

Revenue Sharing Fund Families

The following revenue-sharing information principally pertains to mutual fund purchases in commission-based brokerage accounts. In general, the revenue sharing payments described below are specific to mutual fund investments. For more information on fees and expenses relating to mutual fund purchases through Morgan Stanley fee-based advisory account programs, please refer to the applicable Morgan Stanley ADV brochure.

Morgan Stanley charges each fund family we offer a mutual fund support fee, also called revenue-sharing, up to a maximum per fund family of 0.16% per year (\$16 per \$10,000 of assets) on the mutual fund holdings of our brokerage account clients. The minimum annual fee is \$250,000 per fund family. Revenue-sharing payments are in addition to the sales charges, annual distribution and service fees (referred to as “12b-1 fees”), applicable redemption fees and deferred sales charges, and other fees and expenses disclosed in the fund’s prospectus fee table. Revenue-sharing payments are generally paid out of the fund’s investment adviser, distributor or other fund affiliate’s revenues or profits and not from the fund’s assets. However, fund affiliate revenues or profits may in part be derived from fees earned for services provided to and paid for by the fund. No portion of these revenue sharing payments is made by means of brokerage commissions generated by the fund.

Set forth below is a listing of the fund families from which we received revenue-sharing payments in 2013. Fund families are listed in descending order based upon the total amount of revenue-sharing payments we recognized from each fund family for 2013. Although we seek to charge all fund families the same revenue sharing fee rate, in aggregate Morgan Stanley receives significantly more revenue sharing from the families with the largest client fund share holdings at our firm. This fact presents a conflict of interest for Morgan Stanley to promote and recommend funds from those fund families rather than funds from families that in aggregate pay us less revenue sharing. In order to mitigate this conflict, Financial Advisors and their Branch Office Managers do not receive additional compensation as a result of these revenue-sharing payments received by Morgan Stanley.

Revenue Sharing Fund Company Name

Legg Mason*	Virtus*
Franklin Templeton*	Hartford Funds*
PIMCO*	Pioneer Funds*
BlackRock Funds*	First Eagle Funds
American Funds	Federated Securities*
Lord Abbett Funds*	Natixis Funds
Oppenheimer*	DWS Scudder**
Morgan Stanley Funds*	Delaware Investments*
Ivy Funds*	Goldman Sachs*
Eaton Vance Group*	Mainstay (NY Life)*
Fidelity Advisors*	Principal Funds**
JP Morgan*	Calamos Funds
Nuveen Funds*	Transamerica IDEX
Alliance Bernstein Funds*	Davis Advisors
Thornburg*	Franklin Templeton Offshore
Putnam Funds**	John Hancock Funds*
Columbia Management*	Gabelli Funds
Prudential Investments*	Dreyfus Premier Funds**
MFS Investments	Allianz*
Wells Fargo	Guardian Investor Services LLC

Revenue Sharing Fund Company Name (continued)

Janus Capital Group**	Investec Offshore	Keeley Investment Corp.	Frank Russell
ING Investments, LLC*	Liberty Street	Kinetics Asset Management, Inc.	HighMark Capital Management, Inc.
SunAmerica Funds	Van Eck Management	Mirae	Invesco*
Henderson Global Investments	BlackRock Offshore	Munder Funds	Pacific Select Distributors, Inc.
Sentinel Investments	Aberdeen Asset Management Inc.	Nationwide**	Victory Funds
MFS Offshore	Alpine Funds	Nomura Asset Management	Hancock Horizon Investments
Guggenheim*	ALPS	Olstein Financial	PIMCO Europe LTD
Legg Mason Offshore	American Beacon	RidgeWorth Funds	Fidelity Offshore
Neuberger Berman Management Inc.**	Brookfield	Tortoise	Janus Offshore
Cohen & Steers	Destra	UBS Global Asset Management	Pictet Funds (Europe) S.A.
IVA Funds	Diamond Hill	JP Morgan Offshore	Selector Advisors LTD
Cushing MLP Asset Management L.P.	Direxion	Schroder Offshore	Salient Partners
American Century Investments**	Eagle Fund Distributors, Inc	Managers Distributors, Inc.**	Aquila Group of Funds
Fred Alger & Company	Forward Funds	Altegris Funds	Lateef Fund
Touchstone Family of Funds**	Hatteras Capital Distributors, LLC	Arrow	Domini
Calvert Group	Highland Capital Management	First Trust*	Snow Capital

*Denotes Global Partner Fund Family

**Denotes Emerging Partner Fund Family

Expense Payments, Data Analytics and Administrative Service Fees

Morgan Stanley receives expense payments and fees for data analytics, recordkeeping and related services, which are more fully described below. Administrative fees may be viewed in part as a form of revenue-sharing if and to the extent they exceed what the mutual fund would otherwise have paid for those services. However, they are not included in the revenue sharing payments described above.

Expense Payments and Data Analytic Fees

Morgan Stanley provides fund families with opportunities to sponsor meetings and conferences and grants them access to our branch offices and Financial Advisors for educational, marketing and other promotional efforts. Fund representatives may also work closely with our branch offices and Financial Advisors to develop business strategies and plan promotional and educational activities. In addition, Morgan Stanley typically receives payments from funds or their affiliates in connection with these promotional

efforts to help offset expenses incurred for sales events and training programs as well as client seminars, conferences and meetings. Fund families independently decide what they will spend on these activities and may also invite our Financial Advisors to attend fund family sponsored events. Expense payments may include meeting or conference facility rental fees and hotel, meal and travel charges.

Certain fund families (referred to as either “Global Partners” or “Emerging Partners”) dedicate significant financial and staffing resources to these efforts and receive supplemental sales data analytics as well as additional opportunities to sponsor firm events and promote their funds to our Financial Advisors and clients. Global Partners commit \$550,000 per year for training and sales meeting expenses, and pay \$200,000 per year for data analytics. Emerging Partners commit \$250,000 per year for training and sales meeting expenses and pay a fee of \$100,000 per year for data analytics. These facts present a conflict of interest for Morgan Stanley and our Financial Advisors to the extent they lead us to focus on funds from those fund families, including our Global and Emerging Partners,

that commit significant financial and staffing resources to promotional and educational activities instead of on funds from fund families that do not purchase sales data analytics or do not commit similar resources to these activities. In order to mitigate this conflict, Financial Advisors and their Branch Office Managers do not receive additional compensation for recommending funds sponsored by our Global or Emerging Partners or any other fund families that provide significant sales and training support. Morgan Stanley selects the Global and Emerging Partners fund families based on a number of quantitative and qualitative criteria. Our Global and Emerging Partners are denoted by an asterisk on the above Revenue-Sharing Fund Families list.

Fund family representatives are allowed to occasionally give nominal gifts to Financial Advisors, and to occasionally entertain Financial Advisors (subject to an aggregate entertainment limit of \$1,000 per employee per fund family per year). Morgan Stanley's non-cash compensation policies set conditions for each of these types of payments, and do not permit any gifts or entertainment conditioned on achieving any sales target.

Administrative Service Fees

Morgan Stanley and/or its affiliates receive compensation from funds or their affiliated service providers for providing certain recordkeeping and related services to the funds. These charges typically are based upon the number or aggregate value of client positions and the levels of service provided. We process transactions with certain fund families on an omnibus basis, which means we consolidate our clients' trades into one daily trade with the fund, and therefore maintain all pertinent individual shareholder information for the fund. Trading in this manner requires that we maintain the transaction history necessary to track and process sales charges, annual service fees, and applicable redemption fees and deferred sales charges for each position, as well as other transaction details required for ongoing position maintenance purposes. For these services funds pay, at their election, either up to \$21 per year per position or up to 0.16% per year (\$16 per \$10,000) of fund assets held by our clients in commission-based brokerage accounts. The annual fees for positions held by clients in our fee-based advisory account programs are generally 0.16% (\$16 per \$10,000) of fund assets per year for nonretirement advisory accounts but are 0.35% (\$35 per \$10,000) of fund assets per year for TRAK Fund Solution retirement client accounts and 0.28% (\$28 per \$10,000) of fund assets per year plus up to \$21 per fund position per year for TRAK Fund Solution nonretirement client accounts.

As of January 2014, we were trading on an omnibus basis with:

Alger Funds	Dunham Funds	Keeley Funds
Alliance	DWS Scudder Funds**	Kinetics
Bernstein Funds*	Eaton Vance Funds*	KKR Funds
Allianz Funds*	Edgewood	Lazard Funds*
Altegris	FBR Funds	Legg Mason Funds*
American Century Funds**	Federated Funds*	Legg Mason Scholars Choice 529
American Funds	Fidelity*	Leuthold
AQR Funds	First Eagle Funds	Liberty Funds
Ariel Investments	First Trust*	Loomis Sayles
Artio Global Funds	Forum/Absolute Funds	Lord Abbett Funds*
Artisan Funds	Forward Funds	Madison Mosaic Funds
Aston Funds	Franklin/Templeton Funds*	Mainstay Funds*
Avenue Credit	Gabelli Funds	Managers Funds**
Baird	Glenmede Funds	Manning & Napier Funds
Bank of America Money Market	Goldman Sachs Funds*	Matthews Funds
Baron Funds	Good Harbor	Merger Funds
Barrett	Hamlin	Metropolitan West Funds
BlackRock Funds*	Hancock Horizon	MFS Investment Management
BlackRock Offshore	Harbor Funds	Mirae
Brandes Investment Trust**	Harding Loevner Funds	Morgan Stanley Funds*
Brandywine Funds	Hartford Mutual Funds*	Munder Funds
Brookfield Investment Funds	Hatteras Funds	Nationwide Funds**
Buffalo	Henderson Funds	NATIXIS Funds
Calamos Funds	Hennessy Funds	Neuberger Berman**
Cambiar / HGK**	Highmark Funds	Northern Funds
Causeway Funds	Index IQ	Nuveen Funds*
Cohen & Steers	ING Funds*	Oakmark Funds
Columbia Funds*	Invesco Funds*	Olstein Funds
Congress Funds**	Invesco Institutional Money Market Funds	Oppenheimer 529 Funds
Consulting Group Capital Mrkts	IVA	Oppenheimer Funds*
CRM Funds	Ivy Funds*	Permanent
Cullen Funds	Janus Funds**	PIMCO Funds*
Cushing	Jensen Investment Mgmt	Pimco Offshore
Davis Funds	John Hancock Funds*	Pioneer Investments*
Davis Select	JP Morgan Funds*	
Delaware Funds*		
Doubleline		
Dreyfus Funds**		
Driehaus		

Principal / WM**	Schroder Funds	Transamerica (Idex) Funds
Prudential Funds*	Sentinel Funds	Turner Funds
Putnam Investments**	Shelton Funds	Tweedy Brown
Ramius Funds	Snow Capital	Value Line Funds
Ridgeworth	SSGA Funds	Virtus Funds*
Riverpark	SunAmerica Funds	WCM
Royce Funds	T Rowe Price**	Wells Fargo Funds
RS Funds	TCW Funds	Western Asset
Rydex/Guggenheim Funds*	Third Avenue	William Blair Funds
Salient	Thornburg Investment*	Wintergreen
Scharf Funds	Touchstone Funds**	

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All other fund families are traded on a networked basis, which means Morgan Stanley submits a separate trade for each individual client trade to the fund and, therefore, we maintain only certain elements of the fund's shareholder information. We charge these remaining funds a networking fee of up to \$11 per year per position held by our clients. Although Morgan Stanley provides additional services to funds where positions are held on an omnibus basis, the fact that the administrative fee rate is higher for those services than the rate for networked accounts presents a conflict of interest for Morgan Stanley to recommend purchases of omnibus-traded funds over networked funds. In addition, while all fund families are charged the same administrative service fee rates for either omnibus or networked accounts, in aggregate, Morgan Stanley receives significantly more administrative service fees from the fund families with the largest client fund share holdings at our firm. This fact presents a conflict of interest for Morgan Stanley to promote and recommend funds from those fund families rather than funds from families that in aggregate pay us less administrative service fees. In order to mitigate this conflict, Financial Advisors and their Branch Office Managers do not receive additional

compensation as a result of these administrative service fee payments received by Morgan Stanley.

Money Market and Money Market Sweep Funds

Money market funds are generally subject to the same revenue sharing and administrative service fees outlined above. However, different fees are assessed on money market fund assets that are available as cash management sweep options for Morgan Stanley client accounts. Our affiliate, Morgan Stanley Investment Management ("MSIM"), serves as the investment advisor to the cash management sweep option funds. Morgan Stanley receives compensation from MSIM for providing record keeping and related services of up to \$19.08 per year per fund position held by our brokerage account clients. This fee is not assessed on positions held by clients in our fee-based advisory account programs except for the TRAK Fund Solution program where the fees are up \$19.08 per year per fund position for nonretirement client accounts and 0.10% (\$10 per \$10,000) of fund assets per year for retirement client accounts. We also receive revenue sharing compensation from MSIM based on the amount of money market sweep fund assets held by our clients in brokerage accounts of up to 0.18% per year (\$18 per \$10,000 of assets). This fee is not assessed on positions held by clients in our fee-based advisory account programs.

For More Information

For additional information on a particular fund's payment and compensation practices, please refer to the fund's Prospectus and Statement of Additional Information. For further information regarding the fund fees and expenses borne by you and how Morgan Stanley and your Financial Advisor are compensated when you purchase and hold mutual fund shares, please refer to "Mutual Fund Share Classes and Compensation" (available on this website). You may also contact your Financial Advisor.

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