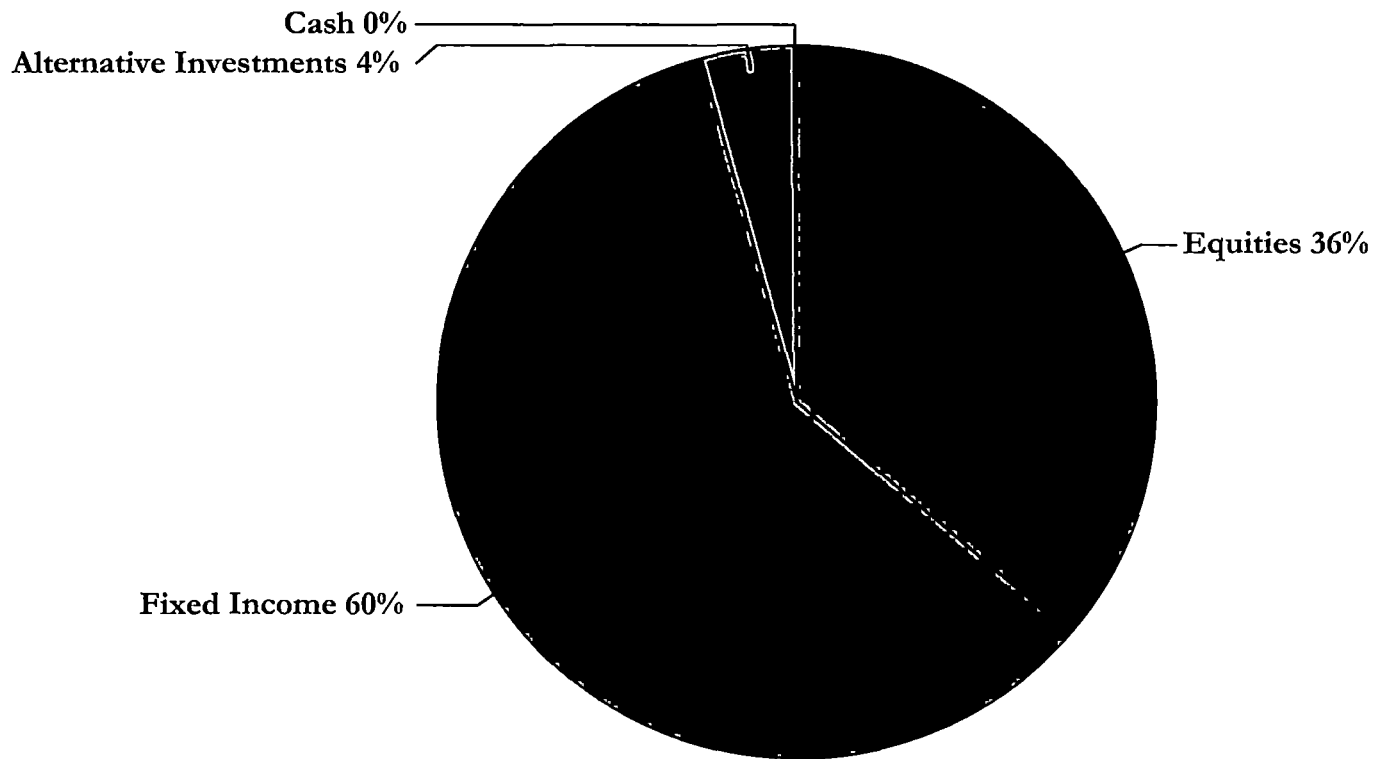
Asset Allocation

Chippewa County OPEB

Asset Allocation

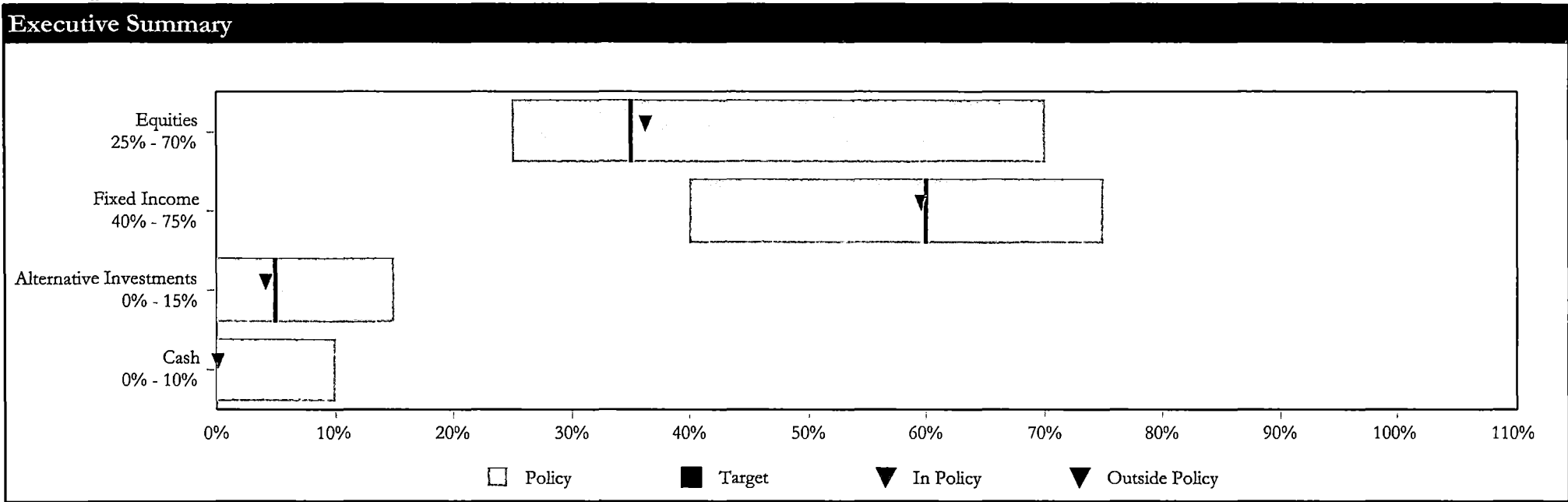
As of September 30, 2025

September 30, 2025 : \$23,742,003



	Market Value	Allocation
	\$	(%)
Equities	\$8,596,187	36.21
Fixed Income	\$14,130,233	59.52
Alternative Investments	\$986,196	4.15
Cash	\$29,386	0.12

Chippewa County OPEB
Investment Policy Compliance
As of September 30, 2025



	Asset Allocation \$	Asset Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)
Chippewa County OPEB	\$23,742,003	100.00	100.00	-	-
Equities	\$8,596,187	36.21	35.00	25.00	70.00
Fixed Income	\$14,130,233	59.52	60.00	40.00	75.00
Alternative Investments	\$986,196	4.15	5.00	0.00	15.00
Cash	\$29,386	0.12	0.00	0.00	10.00

SECTION 3

Disclosures

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
Aristotle Value Equity	4.23	9.64	--	--	--	--	6.09	12/16/2024
Boston Partners LC Value	7.24	14.50	--	--	--	--	11.71	12/16/2024
Cash Equivalents	1.55	2.56	--	--	--	--	2.56	12/10/2024
Cash Equivalents	0.73	2.58	--	--	--	--	2.71	12/16/2024
Cash Equivalents	0.00	0.00	--	--	--	--	0.00	12/16/2024
ClearBridge Large Growth	3.80	9.60	--	--	--	--	6.06	12/16/2024
Cohen & Steers Realty Shares	1.36	6.00	--	--	--	--	1.59	12/16/2024
Driehaus Emerg Mkts Growth I	11.01	24.87	--	--	--	--	21.81	12/16/2024
Harding Loevner Intl Eq ADR	3.49	19.03	--	--	--	--	15.84	12/16/2024
JP Morgan Large Cap Growth	9.14	15.49	--	--	--	--	10.94	12/16/2024
Loomis Sayles Core FI	1.92	5.91	--	--	--	--	6.07	12/16/2024
Sage Advisory LDI 10 Pl YR Dur	1.97	6.17	--	--	--	--	6.30	12/18/2024
Vanguard Mid-Cap ETF Index	5.34	12.53	--	--	--	--	7.56	12/16/2024
Vanguard Small Cap ETF	7.65	6.61	--	--	--	--	0.75	12/16/2024
iShares Core Intl Stock ETF	6.82	26.82	--	--	--	--	22.96	12/16/2024

All performance above are Time Weighted(TWR) performance

IRR Appendix

Account Name	QTD	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
HPS Corp Lending Fund	2.68	5.39	--	--	--	--	--	12/20/2024

All performance above are Dollar Weighted(IRR) performance

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.

The information and data contained therein are from sources considered reliable, but their accuracy and completeness is not guaranteed; that the report has been prepared for illustrative purposes only and is not intended to be used as a substitute for account statements provided on a regular basis from Morgan Stanley Smith Barney LLC; that data in this report should be compared carefully with account statements to verify its accuracy; and that the Firm strongly encourages clients to consult with their own accountants or other advisors with respect to any tax questions. This report is being provided as a courtesy. By providing this report, we do not represent or agree that we will monitor the investments in your account(s) or deliver future reports.

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Composites are the aggregate of multiple portfolios within an asset pool.

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 applicable to companies in the 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”.

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.

“**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 client's 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.

Your interests in Alternative Investments, which may have been purchased through us, are generally not held here, and are generally not covered by SIPC. The information provided to you: 1) is included as a service to you, valuations for certain products may not be available; 2) is derived from you or another external source for which we are not responsible, and may have been modified to take into consideration capital calls or distributions to the extent applicable; 3) may not reflect actual shares, share prices or values; 4) may include invested or distributed amounts in addition to a fair value estimate; and 5) should not be relied upon for tax reporting purposes. Notwithstanding the foregoing,

1) to the extent this report displays Alternative Investment positions within a Morgan Stanley Individual Retirement Account (“IRA”), such positions are held by Morgan Stanley Smith Barney LLC as the custodian of your Morgan Stanley IRA; and 2) if your Alternative Investment position(s) is held by us and is registered pursuant to the Securities Act of 1933, as amended, your Alternative Investment position(s) is covered by SIPC.

Alternatives may be either traditional alternative investment vehicles or non-traditional alternative strategy vehicles. Traditional alternative investment vehicles may include, but are not limited to, Hedge Funds, Fund of Funds (both registered and unregistered), Exchange Funds, Private Equity Funds, Private Credit Funds, Real Estate Funds, and Managed Futures Funds. Non-traditional alternative strategy vehicles may include, but are not limited to, Open or Closed End Mutual Funds, Exchange-Traded and Closed-End Funds, Unit Investment Trusts, exchange listed Real Estate Investment Trusts (REITs), and Master Limited Partnerships (MLPs). These non-traditional alternative strategy vehicles also seek alternative-like exposure but have significant differences from traditional alternative investment vehicles. Non-traditional alternative strategy vehicles may behave like, have characteristics of, or 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. Characteristics such as correlation to traditional markets, investment strategy, and market sector exposure can play a role in the classification of a traditional security being classified as alternative.

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.

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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 or from your Financial Advisor/Private> Wealth Advisor.

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