Morgan Stanley

Form ADV, Part 2A Brochure

Morgan Stanley AIP GP LP

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March 30, 2026

This brochure (the "Brochure") provides information about the qualifications and business practices of Morgan Stanley AIP GP LP ("AIP", "Adviser", "us" or "we"). If you have any questions about the contents of this Brochure, please contact us at 610.260.7600. We will provide you with a new Brochure as necessary based on changes or new information, at any time, without charge. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

AIP is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information you may use to determine whether to hire or retain an adviser.

Additional information about us is available on the SEC's website at www.adviserinfo.sec.gov.

This Brochure is not an offer or agreement to provide advisory services to any person, an offer to sell interests or a solicitation of an offer to purchase interests in any investment product or vehicle advised by AIP, nor a complete discussion of the features, risks or conflicts associated with any Account advised by AIP. This Brochure is not to be relied upon in determining whether to make an investment or establish an advisory relationship with AIP. The information in this Brochure may differ from information provided in the materials that govern an account or investor relationship such as a private placement memorandum or other offering document, investment advisory agreement, subscription agreement, or organizational document (collectively, the "governing materials"). To the extent that there is any conflict between the information in this Brochure and the relevant governing materials, the relevant governing materials shall control.

Item 2 Material Changes

This Brochure is dated March 30, 2026 and represents our annual updated Brochure. The following is a summary of material updates made to this Brochure since the annual amendment, dated July 3, 2025:

- AIP has elected to wind down the Risk Premia strategy, references to that strategy were removed throughout the brochure.
- Item 8 Methods of Analysis, Investment Strategies and Risk of Loss – AIP updated AI and Geopolitical risk factors.
- Item 17 Voting Client Securities – AIP updated the description of proxy voting to reflect its adoption of the Morgan Stanley Investment Management Equity Proxy Voting Policies and Procedures.

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Item 4 Advisory Business

AIP is a Delaware limited partnership that has been registered with the SEC under the Investment Advisers Act of 1940, as amended ("Advisers Act"), since 2001, and offers, along with its affiliates, various investment products and services through managed account and investment portfolio structures. The general partner of AIP is Morgan Stanley Alternative Investments LLC ("MSAI"), and the limited partner of AIP is Morgan Stanley Investment Management Inc. ("MSIM"). AIP, MSAI and MSIM are all wholly owned subsidiaries of Morgan Stanley, a corporation whose shares are publicly held and traded on the New York Stock Exchange under the symbol "MS". Morgan Stanley is a global financial services firm engaged in securities trading and brokerage activities, as well as providing investment banking, research and analysis and financial services.

Overview

AIP's advisory business consists primarily of identifying investment opportunities and making investments in diversified portfolios of traditional and non-traditional investment funds. AIP provides discretionary and non-discretionary investment management services and products to institutional and individual investors. AIP offers the flexibility of investing through individually customized managed accounts, dedicated single investor private funds and commingled funds. AIP advises on a (i) discretionary basis to privately and publicly offered pooled investment vehicles; and (ii) discretionary and non-discretionary basis to (a) private funds set up for qualifying individual investors; and (b) separately managed accounts consisting of a customized investment portfolio ("SMAs").

The investment vehicles and funds for which AIP provides investment management services (as the managing member, general partner, or the investment manager) are collectively referred to herein as the "Funds". For purposes of convenience, the Funds and SMAs are referred to herein as "Clients" or "Accounts".

AIP allocates assets to investment vehicles managed by AIP or its affiliates and unaffiliated third-party investment managers; and, with respect to certain investment strategies, to equity or debt securities and over-the-counter derivatives and futures. Contract types include equity, fixed income, forwards, spot foreign exchange and swaps. AIP also engages and oversees investment managers who employ one or more investment strategies on behalf of a Fund. The underlying investment funds in which the Clients invest are referred to throughout this Brochure as the "Underlying Investment Funds" and the investment managers who manage the Underlying Investment Funds are referred to as the "Underlying Investment Managers." Investment managers engaged by AIP to manage assets directly on behalf of a Fund are referred to as "Portfolio Managers". Portfolio Managers will generally be unaffiliated third-party investment managers but may also include one or more employee of AIP or its affiliates (each such employee, an "Internal Portfolio Manager" and collectively, the "Internal Portfolio Managers").

AIP will tailor its services to meet the needs of Clients by managing portfolios in accordance with the investment guidelines and restrictions set forth in an investment management agreement (with respect to SMAs) and the applicable governing materials (with respect to Funds). Investment advice is provided by AIP directly to each Fund in accordance with its particular investment objectives and not individually to the Fund's investors.

AIP's advisory business focuses on providing discretionary and, in certain cases, non- discretionary, investment management services to Clients across six strategies: (1) hedge funds; (2) opportunistic investments; (3) the Omni Strategy; (4) alternative lending; (5) private markets ("Private Markets"); and (6) customized portfolio solutions. AIP does not participate in any wrap fee programs.

Hedge Fund Solutions

The Hedge Fund Solutions business invests in the following asset classes and investment strategies: (i) Underlying Investment Funds ("Hedge Funds"); (ii) opportunistic investments ("Opportunistic Investments"); (iii) the Omni Strategy; and (iv) Alternative Lending Securities (as defined below). The Hedge Fund Solutions investment team offers portfolio solutions to clients via customized hedge fund portfolios and/or investment recommendations into non-affiliated and

affiliated, single, and multi-strategy hedge funds, including non-discretionary advisory services, Customized Advisory Portfolio Solutions ("CAPS").

As part of the due diligence process for determining the primary Underlying Investment Funds to which Client assets are allocated, the Hedge Fund Solutions investment team analyzes the quality of each Underlying Investment Manager's resources, controls, infrastructure and service providers through on-site meetings with management, background investigations, examination of fund documents, audited financial statements and discussions with the Underlying Investment Fund's independent service providers.

Hedge Funds. The Hedge Fund Solutions Hedge Funds strategy focuses the allocation of assets to (i) Underlying Investment Funds managed by Underlying Investment Managers who employ a variety of non-traditional investment strategies; and (ii) Underlying Investment Funds managed in traditional style.

Opportunistic Investments. The Hedge Fund Solutions Opportunistic Investments strategy focuses the allocation of assets to (a) investing in funds managed by Underlying Investment Managers who employ a variety of non-traditional investment strategies; (b) investing in funds managed by Underlying Investment Managers in a traditional style; (c) direct co-investments, which are generally minority investments in operating companies, primarily alongside existing Underlying Investment Managers ("Co-Investments"); and (d) secondary market purchases of Underlying Investment Funds and direct companies. Furthermore, a Client may invest in privately held companies or publicly traded companies in which, in some cases, the Client invests alongside an Underlying Investment Fund that is typically an Underlying Investment Fund in which a Client has also invested directly.

For Underlying Investment Funds purchased in secondary market transactions, operational due diligence may be scaled back and calibrated to the size and details of the transaction, with a focus on transaction-specific risks. In addition, for a fee, the Hedge Fund Solutions investment team provides investment research and operational due diligence services to AIP's affiliate, Morgan Stanley Smith Barney LLC ("MSSB" or "Wealth Management").

Omni Strategy. On behalf of the Funds it manages (collectively, the "Omni Fund"), the Hedge Fund Solutions Omni investment team ("Omni") evaluates, selects, engages, and oversees Portfolio Managers who employ one or more of the following strategies (collectively, the "Omni Strategy") to make direct investments on behalf of the Omni Fund.

- **Fundamental Long/Short Equity Strategies**. Omni seeks to appoint Portfolio Managers that employ a fundamental long/short equity strategy with the goal of constructing a long/short portfolio consisting of the most undervalued securities in the collective long portfolio and the most overvalued securities in the collective short portfolio, across a broad representation of a variety of industries, sectors, and sub-sectors.
- **Quantitative Equity and Futures Trading Strategies**. Omni seeks to appoint Portfolio Managers that perform statistical analysis and analytic research on price changes, trends, and distributional properties of individual equity securities, listed exchanged traded funds, indices and future contracts and design algorithmic trading systems which are programs created to locate trading opportunities in a systematic or computationally intensive way.
- **Orthogonal and Other Non-Correlated Strategies**. Omni seeks to appoint Portfolio Managers that employ orthogonal and other non-correlated strategies for diversification purposes. Such strategies are mean reverting strategies that are intended to not correlate to capital markets or the common risk factors associated with either the fundamental long/short equity or the quantitative equity and futures trading strategies.

Additionally, Omni may employ hedges that seek to reduce unwanted factor risk and market exposures at the aggregate Omni Fund portfolio level and to allow for efficient utilization of capital.

Alternative Lending. The alternative lending strategy (which includes the "Alternative Lending Fund") invests in Alternative Lending Securities that generate interest or other income streams that offer access to credit risk premium (as defined below). "Alternative Lending Securities" are loans originated through non-traditional or alternative lending platforms, or securities that provide exposure to such instruments. The "credit risk premium" is the difference in return between obligations viewed as low risk, such as high-quality, short-term government debt securities or bonds of a similar duration and risk profile, and securities issued by private entities or other entities which are subject to credit risk. The

credit risk premium is positive when interest payments or other income streams received in connection with a pool of Alternative Lending Securities, minus the principal losses experienced by the pool, exceed the rate of return for risk-free obligations.

The alternative lending strategy invests in a broad range of Alternative Lending Securities, including, but not limited to, (1) consumer loans, inclusive of specialty offerings such as education loans and elective medical loans; (2) small business loans, receivables and/or merchant cash advances; (3) specialty finance assets, including, but not limited to, automobile purchases, equipment finance, transportation leasing, real estate financing or private financing contracts ("PFCs"); (4) tranches of alternative lending securitizations, including, but not limited to, residual interests and/or majority-owned affiliates (MOAs); and (5) to a lesser extent, fractional interests in alternative lending securities and other types of equity, debt or derivative instruments that AIP believes are appropriate. The alternative lending strategy may also purchase bonds and other debt securities backed by a pool of Alternative Lending Securities.

Private Markets

AIP Private Markets consists of the Private Equity Solutions business that invests in: (a) primary capital commitments to private markets Underlying Investment Funds; and (b) Co-Investments; and the secondary market purchases of Investment Fund interests and other private market assets. Clients may also invest in investments other than Underlying Investment Funds and Co-Investments.

Portfolio Solutions Group

The Portfolio Solutions Group ("PSG") has developed proprietary approaches for measuring the risk and return of alternative investments and incorporating them within a broader portfolio. PSG designs and manages highly customized multi-asset investment portfolios and advises its clients on all aspects of portfolio construction, including: (i) analyzing manager performance (both hedge funds and traditional managers); and (ii) creating strategic portfolios that include equities, fixed income, alternative investments; and developing commitment strategies for private equity and real estate investments and portfolio transition plans.

Assets Under Management

As of December 31, 2025, AIP managed $ 40,102,354,717 in Client assets on a discretionary basis and $ 752,111,290 on a non-discretionary basis for a total of $ 40,854,466,007 in Regulatory Assets Under Management.

Item 5 Fees and Compensation

Hedge Funds and Opportunistic Investments

For advisory services rendered to Clients pursuing a hedge fund or opportunistic investment strategy, AIP is generally entitled to a management fee in an amount (on an annualized basis) of up to (i) 1.50% of the net asset value of the applicable Fund or SMA, or (ii) 1.50% of the aggregate capital commitment to the applicable Fund or SMA. In the case of certain Funds, the fees charged by AIP may decrease over time upon the occurrence of certain events, as described in the governing materials of such Funds or SMAs. In some cases, AIP or one of its affiliates is also entitled to receive performance-based fees or allocations which may be up to 10% of the investor's net profits and may be subject to a minimum hurdle rate and/or high-water mark.

In addition, for certain Funds, an affiliate is generally entitled to carried interest with respect to each investor equal to 10% of such investor's profits, subject to satisfaction of an 8% internal rate.

Funds pursuing a hedge funds or opportunistic investment strategy generally book fees (and as applicable, incentive allocation estimates) on a monthly or quarterly basis.

AIP also charges a fee to MSSB for providing services related to (i) conducting investment and operational due diligence on hedge funds; (ii) providing portfolio advisory services in connection with customized mandates; and (iii) managing a list of hedge funds into which qualified advisory Wealth Management clients may invest.

Alternative Lending

For advisory services rendered to the Alternative Lending Fund, AIP is entitled to a management fee in an amount of 0.75% on an annualized basis of the Alternative Lending Fund's Managed Assets. "Managed Assets" means the total assets of the Alternative Lending Fund (including any assets attributable to borrowings for investment purposes) minus the sum of the Alternative Lending Fund's accrued liabilities (other than liabilities representing borrowings for investment purposes).

Omni Strategy

For investment advisory services rendered to the Omni Fund, AIP is generally entitled to a management fee in an amount (on an annualized basis) ranging from 0.00% to 2.00% of the net asset value of each Omni Fund investor's capital account.

AIP or an affiliate of AIP is generally entitled to an incentive allocation with respect to each investor in the Omni Fund generally ranging from 0% to 20% of such investor's profits, subject, with respect to certain series of interests, to satisfaction of a hurdle rate of 4%.

The Omni Fund management fee is accrued monthly and payable quarterly in advance and is generally paid in arrears. While AIP does not intend to cause the Omni Fund to terminate its investment management relationship with AIP absent AIP's reorganization, liquidation, or bankruptcy, the Omni Fund's management fee will be prorated for partial periods.

In addition to the management fee and incentive allocation payable by the Omni Fund to AIP and its affiliates, the Omni Fund will pay each Portfolio Manager an advisory fee and/or performance compensation based on the performance results achieved with respect to the Omni Fund's investments managed by such Portfolio Manager. The Omni Fund may also pay a portion of a Portfolio Manager's expenses (including expenses incurred in connection with its entering into an agreement with the Omni Fund) or pay certain advisory fees and performance compensation to the Portfolio Manager in advance. The Omni Fund may also pay one or more Portfolio Managers a guaranteed amount of advisory fees or expenses, which the Omni Fund would be required to pay even if AIP or the Omni Fund terminated the agreement with the applicable Portfolio Manager ("Portfolio Manager Agreement") prior to a specified date. Any payments made or required to be made to, or in respect of, Portfolio Managers in connection with their management of the Omni Fund's

capital, including advisory fees, performance compensation and other payments, as well as payments made to AIP or its affiliates relating to Internal Portfolio Managers, are collectively referred to as "Trader Payouts."

Private Markets

For investment advisory services rendered to the Funds pursuing a Private Markets investment strategy, AIP is occasionally entitled to a flat fee and more generally entitled to a management fee during the investment period in an amount (on an annualized basis) of up to 1.75% of either (i) the investor's aggregate capital commitment to the Fund (ii) the investor's attributable share of the aggregate capital commitments made by the Fund to its Underlying Investment Funds (based on the acquisition costs of such investments); (iii) the investor's attributable share of the aggregate capital contributions made by the Fund to its Underlying Investment Funds (excluding amounts constituting a return of a capital contribution by such underlying investments); or (iv) the investor's aggregate contributions with respect to Underlying Investment Funds plus the investor's attributable share of the aggregate unfunded capital commitments made by the applicable Fund to its Underlying Investment Funds. In the case of certain Funds, the fees charged by AIP may decrease over time after the investment period ends, as described in the governing materials of such Funds.

For funds that pursue a Private Markets strategy, the management fee will be charged in addition to an investor's capital commitment. In most cases, AIP or one of its affiliates is also entitled to receive performance-based fees, which vary.

AIP or an affiliate of AIP is generally entitled to carried interest with respect to each investor generally ranging from 5% - 15% of such investor's profits, subject to satisfaction of an internal rate of return ranging from 6% - 15%, compounded annually.

Funds pursuing a Private Markets investment strategy generally book fees on a quarterly basis and some of these Funds are required to pay the management fee quarterly in advance. AIP does not provide refunds for such fees paid in advance.

In limited circumstances, AIP may hire an independent third-party broker who offers asset purchase opportunities in certain secondary transactions. In these instances, AIP allocates all fees and commissions related thereto pro rata to participating Clients.

Portfolio Solutions Group

For discretionary services rendered to investors in customized multi-asset investment portfolios, AIP is generally entitled to a fee in an amount (on an annualized basis) of up to 1.05% of the net asset value of the applicable account. Fees are recorded monthly within a Fund.

Separately Managed Accounts

The fees that AIP charges for separate account management services vary based on the particular circumstances of the Client or as otherwise negotiated. AIP's services are terminable by either party in accordance with the applicable contractual notice provision. Generally, fees on separate accounts are billed quarterly in arrears, however, in some cases they are billed quarterly in advance. The timing of fee payments will vary in accordance with Clients' preferences. In addition to being subject to the fees AIP charges, the portion of each Client account that is invested in a Fund may also bear a proportionate share of the advisory fees and other expenses of the Fund; however, such fees and expenses may be waived and/or rebated at AIP's discretion.

Expenses Charged to Clients/Fee Discounts

The fees and expenses that an investor may expect to incur include, but are not limited to, the operating expenses and performance-based incentive fees or allocations of expenses of the Underlying Investment Funds in which the Clients invest. Operating expenses typically consist of management fees, administration fees, professional fees (i.e., audit and legal fees), and other operating expenses. With respect to Funds that pursue a Private Markets strategy, the

management fee will be in addition to an investor's capital commitment. Similarly, with respect to Funds that pursue a Hedge Fund Solutions strategy, the management fee will be in addition to an investor's capital contribution.

Broker-dealers, including affiliates of AIP, may act as placement agents to assist in the placement or sale of interests in the Funds. Any placement fee and/or investor servicing fee will generally be paid by the applicable investor in such Fund and is in addition to the investor's capital commitment or capital contribution, as applicable. The amount of any placement fee and/or investor servicing fee will be described in the placement agent's point of sale letter. However, the placement agents or distributors may in their sole discretion waive the placement fees and/or investor servicing fees payable by an investor, including an investor that is an employee or affiliate of AIP.

Depending upon the terms of particular arrangements with Clients, AIP may select or recommend that certain service providers to Clients (including, but not limited to accountants, administrators, lenders, bankers, brokers, agents, attorneys, consultants and investment or commercial banking firms) and/or their affiliates perform services for Clients (the cost of which generally will be borne by the Client). These service providers may also provide goods or services to or have business, personal, political, financial, or other relationships with AIP or its affiliates. Further, such service providers may also be owned by, or investors in, Morgan Stanley, AIP, the Funds, separate accounts, or provide goods or services to, or have other business, personal, financial or other relationships with Morgan Stanley, AIP, the Funds, separate accounts, their respective portfolio entities, or affiliates and personnel, or investors in the foregoing. Such service providers may be investors in a fund, AIP's affiliates, sources of investment opportunities or co-investors. These other services and relationships may influence AIP in deciding whether to select or recommend such a service provider to perform services for Clients. Notwithstanding the foregoing, investment transactions on behalf of Clients that require the use of a service provider generally will be allocated to service providers on the basis of best execution, the evaluation of which includes, among other considerations, such service provider's provision of certain investment related services and research that AIP believes to be of benefit to the Clients. In certain circumstances, service providers, or their affiliates, may charge different rates or have different arrangements for services provided to Morgan Stanley, AIP, or its affiliates, which may result in more favorable rates or arrangements than those payable by Clients.

The Adviser has "outsourced" certain services to third parties (including consultants, finders, financial advisers, and experts) that were previously provided by the Adviser and its affiliates, such as conducting due diligence and/or providing structuring advice (including with respect to tax considerations). Certain of the personnel of such third parties (some of whom previously worked for the Adviser) are expected to work in the Adviser's offices alongside the Adviser's employees, use the Adviser's email address and devote substantially all of their working time to affairs regarding Clients. When the Adviser "outsources" services, the costs, fees and expenses associated with the provision of such services are generally borne by the Clients instead of the Adviser.

This creates a conflict of interest among other things because the Adviser will have an incentive to outsource services to third parties due to a number of factors, including because the fees, costs and expenses of such service providers will, where consistent with the Governing Documents, be borne by the Funds and/or Separate Accounts (with no reduction or offset to management fees) and retaining third parties will reduce the Adviser's internal overhead, compensation, benefits and costs for employees who would otherwise perform such services in-house.

Conflicts of interest will further arise in the context of secondment and/or internship arrangements between Morgan Stanley, the Funds or Separate Accounts, Affiliated Investment Accounts, portfolio companies thereof, or their respective affiliates, on the one hand, and vendors or service providers to, investors in, or portfolio entities of, the Funds, he Separate Accounts, or the Affiliated Investment Accounts, on the other hand, with respect to, for example, the allocation of expenses related to the payment of compensation or fees associated with such secondees and/or interns.

Clients are generally required to bear out-of-pocket costs and expenses incurred in connection with deals that are not ultimately completed. AIP has adopted a policy related to the allocation of broken-deal expenses in which AIP generally allocates to Clients in a manner to be fair and equitable. Typically, these expenses include (i) legal, accounting, advisory consulting or other third-party expenses in connection with making an investment that is not ultimately consummated; (ii) all fees (including commitment fees), costs and expenses of lenders, investment banks and other financing sources in connection with arranging financing for a proposed investment that is not ultimately made; and (iii) any break-up fees,

deposits or down payments of cash or other property which are forfeited in connection with a proposed investment that is not ultimately made (in each case, to the extent such investment is not ultimately made by another Client).

Subject to applicable law and the relevant fund's governing materials, AIP may enter into arrangements with certain investors that have the effect of altering or supplementing the terms of such investors' investments in a Fund, including with respect to waivers or reductions of the management fee.

Item 6 Performance-Based Fees and Side-By-Side Management

In some cases, AIP has entered into performance fee or allocation arrangements with qualified investors and such fees or allocations are subject to individualized negotiation with each such investor. Any performance fee received by AIP, or its affiliates will be in compliance with the requirements of Section 205(a)(1) of the Advisers Act, and Rule 205-3 thereunder. In certain circumstances, the general partner (or the equivalent) of a Fund may defer or waive all or any part of the performance fee or allocation.

Performance-based compensation creates an incentive for AIP to make investments, or to select Underlying Investment Managers or Portfolio Managers that make investments, that are risker or more speculative. Similarly, the performance-based compensation paid to Underlying Investment Managers and Portfolio Managers creates an incentive for Underlying Investment Managers and Portfolio Managers to make investments that are riskier or more speculative than would be the case if there was no performance-based compensation.

Because AIP professionals may manage assets for several investment companies, pooled investment vehicles and/or other accounts (including accounts of institutional clients and pension plans), there may be an incentive to favor one Client over another resulting in conflicts of interest. For instance, AIP may receive fees from certain Clients that are charged a higher fee than the fee AIP receives from another Client. In those instances, the portfolio managers may have an incentive to favor the higher and/or performance-based fee Client accounts over another Client account. In addition, a conflict could exist to the extent that AIP has proprietary investments in certain Funds, where AIP investment professionals have personal investments in certain Funds or when certain Funds are investment options in Morgan Stanley employee benefits and/or deferred compensation plans. The AIP investment professionals may have an incentive to favor these Clients over others.

If AIP manages accounts that establish short positions in a security, as well as accounts that maintain long positions in the same security, and the short positions cause the market value of the securities to fall, AIP could be seen as benefitting the accounts taking short positions at the expense of harming the performance of other accounts that maintain long positions in these securities.

An AIP investment professional may also be faced with a conflict of interest when allocating investment opportunities, given the possibility of greater fees from accounts that pay performance-based fees as opposed to accounts that do not pay performance-based fees.

To address these types of conflicts, AIP has adopted policies and procedures pursuant to which allocation decisions may not be influenced by fee arrangements and investment opportunities will be allocated in a manner that AIP believes to be consistent with its obligations as an investment adviser. To further manage these types of conflicts, AIP has implemented Side-by-Side Management guidelines, which are designed to set out specific requirements regarding the side- by-side management of traditional investment portfolios (e.g., long-only portfolios) and alternative investment portfolios (e.g., hedge fund portfolios) in order to manage potential conflicts of interest, including without limitation, those associated with any differences in fee structures, investments in the alternative investment portfolios by MSIM or its employees and trading-related conflicts (including conflicts of interest that may also be raised when MSIM investment teams take conflicting (i.e., opposite direction) positions in the same or related securities for different accounts). In addition, MSIM has established a Side-by-Side Management Subcommittee to help ensure that such conflicts are reviewed and managed appropriately. The Side-by-Side Subcommittee meets on a regular basis and is comprised of representatives from several business areas and control functions. The responsibilities and duties of the Side-by-Side Subcommittee include, among other things, establishing and reviewing appropriate reporting to monitor and review investment and related activities in side-by-side management situations for the relevant business areas.

For additional information on allocation issues and AIP's practices, please refer to Item 12 "Brokerage Practices".

Conflicts Arising from Non-Discretionary Accounts

In connection with the AIP CAPS service, AIP also manages assets for Clients for which it does not exercise investment discretion, but rather AIP makes investment recommendations to Clients, who must then specifically direct AIP to purchase or sell an investment (the "Non-Discretionary CAPS Accounts"). In many cases, AIP makes recommendations to Non-Discretionary CAPS Accounts consistent with the investment decisions made and implemented by AIP on behalf of one or more Clients over which it has investment discretion (the "AIP Discretionary Accounts") (e.g., purchase or sale transactions for the same Underlying Investment Fund).

A potential conflict of interest may arise when simultaneous management of Non-Discretionary CAPS Accounts and AIP Discretionary Accounts exists, because AIP generally receives higher fees, which may include performance fees, from AIP Discretionary Accounts. As a result, AIP may have a financial incentive to allocate opportunities to invest in Underlying Investment Funds to AIP Discretionary Accounts over Non-Discretionary CAPS Accounts. In addition, AIP's ability to manage this potential conflict of interest is limited by a number of factors, including:

1. AIP may not have full authority over the aggregate amount that Clients, discretionary and non-discretionary, are able to make in an Underlying Investment Fund or the timing of such investments. Many Underlying Investment Funds restrict the amount and timing of investment opportunities (sometimes referred to as offering "limited capacity"). Underlying Investment Funds also may allow investment by some types of Clients, but not others (i.e., the Underlying Investment Funds may prefer some types of Clients over others).
2. AIP may not have the ability to cause a Client to act promptly in response to a recommendation that AIP makes with regard to an investment for a Non-Discretionary CAPS Account. As a result, there may be substantial delay between the date of AIP's recommendation and the date on which an investment can be implemented.

As a result of these factors, and notwithstanding the potential conflict of interest, AIP generally cannot guarantee that Non-Discretionary CAPS Accounts will be able to invest in any Underlying Investment Fund, even though AIP Discretionary Accounts may have been able to invest in the same Underlying Investment Fund. AIP allocates investment opportunities to Non-Discretionary CAPS Accounts, while maintaining investment allocation procedures for AIP Discretionary Accounts and Non-Discretionary CAPS Accounts as described below.

AIP will determine whether an Underlying Investment Fund should be recommended for investment by one or more Non-Discretionary CAPS Accounts separately from the determination that it makes to invest in an Underlying Investment Fund on behalf of AIP Discretionary Accounts, although these determinations may be made at or about the same time. If AIP decides to recommend investment in an Underlying Investment Fund for a Non-Discretionary CAPS Account, AIP will generally make a prompt recommendation to the Non-Discretionary CAPS Accounts for which AIP believes the Underlying Investment Fund would be an appropriate investment. AIP also determines, which determination may be made in consultation with the Underlying Investment Manager, what portion of the opportunity to invest in the Underlying Investment Fund should be preliminarily allocated for anticipated investment by Non-Discretionary CAPS Accounts. At the time that an investment recommendation is made to a Non-Discretionary CAPS Account, AIP will have a good faith reasonable belief that, if acted upon promptly by the Client in accordance with the terms of the investment advisory agreement, a sufficient amount of capacity in the Underlying Investment Fund should be available. If the Client does not act promptly on the recommendation, and in any event at least fifteen (15) days prior to the first proposed date of investment in the Underlying Investment Fund, then there is a substantial risk that no investment in the Underlying Investment Fund will be available for the Client's Non-Discretionary CAPS Account. If the aggregate demand for investment in the Underlying Investment Fund by Non-Discretionary CAPS Accounts exceeds the amount of investment opportunity allocated to Non-Discretionary CAPS Accounts, AIP generally will allocate the investment opportunity pro rata among the Non-Discretionary CAPS Accounts for which all pre-requisites to investment have been satisfied for the investment period for the applicable Underlying Investment Fund.

As a result of these allocation procedures, a Non-Discretionary CAPS Account may have a reduced allocation or no allocation to certain Underlying Investment Funds. The risk of a Non- Discretionary CAPS Account receiving a reduced allocation or no allocation to an Underlying Investment Fund will be increased if the Client does not promptly satisfy all prerequisites to making an investment in the Underlying Investment Fund, including providing written direction to AIP and assuring that the Client account has sufficient funds to complete the investment.

Item 7 Types of Clients

AIP generally provides investment advice to registered and unregistered investment companies, pooled investment vehicles, separate accounts, funds of one, corporate/business entities, high net worth individuals, endowments, foundations, charitable institutions, sovereign wealth funds, foreign regulated funds such as UCITs, pension plans, insurance companies and domestic and foreign government agencies, and trusts. In addition, AIP, through its Hedge Fund Solutions business, provides investment research and operational due diligence services to MSSB, as previously discussed in Item 4.

Investors who wish to participate in Funds are generally required to invest a certain minimum amount, which generally ranges (depending on the Fund) from $25,000 to $50 million. Certain Funds may have additional minimum investment requirements and may require that an investor is, among other things, an “accredited investor”, as defined under the Securities Act of 1933 (the “1933 Act”), as amended, and the applicable rules promulgated by the SEC thereunder, and/or a “qualified purchaser”, as defined under the Investment Company Act of 1940, as amended, and the applicable rules promulgated by the SEC thereunder (the “1940 Act”).

The minimum account size for a separately managed account is negotiated on a case-by-case basis.

Generally, a minimum amount of $25 million is required if a Wealth Management client wishes to engage AIP in connection with a customized portfolio account solution.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

Overview

All investing and trading activities risk the loss of capital. Although AIP will attempt to moderate these risks, no assurance can be given that investment activities will be successful or that an investor will not suffer losses. Investing involves a risk of loss that all investors should be prepared to bear.

The core of AIP's investment approach is a research intensive strategy and manager selection process intended to identify value in market inefficiencies and other situations outside the mainstream of conventional investing while minimizing risk. Investments for Accounts managed on a discretionary basis are selected opportunistically and managed dynamically from a very wide range of alternative liquid and private market strategies appropriate for the Account. The offering documents and/or governing materials and, in applicable cases, an investment management agreement provide a fuller description of the types of Underlying Investment Funds, Co-Investments and securities, as applicable, in which Clients may invest, as well as the types of Portfolio Managers and Underlying Investment Managers AIP may engage and oversee. AIP's employees use a wide range of resources to identify attractive Underlying Investment Funds, Co-Investments and Portfolio Managers and promising investment strategies for consideration in connection with investments by Clients. AIP's main sources of information include contacts with industry executives, established business relationships and research materials prepared by others.

Investment Strategies

Hedge Funds

AIP's hedge fund and opportunistic investment process consists of (a) investing in funds managed by Underlying Investment Managers who employ a variety of non-traditional investment strategies; (b) investing in funds managed by Underlying Investment Managers in a traditional style; (c) Co-Investments and (d) secondary market purchases of Underlying Investment Funds and direct companies. Non-traditional investment strategies include a wide range of arbitrage (convertible bond, statistical, term structure, merger, mortgage-backed security, global bond, and capital structure), long-short equities and bonds, convergence, directional trading, distressed securities, alternative lending and options. These strategies allow Underlying Investment Managers the flexibility to use leverage or short-sale positions to take advantage of perceived inefficiencies across capital markets and are referred to as "alternative investment strategies." "Traditional" investment companies are characterized generally by long-only investments and limits on the use of leverage. Underlying Investment Funds following alternative investment strategies (whether hedged or not) are often described as "hedge funds." AIP may also seek to gain investment exposure, on behalf of an Account, to certain Underlying Investment Funds or to adjust market or risk exposure by, among other things, entering into derivative transactions such as total return swaps, options and futures. Some of AIP's Hedge Fund Solutions Clients may also invest in various Opportunistic Investments as part of their investment strategy.

For certain Funds that employ a hedge fund investment strategy, AIP may manage a portion of such Fund's assets in overlay strategies related to portable alpha applications of its alternative investments. Portable alpha is the process whereby alpha (defined as the return in excess of the risk-free rate) is transported onto a traditional asset class return (such as equities or fixed income) to enhance the return of the monies allocated to the underlying asset class without necessitating an alteration in the investor's asset allocation. For example, AIP may enter into a total return swap (with an external counterparty) on behalf of the Fund for the total return on the S&P 500 Index in exchange for payments of SOFR + 50 basis points. The net return to the investor = (Hedge funds return + S&P 500) - (SOFR + 50 basis points).

In some situations, an Underlying Investment Manager will agree to accept direct investments from Clients or the clients of AIP's affiliates into an Underlying Investment Fund. AIP provides investment recommendations and/or portfolio construction advisory services focusing on such Underlying Investment Funds in arrangements where the Clients retain investment discretion. For these Client-direct investments, AIP does not utilize leverage.

Omni Strategy

Omni seeks to engage and oversee, on behalf of the Omni Fund, multiple Portfolio Managers that employ one or more of the following strategies to manage portions of the Omni Fund's portfolio, which are based either on fundamental research, analytical methodologies, or quantitative analysis, and include both long and short positions in a broad range of instruments:

- *Fundamental Long/Short Equity Strategies*. Fundamental long/short equity trading strategies relate to investments in all the major sectors and subsectors of the global equities markets, including but not limited to: consumer discretionary and consumer staples, industrials, technology, communications services, financials, health care, materials, utilities, real estate investment trusts and energy stocks. Portfolio Managers employing fundamental long/short equity strategies generally perform detailed fundamental research on companies within a particular industry group or subgroup and utilize a fundamental research and security selection process aimed at identifying mispriced securities. Portfolio Managers may analyze data on a company-by-company basis and seek to capitalize upon the difference between current market valuations and what the Portfolio Manager considers to be the possible market value. Portfolio Managers may take long positions with respect to stocks and options that they believe to be undervalued and may take short positions with respect to stocks and options they believe to be overvalued. The profits or losses (at any given point in time) will reflect the degree the believed-to-be undervalued positions outperform the believed-to-be overvalued positions (and vice versa). Portfolio Managers may study the economy, financial and political circumstances of a particular industry or commercial market to determine what structural shifts may occur to accelerate a trend or particular change, using this information to identify securities that may outperform or underperform the market. Portfolio Managers are expected to manage the aggregate long positions (and their commensurate long exposures) against the aggregate short positions (and their commensurate short exposures), to be on average market and factor constrained.
- *Quantitative Equity and Futures Trading Strategies*. Quantitative equity and futures trading covers a broad set of sub-strategies that draw upon an array of inputs, data sets and trading methodologies that may vary greatly. The instruments traded will either be equities or futures. Portfolio Managers that employ a quantitative equity and futures trading strategy will perform statistical analysis and analytic research on price changes, trends, and distributional properties of individual equity securities, listed exchanged traded funds, indices and future contracts and will design algorithmic trading systems which are programs created to locate trading opportunities in a systematic or computationally intensive way. Quantitative equity and futures trading uses a variety of information, data series and timeframes, such as intraday market data at the tick level, data streams from auction imbalance feeds and order book data. Portfolio Managers employing a quantitative equity and futures trading strategy design algorithmic trading systems which are programs created to locate trading opportunities in a systematic or computationally intensive way. High-frequency trading ("HFT") is a type of automated trading method that uses algorithms to act upon pre-set indicators, signals and trends. HFT systems attempt to recognize opportunities in real time and automatically execute high speed orders based on the pre-set signals.
- *Orthogonal and Other Non-Correlated Strategies*. Orthogonal and other non-correlated strategies are mean reverting strategies that are intended to not correlate to capital markets or the common risk factors associated with either the fundamental long/short equity or the quantitative equity and futures trading strategies. Orthogonal and other non-correlated strategies, in general, employ relative value long/short investing where the net investment is expected to have well defined distributional properties, exhibit a high degree of reversionary behavior and / or have a clear mechanism for closing the difference between the long and short positions within a known period.

In addition to the strategies described above, AIP will engage in trading activities for risk management purposes to seek to reduce unwanted factor risks and market exposures at the aggregate portfolio level, as well as to allow for efficient utilization of capital by increasing target idiosyncratic volatility at the Omni Fund level. Additionally, AIP seeks to scale and efficiently deploy the Omni Fund's gross exposure to achieve the desired volatility target, while maintaining permissible market and factor risk exposures. To achieve this aim, AIP expects to buy or sell a combination of instruments that reduce residual market beta and style factor risk to within acceptable, pre-defined tolerances. AIP is expected to monitor and hedge a number of risks, including, but not limited to, market, sector, and sub-sector betas, as

well as industry-standard risk style factors. Furthermore, the Omni Fund has issued (and in the future may offer one or more additional) Portable Alpha Series that seek to generate additional returns for the Omni Fund approximating the returns of a Benchmark (in addition to any returns generated in connection with the Omni Fund's primary investment strategies, as described above).

Alternative Lending

The alternative lending strategy seeks to achieve its investment objective by investing in Alternative Lending Securities that generate interest or other income streams that offer access to credit risk premium. AIP sources the Alternative Lending Securities through various alternative lending platforms (i.e., a lending marketplace or lender other than a traditional lender such as a bank) (each, a "Platform"). The alternative lending strategy may invest in a broad range of Alternative Lending Securities, including, but not limited to, (1) consumer loans, inclusive of specialty offerings such as education loans and elective medical loans; (2) small business loans, receivables and/or merchant cash advances; (3) specialty finance assets, including, but not limited to, automobile purchases, equipment finance, transportation leasing, real estate financing or private financing contracts ("PFCs"); (4) tranches of alternative lending securitizations, including, but not limited to, residual interests and/or majority-owned affiliates (MOAs); and (5) to a lesser extent, fractional interests in alternative lending securities and other types of equity, debt or derivative instruments that AIP believes are appropriate.

Private Markets

The Private Markets strategies consist of three primary investment approaches: (1) primary commitments to Underlying Investment Funds managed by Underlying Investment Managers who employ a variety of non-traditional private markets investment strategies, including buyouts, growth capital, venture capital, distressed companies, special situations, mezzanine, real assets, emerging markets and other categories; (2) Co-Investments, primarily alongside AIP's existing primary Underlying Investment Managers; and (3) secondary market purchases of existing private markets Underlying Investment Funds and other private markets assets. A Client's investment strategy may focus on one of the aforementioned strategies or may include a mix of strategies. Certain Clients may also include as a part of their investment strategy a focus on investments in Underlying Investment Funds or Co-investments that are expected to have positive social and/or environmental impact. AIP's Private Markets strategies may, in some cases, make investments in other Underlying Investment Funds (both on a primary or secondary basis) or Co-Investments, such as illiquid private assets sourced from other alternative investment vehicles and/or publicly traded securities of private markets businesses or funds ("Other Investments").

Portfolio Solutions Group

PSG specializes in designing and managing multi-asset, multi-manager investment solutions within an open architecture framework. PSG custom product offerings span from broadly diversified (including traditional and alternative assets), multi-alternative to focused portfolios (e.g., privates-only portfolio, public/private credit portfolio, etc.). The multi-asset portfolios may include the following broad range of strategies: equities; fixed income; liquid alternatives; hedge funds; private credit; real assets; private equity, and are implemented in various ways including discretionary, advisory and model formats.

PSG has developed proprietary approaches to measure risk and return across asset classes that are fully integrated with the asset allocation framework to account for a portfolio's evolution over time. The end result is a portfolio that has been carefully tailored to the Clients' investment objectives and the investment team's outlook. PSG's investment process is comprised of three key components, each of which is expected to add value over the long-term: 1) Strategic Asset Allocation ("SAA"); 2) Manager/Investment Selection; and 3) Medium-Term Asset Allocation ("MTAA"). The SAA will form the anchor portfolio related to the IPS/Investment Guidelines and the MTAA provides the framework for tactical deviations from the SAA based on the investment outlook. PSG's approach to manager selection is fully integrated with asset allocation and is rooted in our open architecture philosophy. This affords PSG the ability to implement strategies

in an efficient manner through a wide range of vehicles, and an unconstrained approach to identifying and investing in managers that consistently generate attractive alpha.

Sustainable Investing Strategies and ESG Integration

MSIM's investment teams incorporate the assessment of material ESG risks and opportunities into investment decision−making processes, as appropriate, and according to investment teams' particular investment strategies. Incorporation of such ESG risks and opportunities can occur at various stages of the investment lifecycle including due diligence and research, valuation, asset selection, portfolio construction, and ongoing engagement and investment monitoring. Certain investment teams deploy a variety of analytical and portfolio construction approaches that extend beyond ESG considerations, as appropriate. Those can include the use of exclusionary screens (e.g., (e.g., sector/norms−based/sovereign/environmental/social controversies, etc.) and inclusionary screens (e.g., minimum sustainability standards, intentional tilts toward sustainability factors, and/or threshold allocations to certain thematic labeled/certified securities), as well as pure-play impact investing strategies that seek to achieve measurable positive social and/or environmental objectives alongside market-rate financial return and strive for portfolio-wide transformational targets.

The specific approaches to incorporating ESG considerations vary considerably across the broad investment strategies summarized above and could also be different among products within any single strategy. The approach to ESG and sustainable investing depends on multiple factors including, but not limited to, the objectives of the product, asset class and investment time horizon, as well as the specific research and portfolio construction, philosophy and process used by that team. Some investment strategies do not incorporate ESG considerations where it is not currently feasible or appropriate to do so as determined by the respective investment team, including, but not limited to passive investment strategies, certain asset allocation strategies, or were requested by clients). Clients and investors should consult their product description, offering documentation, investment guidelines or other product-specific information, or should otherwise confer with their contact at MSIM, in order to understand the specific nature of how ESG considerations are incorporated into each particular investment strategy that MSIM manages for them.

Risk Considerations

All investing and trading activities risk the loss of capital. Although AIP will attempt to moderate these risks, no assurance can be given that the investment activities of an account or fund we advise will achieve the investment objectives of such account or fund or avoid losses. Direct and indirect investing in securities involves risk of loss that you should be prepared to bear.

Set forth below are some of the material risk factors that are often associated with the types of investment strategies and techniques and types of securities relevant to many of our Clients. The information included in this Brochure does not include every potential risk associated with an investment strategy, technique or type of security applicable to a particular client account. Clients are urged to ask questions regarding risks applicable to a particular strategy or investment product, read all product-specific risk disclosures and consult with their own legal, tax and financial advisors to determine whether a particular investment strategy or type of security is suitable for their account in light of their specific circumstances, investment objectives and financial situation.

General Risks of Investing in an AIP Investment Strategy

Inadequate Return: No assurance can be given that the returns on an Account or an investment in an Underlying Investment Fund will be commensurate with the risk of your investment. You should not commit money to an Account unless you have the resources to sustain the loss of your entire investment. Any losses are borne solely by you and not by AIP or its affiliates.

***Illiquidity of Interests; Limitations on Transfer; No Market for Fund Interests*:** You will not be permitted to transfer your interest in a Fund without the consent of the general partner/managing member/board of directors of the Fund.

Furthermore, the transferability of your interest will be subject to certain restrictions contained in the governing materials of a Fund and will be affected by restrictions imposed under applicable securities laws. The general partner/managing member/board of directors of a Fund will not consent to any transfer or other disposition that could cause the Fund to be treated as a "publicly traded partnership" under the Internal Revenue Code. There is currently no market for the interests, and it is not contemplated that one will develop. You should only acquire interests if you are able to commit your funds for an indefinite period of time.

***Hedging Strategy Risk*:** Certain Accounts, pooled investment vehicles, and Underlying Investment Funds, may choose, but are not required, to engage in transactions designed to reduce the risk or to protect the value of their investments, including securities and currency hedging transactions. In addition, AIP may, but is not required to, engage in such transactions to adjust the market or risk exposure established by Portfolio Managers. These hedging strategies could involve a variety of derivative transactions, including transactions in forward, swap and option contracts or other financial instruments with similar characteristics, including, without limitation, forward foreign currency exchange contracts, currency and interest rate swaps, options and short sales (collectively "Hedging Instruments"). Certain risks associated with Hedging Instruments are further detailed below under "Use of Derivatives". Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of those positions decline, but establishes other positions designed to gain from those same developments, thus offsetting the decline in the portfolio positions' value. While these transactions may reduce the risks associated with an investment by the Account or the Underlying Investment Funds, the transactions themselves entail risks that are different from those of the investments of the Accounts or Underlying Investment Funds. The risks posed by these transactions include, but are not limited to, interest rate risk, market risk, and the risk that these complex instruments and techniques will not be successfully evaluated, monitored, or priced; the risk that counterparties will default on their obligations, liquidity risk and leverage risk. Changes in liquidity may result in significant, rapid, and unpredictable changes in the prices for derivatives. Thus, while the Accounts and Underlying Investment Funds may benefit from the use of Hedging Instruments, unanticipated changes in interest rates, securities prices or currency exchange rates may result in a poorer overall performance for the Accounts and Underlying Investment Funds than if they had not used such Hedging Instruments.

***Absence of Regulatory Oversight*:** Certain of the Funds and the Underlying Investment Funds are not registered as investment companies under the 1940 Act. Certain of the Funds, as investors in these Underlying Investment Funds, do not have the benefit of the protections afforded by the 1940 Act to investors in registered investment companies. The Underlying Investment Managers and Portfolio Managers may not be registered as investment advisers under the Advisers Act.

The Funds and Underlying Investment Funds typically do not maintain their securities and other assets in the custody of a bank or a member of a securities exchange, as generally required of registered investment companies. It is anticipated that the Funds and Underlying Investment Funds generally will maintain custody of their assets with brokerage firms that do not separately segregate such customer assets as required in the case of registered investment companies. Under the provisions of the Securities Investor Protection Act of 1970, as amended, the bankruptcy of any such brokerage firm could have a greater adverse effect on the Funds than would be the case if custody of assets were maintained in accordance with the requirements applicable to registered investment companies. There is also a risk that an Underlying Investment Manager could convert assets committed or paid to it by the Funds for its own use or that a custodian could convert assets committed to it by an Underlying Investment Manager to its own use.

Underlying Investment Funds and Funds that make direct investments may permit or require that redemptions of interests be made in kind. Upon a Fund's redemption of all or a portion of its interest in an Underlying Investment Fund, or an investor's redemption of all or a portion of its interest in a Fund that makes direct investments, the Fund or the investor may receive securities that are illiquid or difficult to value. With respect to interests in Underlying Investment Funds distributed in kind, AIP would seek to cause the Fund to dispose of these securities in a manner that is in the best interest of the Fund. A Fund may be unable to withdraw from an Underlying Investment Fund except at certain designated

times (if at all), limiting AIP's ability to redeem assets from an Investment Fund that may have poor performance or for other reasons.

***General Economic, Geopolitical and Market Conditions*:** The success of our investment strategies, processes, and methods of analysis, as well as any account's activities, can be affected by general economic, geopolitical, and market conditions, such as inflation (or expectations for inflation), deflation (or expectations for deflation), interest rates (or changes in interest rates), availability of credit, market or financial system instability or uncertainty, embargoes, tariffs, sanctions and other trade barriers, health emergencies (such as epidemics and pandemics), terrorism, global demand for particular products or resources, natural disasters and extreme weather events, supply chain disruptions, cybersecurity events, terrorism, social and political discord, war (including regional armed conflict), debt crises and downgrades, regulatory events, governmental or quasi-governmental actions, changes in laws, and national and international political circumstances.

These factors create uncertainty, and can ultimately result in, among other things: increased volatility in the financial markets for securities, derivatives, loans, credit and currency; a decrease in the reliability of market prices and difficulty in valuing assets, greater fluctuations in spreads on debt investments and currency exchange rates; increased risk of default (by both government and private obligors and issuers); further social, economic, and political instability; nationalization of private enterprise; greater governmental involvement in the economy or in social factors that impact the economy; changes to governmental regulation and supervision of the securities, loan, derivatives and currency markets and market participants, and decreased or revised monitoring of such markets by governments or self-regulatory organizations and reduced enforcement of regulations; limitations on the activities of investors in such markets; controls or restrictions on foreign investment, capital controls and limitations on repatriation of invested capital; the significant loss of liquidity and the inability to purchase, sell and otherwise fund investments or settle transactions (including, but not limited to, a market freeze); unavailability of currency hedging techniques; substantial, and in some periods extremely high, rates of inflation, which can last many years and have substantial negative effects on credit and securities markets as well as the economy as a whole; recessions; and difficulties in obtaining and/or enforcing legal judgments. Any of these conditions may adversely affect the level and volatility of prices and liquidity of an account's investments. Unexpected volatility or lack of liquidity, could impair an account's profitability, or result in its suffering losses.

Economies and financial markets worldwide are becoming increasingly interconnected, which increases the likelihood that events or conditions in one country or region will adversely impact markets or issuers in other countries or regions, including in ways that are difficult to predict or foresee. The impacts of these events can be exacerbated by failures of governments and societies to respond adequately to an emerging event or threat. For example, local or regional armed conflicts have led to significant sanctions against certain countries and persons and companies connected with certain countries by the United States, Europe, and other countries. Such armed conflicts and sanctions and other local or regional developments can exacerbate global supply and pricing issues, particularly those related to oil and gas, and result in other adverse developments and circumstances, as well as increased general uncertainty, for markets, economies, issuers, businesses, and societies globally. For example, in 2024, the geopolitical environment was in part characterized by geopolitical uncertainty regarding the war between Russia and Ukraine and armed conflicts occurring in the Middle East, and their impact on the global markets, including the energy markets. Although these types of events have occurred and could also occur in the future, it is difficult to predict when similar events or conditions affecting the U.S. or global financial markets and economies may occur, the effects of such events or conditions, potential retaliations in response to sanctions or similar actions and the duration or ultimate impact of those events. Any such events or conditions could have a significant adverse impact on the value and risk profile of the Funds and their investments, with or without direct exposure to the specific geographies, markets, countries or persons involved in an armed conflict or subject to sanctions.

Changes in U.S. Trade and Other Government Policies: The U.S. government has recently indicated its intent to alter its approach to international trade policy and in some cases to renegotiate, or potentially terminate, certain existing bilateral or multi-lateral trade agreements and treaties with foreign countries, and has made proposals and taken actions

related thereto. For example, the U.S. government has imposed, and may in the future further increase, tariffs on certain foreign goods, including from China, such as steel and aluminum, and the Trump administration has indicated its intention to impose tariffs on imports of certain products into the United States, including from Canada and Mexico. Some foreign governments, including China, have instituted retaliatory tariffs on certain U.S. goods and have indicated a willingness to impose additional tariffs on U.S. products. There is uncertainty as to the actions that may be taken under the Trump administration with respect to U.S. trade policy, including with China, and while the Adviser and the Funds and Separate Accounts intend to comply with applicable laws, rapid changes in laws and/or uncertain interpretation and implementation thereof, may affect the Adviser's and the Funds' and Separate Accounts' capacity to comply. New trade policy may also have a legal burden and negative impact on the Funds and Separate Accounts and their investments, including increased costs and necessity to exit certain investments. Further governmental actions related to the imposition of tariffs or other trade barriers or changes to international trade agreements or policies could further increase costs, decrease margins, disrupt supply chains, reduce the competitiveness of products and services offered by current and future portfolio companies of the Funds or Separate Accounts and adversely affect the revenues and profitability of Funds' or Separate Accounts' portfolio companies whose businesses rely on the importing of goods into, and the exporting of goods out of, the United States.

The Trump administration has further signaled its intention to implement significant changes to the size of the federal government and to various other government policies. The potential downsizing of the federal government workforce, along with the changes in U.S. trade policy discussed above, could introduce market instability and reduce investor confidence. For example, substantial reductions in government spending and personnel could negatively affect certain of the Funds' or Separate Accounts' portfolio companies that rely on government subsidies or government contracts, destabilize the U.S. government contracting market, and harm the Adviser's and the respective Funds and/or Separate Accounts' ability to generate expected returns. Moreover, the Trump administration's signaled changes to government policy with respect to tax, immigration, labor, infrastructure, energy, and business regulations (including U.S. anti-corruption policies) may create uncertainty and volatility for the Funds and Separate Accounts and their respective portfolio companies. In light of these developments, there can be no assurances that political and regulatory conditions will not worsen and/or adversely affect the Funds, the Separate Accounts, their portfolio companies, or their respective financial performance.

Public Health Emergencies. Many countries have experienced outbreaks of infectious illnesses in recent decades, including swine flu, avian influenza, SARS and the Coronavirus, and could experience similar outbreaks in the future. For example, the Coronavirus outbreak has resulted in numerous deaths and the imposition of both local and more widespread "work from home" and other quarantine measures, border closures and other travel restrictions, causing social unrest and commercial disruption on a global scale and significant volatility in financial markets.

In addition to the impact on companies and the value of investments, the operations of MSIM (including those relating to a portfolio) could be impacted adversely by another outbreak of an infectious disease including through quarantine measures and travel restrictions imposed on MSIM or service providers' personnel located in affected countries, regions or local areas, or any related health issues of such personnel. Any of the foregoing events could materially and adversely affect MSIM's ability to source, manage and divest investments on behalf of a portfolio and pursue a portfolio's investment objectives and strategies.

***Inadequate Return Risk*:** No assurance can be given that the returns will be commensurate with the risk of your investment. You should not commit money to an account unless you have the resources to sustain the loss of your entire investment. Any losses are borne solely by you and not by us or our affiliates.

Inside Information Risk. From time to time, we could come into possession of material, non-public information ("MNPI") concerning an entity in which an account has invested or proposes to invest. Possession of that information could limit our ability to buy or sell securities of the entity on your behalf. For example, if we come into possession of information (i) that out of an abundance of caution, MSIM can restrict on the basis of nonpublic information without first determining

that it is material, (ii) that certain types of MNPI might not become public, and could restrict trading for extended periods of time, and (iii) that MSIM seeks to establish information barriers among certain affiliates to mitigate this risk, but those barriers might not be ineffective.

***Principal Investment Activities*:** Morgan Stanley generally invests directly in private equity and real estate private equity through other divisions. As a consequence, other than co-investments made by certain accounts alongside those private equity or private equity real estate fund managers into whose funds an investment team has invested on a primary basis, not every direct private equity or private equity real estate investment that meets an account's investment objectives may be made available to our accounts.

***Interest Rate Risk*:** Portfolio investments, payment obligations and financing items may be based on floating rates such as London Interbank Offer Rate ("LIBOR"), Euro Interbank Offered Rate and other similar types of reference rates (each a "Reference Rate"). These Reference Rates are generally intended to represent the rate at which contributing banks may obtain short-term borrowings from each other within certain financial markets. On July 27, 2017, the Chief Executive of the UK Financial Conduct Authority ("FCA"), which regulates LIBOR, announced that the FCA will no longer persuade nor require banks to submit rates for the calculation of LIBOR and certain other Reference Rates after 2021. However, subsequent announcements by the FCA, the LIBOR administrator, and other regulators indicate that it is possible that certain Reference Rates may continue beyond 2021. This announcement and any additional regulatory or market changes may have an adverse impact on client portfolio investments.

It is expected that banks will not be compelled to submit rates for the calculation of LIBOR benchmark reference rate beyond 2021 (or a later date if a particular Reference Rate is expected to continue beyond 2021). In advance of 2022, regulators and market participants are currently engaged in identifying successor Reference Rates ("Alternative Reference Rates"). Additionally, prior to the end of 2021, it is expected that market participants will focus on the transition mechanisms by which the Reference Rates in existing contracts or instruments may be amended, whether through market wide protocols, fallback contractual provisions, bespoke negotiations, or amendments or otherwise. At this time, it is not possible to completely identify or predict the effect of any such changes, any establishment of Alternative Reference Rates or any other reforms to Reference Rates that may be enacted in the UK or elsewhere. While market participants are endeavoring to minimize the economic impact of the transition from Reference Rates to Alternative Reference Rates, the transition away from LIBOR and certain other Reference Rates could have a number of negative consequences. In connection with discontinuing LIBOR as a benchmark reference rate, one or more of the following could occur: (i) increased volatility and illiquidity in markets that currently rely on LIBOR to determine interest rates; (ii) a reduction in the value of some Reference Rate-based investments and our ability to effectively mitigate interest rate risks in client portfolios; (iii) extensive negotiations of and/or amendments to agreements and other documentation governing Reference Rate-linked investments products; (v) disputes, litigation or other actions with counterparties or portfolio companies regarding the interpretation and enforceability of "fallback" provisions that provide for an alternative reference rate in the event of Reference Rate unavailability; and/or (vi) additional costs incurred in relation to any of the above factors.

If no widely accepted conventions develop, it is uncertain what effect broadly divergent interest rate calculation methodologies in the markets and differing times of adopting new benchmarks will have on the price and liquidity of debt obligations and our ability to effectively mitigate interest rate risks in client portfolios. To the extent interest rates increase, periodic interest obligations owed by the related obligors will also increase. As prevailing interest rates increase, some obligors might not be able to make the increased interest payments on, or refinance, their debt obligations, resulting in payment defaults and defaulted obligations. Conversely, if interest rates decline, obligors might refinance their debt obligations at lower interest rates, which could shorten the average life of the securities and expose client portfolios to reinvestment risk.

The risks associated with the above factors, including decreased liquidity, are heightened with respect to investments in Reference Rate based products that do not include a fallback provision that addresses how interest rates will be

determined if LIBOR and certain other Reference Rates stop being published. Even with some Reference Rate-based instruments that may contemplate a scenario where Reference Rates are no longer available by providing for an alternative rate-setting methodology and/or increased costs for certain Reference Rate-related instruments or financing transactions, there may be significant uncertainty regarding the effectiveness of any such alternative methodologies, resulting in prolonged adverse market conditions. There also remains uncertainty and risk regarding the willingness and ability of issuers to include enhanced provisions in new and existing contracts or instruments. In addition, when a Reference Rate is discontinued, the substitute Reference Rate may be lower than market expectations, which could have an adverse impact on the value of preferred and debt securities with floating or fixed-to-floating rate coupons. Furthermore, any substitute Reference Rate and any pricing adjustments imposed by a regulator or counterparties or otherwise may adversely affect the value or performance of certain portfolio investments or the portfolios we manage.

Interest Rate Increases: In light of current market conditions, until recently interest rates and bond yields in the United States and many other countries were at or near historic lows, and in some cases, such rates and yields were negative. During periods of very low or negative interest rates, a client's susceptibility to interest rate risk (i.e., the risks associated with changes in interest rates) could be magnified, its yield and income could be diminished, and its performance could be adversely affected (e.g., during periods of very low or negative interest rates, a client might be unable to maintain positive returns). These levels of interest rates (or negative interest rates) can magnify the risks associated with rising interest rates. Changing interest rates, including rates that fall below zero, can have unpredictable effects on markets, including market volatility and reduced liquidity, and could adversely affect a portfolio's yield, income, and performance.

Estimates**:** In most cases, AIP will have no ability to assess the accuracy of the valuations received from an Underlying Investment Manager. Furthermore, the net asset values, or other valuation information received by us from such Underlying Investment Managers will typically be estimates only, subject to revision through the end of such Underlying Investment Manager's annual audit. Revisions to the gain and loss calculations will be an ongoing process, and no net capital appreciation or depreciation figure can be considered final until the annual audit of each to Underlying Investment Fund is completed.

Inflation Risk: Certain investments are subject to inflation risk, which is the risk that the value of assets or income from investments will be less in the future as inflation decreases the value of money (i.e., as inflation increases, the values of assets can decline). Inflation rates can change frequently and significantly as a result of various factors, including unexpected shifts in the domestic or global economy and changes in economic policies, and a client's investments might not keep pace with inflation, which can result in losses to investors. This risk is greater for fixed-income instruments with longer maturities.

Conflicts of Interest**:** As a diversified global financial services firm, Morgan Stanley engages in a broad spectrum of activities including financial advisory services, asset management activities, sponsoring and managing private investment funds, engaging in broker-dealer transactions and other activities. In the ordinary course of business, Morgan Stanley engages in activities in which Morgan Stanley's interests, or the interests of its clients may conflict with the interests of an Account or investors. The potential for Morgan Stanley, as placement agent, to receive compensation in connection with an investor's investment in a Fund presents such placement agent with a potential conflict of interest in recommending that such investor purchase interests in a Fund. Such placement agent may in its sole discretion waive the placement fees payable by an investor. You should take such payment arrangements into account when evaluating any recommendations relating to your investments.

In addition, AIP addresses conflicts through disclosures to investors. Should any transactions that present a potential conflict of interest actually arise, AIP may, in certain situations choose to seek the approval of investors, limited partners and/or advisory committee for the respective Fund with respect to conflicts of interest or approvals required under the Advisers Act, including Section 206(3) and/or the relevant governing materials. AIP may also choose to seek the approval of investors with respect to certain conflict situations or matters under the Advisers Act.

***Foreign and Emerging Markets*:** An Underlying Investment Fund selected for a portfolio, or a Portfolio Manager on behalf of an Account, may invest in assets in emerging markets. Investing in emerging markets involves risks and special considerations not typically associated with investing in other more established economies or securities markets. Such risks may include: (i) increased risk of confiscatory taxation or nationalization or expropriation of assets; (ii) greater social, economic, and political uncertainty, including war; (iii) higher dependence on exports and the corresponding importance of international trade; (iv) greater volatility, less liquidity, and smaller capitalization of securities markets; (v) greater volatility in currency exchange rates; (vi) greater risk of inflation; (vii) greater controls on foreign investment and limitations on repatriation of invested capital and on the ability to exchange local currencies for U.S. dollars; (viii) increased likelihood of governmental involvement in, and control over, the economies; (ix) governmental decisions to cease support of economic reform programs or to impose centrally planned economies; (x) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers; (xi) less extensive regulation of the securities markets; (xii) longer settlement periods for securities transactions and less reliable clearance and custody arrangements; and (xiii) less developed corporate laws regarding protection of investors and fiduciary duties of officers and directors.

Investments in foreign markets may also be adversely affected by governmental actions such as the imposition of capital controls, nationalization of companies or industries, expropriation of assets or the imposition of punitive taxes. The governments of certain countries may prohibit or impose substantial restrictions on foreign investing in their capital markets or in certain sectors or industries. In addition, a foreign government may limit or cause delay in the convertibility or repatriation of its currency which would adversely affect the U.S. dollar value and/or liquidity of investments denominated in that currency. Certain foreign investments may become less liquid in response to market developments or adverse investor perceptions, or become illiquid after purchase by an investor, particularly during periods of market turmoil. When an investor holds illiquid investments, its portfolio may be harder to value.

Investments in foreign companies and countries are subject to economic sanction and trade laws in the United States and other jurisdictions. These laws and related governmental actions may, from time to time, prohibit an investor from investing in certain countries and in certain companies. Investments in certain countries and companies may be, and have in the past been, restricted as a result of the imposition of economic sanctions. In addition, economic sanction laws in the United States and other jurisdictions may prohibit an investor from transacting with a particular country or countries, organizations, companies, entities and/or individuals. These types of sanctions may significantly restrict or completely prohibit investment activities in certain jurisdictions. In addition, such economic sanctions or other government restrictions may negatively impact the value or liquidity of a portfolio of investments and could impair AIP's ability to meet a client's investment objective or invest in accordance with a client's investment strategy.

***Russian Invasion of Ukraine*:** Commencing in 2021, Russian President Vladimir Putin ordered the Russian military to begin massing thousands of military personnel and equipment near its border with Ukraine and in Crimea, representing the largest mobilization since the illegal annexation of Crimea in 2014. Following such order, President Putin initiated troop movements into the eastern portion of Ukraine and threatened an all-out invasion of Ukraine. On February 22, 2022, the United States and several European nations announced sanctions against Russia in response to Russia's actions. On February 24, 2022, President Putin commenced a full-scale invasion of Russia's pre-positioned forces into Ukraine, which could have a negative impact on the economy and business activity globally (including in the countries in which an Account invests), and therefore could adversely affect the financial performance of such Account and its Investments, or could have a significant impact on the industries in which such Account participates, and could adversely affect the operations of Morgan Stanley, an Account and its Investments. Furthermore, the conflict between the two nations and the varying involvement of the United States and other countries that are members of the North Atlantic Treaty Organization, could preclude prediction as to their ultimate adverse impact on global economic and market conditions, and, as a result, presents material uncertainty and risk with respect to an Account and the performance of its investments or operations, and the ability of an Account to achieve its investment objectives. Additionally, to the extent that third parties, investors, or related customer bases have material operations or assets in Russia or Ukraine, they may have adverse consequences related to the ongoing conflict.

***Conflicts in the Middle East*:** On October 7, 2023, Hamas (an organization which has governed Gaza, and which has been designated as a terrorist organization by the United States, the UK, the EU, Australia and other nations), committed a terrorist attack within Israel (the "October 7th Attacks"). Israel responded by initiating a full-scale invasion of Gaza. In response to the October 7th Attacks, the United States increased sanctions and other restrictive measures against Hamas-related persons and organizations. Although there is currently a cease-fire in the Israel-Hamas conflict, it is possible the armed conflicts in the Middle East will resume, expand and ultimately more actively involve the United States, Lebanon (and/or Hezbollah), Iran and/or other countries or terrorist organizations, any of which will exacerbate the risks described above. Most recently, on February 28, 2026, the security situation in the Middle East escalated significantly with the commencement of a major military conflict involving the United States, Israel and Iran, which may cause significant market disruptions and volatility within the Middle East and the United States, including significant spikes in global energy prices.

***Legal and Regulatory Risks*:** The regulation of the U.S. and non-U.S. securities and futures markets, Funds, and Underlying Investment Funds has undergone substantial change over the past decade and such change may continue. In particular, in light of the recent market turmoil there have been numerous proposals, including bills that have been introduced in the U.S. Congress, for substantial revisions to the regulation of financial institutions generally. Some of these bills introduced in Congress would require additional regulation of private fund managers, including requirements for such managers to register as investment advisers under the Advisers Act and disclose various information to regulators about the positions, counterparties and other exposures of the private funds managed by such managers. The effect of regulatory change on the Funds and Underlying Investment Funds, while impossible to predict, could be substantial and adverse. In addition, the practice of short selling has been the subject of numerous temporary restrictions, and similar restrictions may be promulgated at any time. Such restrictions may adversely affect the returns of Funds and Underlying Investment Funds that utilize short selling.

***Regulation as a Bank Holding Company*:** Morgan Stanley is a Bank Holding Company (a "BHC") and has elected to be treated as a "financial holding company" ("FHC") under the BHCA. FHC status is available to BHCs which meet certain criteria and may engage in a broader range of activities than BHCs which are not FHCs.

The activities of BHCs and their affiliates are subject to certain restrictions imposed by the BHCA and related regulations. Because Morgan Stanley may be deemed to "control" a Fund within the meaning of the BHCA, these restrictions could apply to such Fund as well. These restrictions may materially adversely affect the Fund, among other ways, by imposing a maximum holding period on some or all of the Fund's investments; limiting the amount of an entity's beneficial ownership interests which the Fund may hold; restricting the ability of us, Morgan Stanley, any of its affiliates which serve as general partner or manager of the relevant Fund (in either case, the "Affiliated General Partner"), or their affiliates to invest in the Fund or to participate in the management and operations of the entities in which the Fund or an Underlying Investment Fund invests; or affecting either AIP's ability to pursue certain strategies within a Fund's investment program or AIP's ability or the ability of the Fund, Morgan Stanley, any Affiliated General Partner, or any affiliates to invest in certain Underlying Investment Funds. Certain BHCA regulations may also require aggregation of the positions owned, held, or controlled in Client and proprietary accounts by Morgan Stanley and its affiliates (including without limitation, us, and any Affiliated General Partner) with positions held by the Funds (and, in certain instances, one or more Underlying Investment Funds). Moreover, Morgan Stanley may cease in the future to qualify as an FHC, which may subject the Fund to additional restrictions or cause the general partner to dissolve the Fund. Additionally, there can be no assurance either that the bank regulatory requirements applicable to Morgan Stanley and the Funds will not change or that any such change will not have a material adverse effect on the Funds.

Morgan Stanley may in the future, in its sole discretion, restructure a Fund, an Affiliated General Partner or AIP to reduce or eliminate the impact or applicability of these bank regulatory restrictions on the Accounts. Morgan Stanley may seek to accomplish this result by causing another entity to replace a Fund's current Affiliated General Partner (if any), transferring ownership of AIP or that of such Affiliated General Partner, reducing the amount of Morgan Stanley's

investment in the Fund (if any), effecting any combination of the foregoing, or implementing such other means as it determines in its sole discretion. Any such transferee may be unaffiliated with Morgan Stanley. In connection with any such change, AIP may, in its sole discretion assign AIP's right to receive a performance fee or allocation, if any or, with the required consent, cause another entity to be admitted to a Fund for the purpose of receiving the performance fee or allocation.

***Dodd-Frank Act*:** Section 13 of the Bank Holding Company Act (commonly referred to as the "Volcker Rule"), along with regulations issued by the Federal Reserve, Office of the Comptroller of the Currency, Securities and Exchange Commission, Federal Deposit Insurance Corporation, and Commodity Futures Trading Commission ("Implementing Regulations") generally prohibit "banking entities" (which term includes bank holding companies and their affiliates and subsidiaries) from investing in, sponsoring, or having certain types of relationships with, certain private investment funds (referred to in the Implementing Regulations as "covered funds").

***Volcker Rule*:** The Volcker Rule and the Implementing Regulations impose a number of restrictions on Morgan Stanley and its affiliates and subsidiaries that affect us, a covered fund offered by us, the general partner of those funds, and the limited partners of such funds. For example, to sponsor and invest in certain covered funds, Morgan Stanley must comply with the Implementing Regulations' "asset management" exemption to the Volcker Rule's prohibition on sponsoring and investing in covered funds. Under this exemption, the investments made by Morgan Stanley (aggregated with certain affiliate and employee investments) in a covered fund must not exceed 3% of the covered fund's outstanding ownership interests and Morgan Stanley's aggregate investment in covered funds must not exceed 3% of Morgan Stanley's Tier I capital. In addition, the Volcker Rule and the Implementing Regulations generally prohibit Morgan Stanley and its affiliates from entering in certain other transactions (including "covered transactions" as defined in Section 23A of the U.S. Federal Reserve Act, as amended) with or for the benefit of, covered funds that it sponsors and/or advises. For example, Morgan Stanley cannot provide loans, hedging transactions with extensions of credit or other credit support to covered funds it advises and/or sponsors. While we endeavor to minimize the impact on our covered funds and the assets held by them, Morgan Stanley's interests in determining what actions to take in complying with the Volcker Rule and the Implementing Regulations could conflict with our interests and the interests of the private funds, the general partner and the limited partners of the private funds, all of which could be adversely affected by such actions. The foregoing is not an exhaustive discussion of the potential risks the Volcker Rule poses for us.

***Referendum on the UK's EU Membership*:** The United Kingdom ("UK") left the European Union ("EU") on January 31, 2020 (commonly known as "Brexit"). Market uncertainty remains regarding Brexit's ramifications, and the range and potential implications of the possible political, regulatory, economic, and market outcomes in the UK, EU and beyond are not yet fully known. If one or more additional countries leave the EU or the EU dissolves, the world's securities markets will likely be significantly disrupted.

***Negative Interest Rates*:** Low or high interest rates may magnify the risks associated with rising interest rates. During periods of low interest rates, a client's susceptibility to interest rate risk (i.e., the risks associated with changes in interest rates) could be magnified, its yield and income could be diminished and its performance could be adversely affected (e.g., during periods of very low or negative interest rates, a client might be unable to maintain positive returns). Changing interest rates, including rates that fall below zero, can have unpredictable effects on markets, including market volatility and reduced liquidity, and can adversely affect a portfolio's yield, income, and performance. In addition, government actions (such as changes to interest rates) could have unintended economic and market consequences that adversely affect a client's investments. Investments in certain debt securities will be especially subject to the risk that, during certain periods, the liquidity of particular issuers or industries, or all securities within a particular investment category, may shrink or disappear suddenly and without warning as a result of adverse economic, market or political events, or adverse investor perceptions, whether or not accurate. Government and other public debt can be adversely affected by large and sudden changes in local and global economic conditions that result in increased debt levels. Although high levels of government and other public debt do not necessarily indicate or cause economic problems, high levels of debt could create certain systemic risks if sound debt management practices are not implemented. A high debt level could increase

market pressures to meet an issuer's funding needs, which can increase borrowing costs and cause a government or public or municipal entity to issue additional debt, thereby increasing the risk of refinancing. A high debt level also raises concerns that the issuer could be unable or unwilling to repay the principal or interest on its debt, which can adversely impact instruments held by the clients that rely on such payments. Governmental and quasi-governmental responses to certain economic or other conditions could lead to increasing government and other public debt, particularly when such responses are unprecedented, which heighten these risks. Unsustainable debt levels can lead to declines in the value of currency and can prevent a government from implementing effective counter-cyclical fiscal policy during economic downturns, can generate or contribute to an economic downturn or cause other adverse economic or market developments, such as increases in inflation or volatility. Increasing government and other public debt could adversely affect issuers, obligors, guarantors, or instruments across a variety of asset classes.

SEC Proposals: Recently proposed rules by the SEC related to investment advisers, to the extent adopted substantially, as proposed, could impose significant burdens, requirements, and expenses on MSIM and the funds and accounts that we manage. The SEC and other US regulators might also adopt additional rules in the future that could have an impact on us, the funds, accounts, and their respective client portfolios.

Benchmark Reference Rates Risk: Many debt securities, derivatives, and other financial instruments utilize benchmark or reference rates for variable interest rate calculations, including the Euro Interbank Offer Rate, Sterling Overnight Index Average Rate, and the Secured Overnight Financing Rate (each a "Reference Rate"). Instruments in which an account invests could pay interest at floating rates based on such Reference Rates or be subject to interest caps or floors based on such Reference Rates. The issuers of instruments in which an account invests could also obtain financing at floating rates based on such Reference Rates. The elimination of a Reference Rate or any other changes to or reforms of the determination or supervision of Reference Rates could have an adverse impact on the market for, or value of, any instruments or payments linked to those Reference Rates.

For example, some Reference Rates, as well as other types of rates and indices, are described as "benchmarks" and have been the subject of ongoing national and international regulatory reform, including under the European Union regulation on indices used as benchmarks in financial instruments and financial contracts. As a result, the manner of administration of benchmarks has changed and may further change in the future, with the result that relevant benchmarks may perform differently than in the past, the use of benchmarks that are not compliant with the new standards by certain supervised entities could be restricted, and certain benchmarks could be eliminated entirely. Such changes could cause increased market volatility and disruptions in liquidity for instruments that rely on or are impacted by such benchmarks. Additionally, there could be other consequences which cannot be predicted.

***Developments in Financial Services Industry and Impact on Morgan Stanley*:** In the event of any market turmoil and weakening of the financial services industry, Morgan Stanley's financial condition may be adversely affected, and it may be subject to legal, regulatory, reputational, and other unforeseen risks that could have an adverse effect on Morgan Stanley's business and operations. To the extent that any such events occur, Morgan Stanley, its affiliates and employees may be unable to fulfill their funding obligations to an Account, one or more of an Account's key investment professionals may cease to be associated with the Account and the Account may suffer other adverse consequences, each of which could adversely affect the business of the Account, restrict the Account's investment activities and impede the Account's ability to effectively achieve its investment objectives. In addition, the cost and availability of funding available to the Account may be adversely affected by illiquidity and wide credit spreads in the credit markets. Continued turbulence in the U.S. and international markets and economy may adversely affect the Account.

***Investments May be Concentrated*:** Account and Underlying Investment Funds' investments may not be diversified (in terms of geography, currency, sector, asset class or otherwise) during periods of cross-sectional factor correlation instability or heightened cross-sectional factor volatility (or during other periods or following certain events). There can be no assurance as to the degree of diversification that will be achieved in an Account's investments, and the Account's investment portfolio could become highly concentrated (in terms of geography, currency, sector, asset class or

otherwise), and the performance of a few holdings may substantially affect the Account's aggregate return. Concentrated investment exposure by an Account could magnify the other risks described herein. Similarly, as a result of disposal of assets during the winding up of an Account, AIP may not be able to dispose of assets across various asset classes proportionally, which could result in the Account becoming highly concentrated.

Risks associated with ESG Investing: Strategies that seek to incorporate financially material ESG factors could lose value or otherwise underperform for a variety of reasons. ESG considerations tend to prioritize the longer-term prospects of issuers, which are not necessarily predictive of short-term fluctuations in security prices or overall market dynamics in the shorter term. Integration incorporation of ESG factors into the investment process can cause an investment strategy to underweight or exclude certain sectors, industries, or geographies relative to benchmarks or competitors, which can result in underperformance during periods when those sectors, industries or geographies are being more broadly favored by the overall market. Assessment of ESG factors is subjective by nature, and there is no assurance that an investment team will correctly or consistently identify the financially material ESG attributes of individual investments. Furthermore, MSIM is dependent on the quality and completeness of ESG-related information and data obtained through voluntary reporting by issuers, as well as on analysis and "scores" provided by third parties, in seeking to incorporate financially material ESG factors into the selection process for investments. The risk associated with this dependency is especially pronounced for markets, geographies, and asset classes where the quality and extent of available information and reporting are lower. All of the risks described above are present both where MSIM incorporates ESG factors into its research process for individual security selection and where it applies formal exclusionary screens as part of its investment process.

MSIM manages certain accounts and strategies for which, in addition to incorporating financially material ESG factors into the investment process, MSIM adopts an explicit emphasis on ESG and/or sustainability attributes of the portfolio. This type of strategy tends to augment the risks associated with incorporated ESG investing and can expose client accounts to additional risks over and above the ESG factor risk described above. In certain situations, the potential social impact could outweigh financial considerations. For example, MSIM could choose to make an investment that has a lower expected financial return when compared to other possible investments due to ESG considerations, such as where the investment has the potential to have a greater environmental and/or social impact. In addition, MSIM could reject an opportunity to increase the financial return of an existing investment in order to preserve the environmental and/or social impact of such investment. Further, MSIM could refrain from disposing of an underperforming investment for a period of time in order to minimize the negative environmental and/or social impact of such disposition. As a result of the foregoing, these portfolios or accounts are subject to the risk that they achieve lower returns than if MSIM did not adopt an explicit focus on ESG and/or sustainability considerations, including the environmental and/or social impact of investments and investment-related decisions. Clients should also be aware that their perception of the ESG attributes, or the social and environmental impact, of their investment portfolio could differ from MSIM's or a third party's assessment of how that portfolio adheres to ESG principles.

Turnover: The investment strategies of Underlying Investment Managers and Portfolio Managers may lead to frequent changes in investments, particularly in periods of rapidly fluctuating market environments, and an Underlying Investment Manager's or Portfolio Manager's activities may involve investment on the basis of various short-term market considerations. Accordingly, an Underlying Investment Manager's or a Portfolio Manager's turnover rate may be significant at any time and from time to time. In addition, AIP's, or a Portfolio Manager's turnover rate when trading on behalf of an Account may be significant at any time and from time to time. Portfolio turnover generally involves transactional expenses to the Account.

Reliance on Underlying Investment Managers and Portfolio Managers: Although AIP periodically receives information from each Underlying Investment Fund regarding its investment performance and investment strategy, AIP may have little or no means of independently verifying this information. An Underlying Investment Fund may use proprietary investment strategies that are not fully disclosed, which may involve risks under some market conditions that are not anticipated. Underlying Investment Managers may change their investment strategies (i.e., may experience style

drift) at any time. In addition, AIP has no direct control over any Underlying Investment Funds' investment management, brokerage, custodial arrangements, or operations and must rely on the experience and competency of the Underlying Investment Manager in these areas. The performance of the Accounts depends on AIP's success in selecting Portfolio Managers or Underlying Investment Funds and the allocation and reallocation of assets among those Underlying Investment Funds or Portfolio Managers.

***Fraudulent Activities*:** There is a risk that an Underlying Investment Manager or a Portfolio Manager may knowingly, negligently, or otherwise withhold or misrepresent information regarding such an Underlying Investment Manager's or Portfolio Manager's performance, including the presence or effects of any fraudulent or similar activities ("Fraudulent Activities"). AIP's proper performance of its monitoring functions would generally not give AIP the opportunity to discover such situations prior to the time the Underlying Investment Manager or Portfolio Manager discloses (or there is public disclosure of) the presence or effects of any Fraudulent Activities. Accordingly, AIP can offer no assurances that an Underlying Investment Manager or Portfolio Manager will not engage in Fraudulent Activities and cannot guarantee that it will have the opportunity or ability to protect the Account from suffering a loss because of an Underlying Investment Manager's or Portfolio Manager's Fraudulent Activities.

In addition, certain service providers and consultants to Underlying Investment Managers and Portfolio Managers may engage in Fraudulent Activities (e.g., the dissemination by "expert networks" of material, non-public information regarding issuers), and the Underlying Investment Managers and Portfolio Managers may intentionally or negligently benefit from such Fraudulent Activities. Fraudulent Activity by Underlying Investment Managers and Portfolio Managers or service providers and consultants to Underlying Investment Managers and Portfolio Managers may be difficult, if not impossible, for AIP to detect. AIP may not learn of Fraudulent Activity within a time frame sufficient to prevent significant harm to Accounts and/or Fund investors.

***Armed Conflict*:** Economies and financial markets worldwide are becoming increasingly interconnected, which increases the likelihood that events or conditions in one country or region will adversely impact markets or issuers in other countries or regions. The impacts of these events can be exacerbated by failures of governments and societies to respond adequately to an emerging event or threat. For example, local or regional armed conflicts have led to significant sanctions against certain countries and persons and companies connected with certain counties by the United States, Europe, and other countries. Such armed conflicts and sanctions and other local or regional developments can exacerbate global supply and pricing issues, particularly those related to oil and gas, and result in other adverse developments and circumstances, as well as increased general uncertainty, for markets, economies, issuers, businesses, and societies globally. Although these types of events have occurred and could also occur in the future, it is difficult to predict when similar events or conditions affecting the U.S. or global financial markets and economies might occur, the effects of such events or conditions, potential retaliations in response to sanctions or similar actions and the duration or ultimate impact of those events. Any such events or conditions could have a significant adverse impact on the value and risk profile of client portfolios and the liquidity of an account's investments, even for clients without direct exposure to the specific geographies, markets, countries, or persons involved in an armed conflict or subject to sanctions.

Cyber Security-Related Risk: We are susceptible to cybersecurity-related risks that include, among other things, unauthorized access attacks; mishandling, loss, theft or misuse of information; computer viruses or malware; cyberattacks designed to obtain confidential information, destroy data, disrupt or degrade service, sabotage systems or networks, impede our ability to execute or confirm settlement of transactions or cause other damage; ransomware; denial of service attacks; data breaches; social engineering attacks; phishing attacks; and other events. A cyberattack, information or security breach or a technology failure of ours or a third party could adversely affect our ability to conduct our business or manage our exposure to risk, or result in disclosure or misuse of personal, confidential or proprietary information and otherwise adversely impact our results of operations, liquidity and financial condition, as well as cause reputational harm. In addition, cybersecurity risks can also impact issuers of securities in which we invest on behalf of our clients, which could cause our clients' investment in such issuers to lose value.

We are subject to cybersecurity legal, regulatory and disclosure requirements enacted by U.S. federal and state governments and other non-U.S. jurisdictions. These requirements impose mandatory privacy and data protection obligations, including providing for individual rights, enhanced governance and accountability requirements, and significant fines and litigation risk for noncompliance. We have adopted measures designed to comply with these and related applicable requirements in all relevant jurisdictions.

We benefit from our affiliation with Morgan Stanley which has made and continues to make substantial investments in cybersecurity and fraud prevention technology. As part of its enterprise risk management framework, Morgan Stanley has implemented and maintains a program to assess, identify and manage risks arising from the cybersecurity threats confronting the Firm ("Cybersecurity Program"). The Cybersecurity Program helps protect our clients, customers, employees, property, products, services and reputation by seeking to preserve the confidentiality, integrity and availability of information, enable the secure delivery of financial services, and protect the business and the safe operation of our technology systems. Morgan Stanley continually adjusts the Cybersecurity Program to address the evolving cybersecurity threat landscape and comply with extensive legal and regulatory expectations.

There can be no assurance that our business contingency and security response plans fully mitigate all potential risks to us and that we or our service providers, if applicable, will not suffer losses relating to cyber-attacks or other information security breaches in the future.

Business Continuity Risk: Our critical processes and businesses could be disrupted by events including cyber attacks, failure or loss of access to technology and/or associated data, military conflicts, acts of terror, natural disasters, severe weather events and infectious disease. We maintain a resilience program designed to provide for operational resilience and enable it to respond to and recover critical processes and supporting assets in the event of a disruption impacting our people, technology, facilities and third parties. The key elements of the resilience program include business continuity and technical recovery planning and testing both internally and with critical third parties to validate recovery capability in accordance with business requirements. The resilience program is applied consistently firmwide and is aligned with regulatory requirements. In the occurrence of a business continuity event at MSIM or a vendor/service provider that does not adequately address all contingencies, client portfolios could be negatively affected as there might be an inability to process transactions, calculate net asset values, value client investments, or disruptions to trading in client accounts. A client's ability to recover any losses or expenses it incurs as a result of a disruption of business operations could be limited by the liability, standard of care, and related provisions in its contractual agreements with MSIM and other service providers.

Data Source Risk: MSIM subscribes to a variety of third-party data sources that are used to evaluate, analyze, and formulate investment decisions. If a third party provides inaccurate data, client accounts could be negatively affected. While MSIM believes the third-party data sources are reliable, there are no guarantees that data will be accurate, that errors will be detected, or that erroneous data will be timely updated.

***Artificial Intelligence Technology Risk*:** To the extent MSIM and/or its third-party vendors, clients or counterparties use or rely on proprietary and/or third-party technology (including artificial intelligence solutions), such uses are subject to operational risks associated with processing or human errors, systems or technology failures, cyber attacks, and errors caused by third-party service providers and data sources. Artificial intelligence ("AI") refers to computer systems capable of performing tasks that typically require human intelligence, including but not limited to machine learning, natural language processing, and generative and agentic AI technologies. These systems are designed to analyze data, learn from patterns, make decisions and solve problems. Actual usage of AI will vary and is likely to change over time. Investors should be aware that the use of AI tools, while potentially beneficial, presents a range of risks and could result in material adverse consequences (such as operational errors and investment/risks), and no assurance can be given that any controls adopted to govern the use of AI will fully mitigate the risks associated with AI technologies. In addition, AI technologies and their current and potential future applications, and the regulatory frameworks within which they

operate, continue to quickly evolve, and it is impossible to anticipate the full scope of future AI capabilities or rules and the associated risks. Any of these risks could adversely affect AIP or a client's account.

Risk of Errors: AI tools can produce inaccurate, biased, insufficient, discriminatory, misleading, incomplete, undetectable manipulative or otherwise flawed responses due to (among other things) limitations in training data, algorithmic design or operational oversight. Such deficiencies can result in operational errors, investment losses, reputational, financial, or social harm, legal liability, regulatory scrutiny or other adverse effects. The deployment and supervision of AI tools may increase operational and compliance risks. Inappropriate use of AI tools or overreliance on AI outputs without adequate human oversight may further exacerbate these risks.

AI Explainability Risk: AIP could have limited visibility into the data sources, methodologies or decision-making processes underlying AI tools, which could complicate the assessment of reliability and risks of such AI tools. Errors or defects in the coding or design of AI tools might only become apparent after widespread deployment of such tools. Additionally, AI tools may present challenges in transparency, explainability, and traceability. Users of AI tools might not be able to fully explain how decisions are made or how data is processed, which could lead to operational, regulatory, or reputational risks.

AI Regulatory/Legal Risks: The legal and regulatory environment relating to AI is uncertain and evolving and future changes, such as those related to privacy, data protection and intellectual property, could have an impact on the use of AI and existing or emerging technologies that could impact AIP and/or its third-party vendors, clients or counterparties. It is possible that future changes in applicable legal and regulatory requirements could increase compliance costs. Any of these risks could adversely affect AIP and/or its third-party vendors, clients or counterparties. Additionally, regulatory actions or legal challenges may impose restrictions or obligations that affect operational efficiency or compliance posture. There is no assurance AIP can successfully assert proprietary rights in output generated by its use of AI tools.

AI Third-Party Use and Operational Resilience Risk: AIP might not be able to control the use of AI technologies in third-party products or services, including those provided by AIP's service providers and/or other entities with which it interacts directly or indirectly. The use of third-party and open-source AI tools (if any) can pose additional risks relating to data protection and information security, including the potential exposure of confidential information to unauthorized recipients and the misuse of intellectual property. Reliance on a limited number of foundation models or third-party vendors can create concentration risk, potentially impacting operational resiliency and increasing vulnerability to systemic disruption.

AI Cybersecurity Risk: AI tools could be subject to heightened security vulnerabilities, cyber attacks, and/or other acts by malicious actors. Unauthorized persons who gain access to AI tools used by AIP and/or its third-party vendors, clients or counterparties, or the underlying datasets thereof, could be able to access AIP's or clients' data, to impede or disrupt the ability of AIP and/or its third-party vendors, clients or counterparties to perform their functions, or corrupt the underlying AI tool through techniques such as data poisoning, which can cause the AI tools to produce erroneous outputs.

Additional Risks of AI Tools: The misuse of AI tools, whether intentional or inadvertent, could expose AIP to additional risks. In addition, AI tools and technology are evolving rapidly and the integration of AI in systems and operations create new risks that can be difficult to assess and anticipate. For example, "agentic AI" (generally, a more autonomous version of AI) is a new area of AI that could be particularly speculative and risks could be heightened with respect to the use of "agentic AI" by AIP and/or its third-party vendors, clients or counterparties.

***Investment In Artificial Intelligence Companies*:** AIP could invest in companies involved in or exposed to AI and related technologies ("AI Companies"), which are subject to a wide additional range of risks that can adversely affect the performance of an account's investment.

Market and Business Risks: Many AI Companies have limited product lines, markets, financial resources or personnel and could be particularly sensitive to fluctuations in consumer demand, rapid changes in business cycles, world economic growth, technological progress and industry trends. Securities of AI Companies, especially smaller or start-up firms, tend to be more volatile than those of companies that do not rely heavily on the growth of such technology and business. In addition, prices of securities of AI Companies could be based on expectations that might not materialize and are particularly subject to investor sentiment that could shift and, in each case, such developments could cause losses for AIP's investments in AI Companies.

Technology and Product Risks: AI Companies face intense competition and the risk of rapid product obsolescence. The success of their products and services is not guaranteed and could be impacted by unpredictable changes in growth rates and frequent new product introductions. Many AI Companies invest heavily in research and development, mergers and acquisitions and other innovation efforts, which might not yield successful outcomes or favorable financial results. For example, in addition, "agentic AI" (generally, a more autonomous version of AI) is a new area of AI that could be particularly speculative. Risks associated with investment in, or exposure to, AI Companies are heightened for companies devoting substantial resources to "agentic AI".

Intellectual Property Risks: AI Companies are heavily dependent on intellectual property rights, including patents, copyrights, trademarks and trade secrets. Loss, impairment or misappropriation of these rights could materially affect their operations and financial prospects. There is no assurance that AI Companies will be able to adequately protect their proprietary technologies or prevent competitors from developing substantially similar or superior technologies.

Cybersecurity and Data Risks: AI Companies are potential targets for cyberattacks, which could result in reputational harm, legal liability and operational disruption. AI technology is highly reliant on the collection and analysis of large datasets. Inaccurate, incomplete or biased data may lead to flawed outputs and decision-making errors. AI Companies might also rely on a limited number of foundation models or third-party vendors, which can create concentration risk, potentially impacting operational resiliency and increasing vulnerability to systemic disruption.

Regulatory Risks: The legal and regulatory environment relating to AI is uncertain and evolving and future changes, such as those related to privacy, data protection and intellectual property, could have an impact on the operations of AI Companies. In addition, AI Companies could face increasing government and regulatory scrutiny in the future and may be subject to adverse government or legal action, which may limit the development of this technology and impede the growth of AI Companies. Similarly, the collection, storage, processing and safeguarding of data from consumers and other sources could face increased regulatory scrutiny. AI Companies could face regulatory fines and penalties, including forced break-ups, that could hinder their ability to operate on an ongoing basis.

Sector and Geographic Concentration Risks: Customers and suppliers of AI Companies could be concentrated in specific countries, regions or industries. Adverse events affecting these areas could negatively impact performance. Additionally, country, government, and/or region-specific legislation, regulations or restrictions could have an adverse impact on AI Companies. AI Companies may face increased risk from trade agreements between countries that develop these technologies and countries in which customers of these technologies are based. Lack of resolution or potential imposition of trade tariffs may hinder the companies' ability to successfully deploy their inventories. AI Companies might also be exposed to risks from other sectors, such as robotics, which could amplify the impact of negative developments.

China Risk. Investments in securities of Chinese issuers, including A shares, involve risks associated with investments in foreign markets as well as special considerations not typically associated with investments in the U.S. securities markets. For example, the Chinese government has historically exercised substantial control over virtually every sector of the Chinese economy through administrative regulation and/or state ownership and actions of the Chinese central and local government authorities continue to have a substantial effect on economic conditions in China. In addition, the Chinese government has taken actions that influenced the prices at which certain goods can be sold, encouraged companies to invest or concentrate in particular industries, induced mergers between companies in certain industries

and induced private companies to publicly offer their securities. Investments in China involve risk of a total loss due to government action or inaction or other adverse circumstances. Additionally, the Chinese economy is export-driven and highly reliant on trade. Adverse changes to the economic conditions, trading policies and taxation of imports of its primary trading partners, such as the United States, Japan and South Korea, would adversely impact the Chinese economy and an account's investments. Moreover, a slowdown in other significant economies of the world, such as the United States, the European Union and certain Asian countries, could adversely affect economic growth or the value of investments in China. An economic downturn in China would adversely impact an account's investments. In addition, certain securities are, or could in the future, become restricted, and/or sanctioned by the U.S. government or other governments and an account could be forced to sell or unable to purchase or sell such restricted securities and incur a loss as a result.

Recent developments in relations between the U.S., other trading partners and China have heightened concerns of increased tariffs and restrictions on trade between the two countries. An increase in tariffs or trade restrictions (and threats thereof) could lead to a significant reduction in international trade, which could have a negative impact on China's export industry, Chinese issuers, the liquidity or price of direct or indirect investments in China.

These and other developments, including government actions, could result in significant illiquidity risk or forced disposition for Chinese investments. The Chinese securities markets are emerging markets characterized by a relatively small number of equity issues and relatively low trading volume, resulting in decreased liquidity, greater price volatility (caused by, among other things, military, diplomatic, or trade conflicts), and potentially fewer investment opportunities. An account's investments in Chinese securities are also subject to additional risks associated with differing regulatory and audit requirements across the Chinese and U.S. securities markets.

Events in any one country within Asia can impact other countries in the region as a whole. For example, the actual or potential escalation of hostility between China and Taiwan would likely have a significant adverse impact on the value or liquidity of investments in China. In addition, ongoing political tension between the People's Republic of China and the Hong Kong Special Administrative Region could have impacts on the economy of Hong Kong, and these impacts remain uncertain.

Social Media Risk: The dissemination of negative or inaccurate information via social media about issuers in which an account invests could harm their business, reputation, financial condition, and results of operations, which could adversely affect the account and, due to reputational considerations, influence MSIM's decision as to whether to remain invested in such issuers.

Risk Considerations Associated with Underlying Investment Funds

The specific types of Underlying Investment Funds in which Accounts invest are subject to the following principle risks, among others:

***Independence of Third-Party Fund Management*:** Underlying Investment Funds are generally managed by third-party managers unaffiliated with AIP and over which AIP does not exercise control. An Underlying Investment Manager may receive performance or incentive fees or allocations to which it is entitled, without regard to both the performance of the other Underlying Investment Funds in the Account and the performance of the overall Account. An Underlying Investment Manager to an Underlying Investment Fund with positive performance may receive compensation, even if the Account's aggregate returns are negative.

***Multiple Layers of Fees*:** By investing in Underlying Investment Funds indirectly through an Account, you bear asset-based fees and performance-based fees or allocations at the Underlying Investment Fund level, in addition to those payable to AIP in its capacity as investment adviser. Similarly, you bear a proportionate share of the other operating expenses of the Underlying Investment Funds in which your Account is invested; and of the Account itself. If you meet

the conditions imposed by the Underlying Investment Managers, you could invest directly with such Underlying Investment Managers, including investments into certain Underlying Investment Funds available directly to Clients through Hedge Fund Solutions, Private Markets and PSG.

An Underlying Investment Manager may receive incentive-based fees to which it is entitled irrespective of the performance of the other Underlying Investment Funds and the Account generally. As a result, an Underlying Investment Manager with positive performance may receive compensation from the Account, in the form of the asset-based fees, incentive-based fees and other expenses payable by the Account as an investor in the relevant Underlying Investment Fund, even if the Underling Investment Fund's overall returns are negative. The investment decisions of the Underlying Investment Funds are made by the Underlying Investment Managers independently of each other so that, at any particular time, one Underlying Investment Fund may be purchasing shares in an issuer that at the same time are being sold by another Underlying Investment Fund. Transactions of this sort could result in an Account directly or indirectly incurring certain transaction costs without accomplishing any net investment result, which may result in the pursuit of opposing investment strategies or result in performance that correlates more closely with broader market performance. Because an Account may make additional investments in or redemptions from Underlying Investment Funds only at certain times according to limitations set out in the governing materials of each such fund, an Account from time to time may have to invest some of its assets temporarily in money market securities or money market funds, among other similar types of investments.

***Long-Term Investments; No Current Return*:** The return of capital in cash or other property, the realization of gains in cash or other property (if any), and actual distribution thereof to any Account generally will occur only upon collection of distributions from the Underlying Investment Funds in which the Accounts invest. In the case of such Underlying Investment Funds, timing of distributions will be completely out of AIP's control. The ability of an Account to return capital will depend in part upon the withdrawal rights provided by the corresponding Underlying Investment Funds in which the Account is invested. Underlying Investment Funds may only permit withdrawals on an annual or less frequent basis and may have the ability to suspend withdrawals. Additionally, an Investment Fund may make distributions in-kind. An Account may be unable to withdraw cash from its corresponding Underlying Investment Funds whenever it desires.

***Restricted and Illiquid Investments*:** Although AIP anticipates that most Underlying Investment Funds will invest primarily in publicly traded securities, such funds may invest a portion of the value of their total assets in restricted securities and other investments that are illiquid. Restricted securities are securities that may not be sold to the public without an effective registration statement under the 1933 Act, as amended, or that may be sold only in a privately negotiated transaction or pursuant to an exemption from registration.

When registration is required to sell a security, an Underlying Investment Fund may be obligated to pay all or part of the registration expenses, and a considerable period may elapse between the decision to sell and the time the Underlying Investment Fund may be permitted to sell a security under an effective registration statement. If adverse market conditions developed during this period, an Underlying Investment Fund might obtain a less favorable price than the price that prevailed when the Underlying Investment Fund decided to sell. Underlying Investment Funds may be unable to sell restricted and other illiquid securities at the most opportune times or at prices approximating the value at which they purchased the securities.

An Account's interests in Underlying Investment Funds are themselves illiquid and subject to substantial restrictions on transfer. An Account's ability to liquidate an interest in an Underlying Investment Fund will likely be limited. An Account is typically subject to any lock-up periods of Underlying Investment Funds beginning at the time of an Account's initial investment in an Underlying Investment Fund, during which the Account may not withdraw its investment. In addition, certain Underlying Investment Funds may at times elect to suspend completely or limit withdrawal rights for an indefinite period of time in response to market turmoil or other adverse conditions (such as those experienced by many hedge funds during late 2008 into 2009). Underlying Investment Funds may also assess fees for redemptions or other withdrawals. The limited liquidity of these Underlying Investment Funds' interests may adversely affect an Account where

it required to sell or redeem such interests at an inopportune time. An Account may need to suspend or postpone opportunities for investor liquidity if it is unable to dispose of its interests in Underlying Investment Funds in a timely manner.

Some of the Underlying Investment Funds may hold a portion of their assets in "side pockets" which are sub-accounts within the Underlying Investment Funds in which certain assets (which generally are illiquid and/or hard to value) are held and segregated from the Underlying Investment Fund's other assets until some type of realization event occurs. Side pockets thus have restricted liquidity, potentially extending over a much longer period than the typical liquidity an investment in the Underlying Investment Funds may provide. Should a Fund seek to liquidate its investment in an Underlying Investment Fund that maintains these side pockets, such Fund might be unable to fully liquidate its investment without delay, which could be considerable. In such cases, until a Fund is permitted to fully liquidate its interest in the Underlying Investment Fund, the value of its investment in such Underlying Investment Fund could fluctuate based on adjustments to the fair value of the side pocket as determined by the Underlying Investment Manager. In addition, if an Underlying Investment Fund establishes a side pocket prior to a Fund's investing in the Underlying Investment Fund; such Fund may not be exposed to the performance of the Underlying Investment Fund's assets held in the side pocket.

***Use of Derivatives*:** Certain Accounts and some or all of their respective Underlying Investment Funds, may invest in, or enter into, derivative or derivative transactions ("Derivatives"). Derivatives are financial instruments that derive their performance, at least in part, from the performance of any underlying asset, index or interest rate Derivative instruments include, but are not limited to futures, swaps, options, and structured investments. Derivatives entered into by an Underlying Investment Fund can be volatile and involve various types and degrees of risk, depending upon the characteristics of a particular Derivative and the portfolio of the Account or Underlying Investment Fund. Certain derivatives transactions may give rise to a form of leverage. Leverage magnifies the potential for gain and the risk of loss. If an Account or an Underlying Investment Fund invests in Derivatives at an inopportune time or incorrectly judges market conditions, the investments may lower the return of the Fund or Underlying Investment Fund or result in a loss. An Account or an Underlying Investment Fund also could experience losses if Derivatives are poorly correlated with its other investments, or if the Account or Underlying Investment Fund is unable to liquidate the position because of an illiquid secondary market.

***Volatility Risks*:** The prices of commodities contracts and all Derivatives, including futures and options, can be highly volatile. Underlying Investment Funds are subject to the risk that trading activity in securities in which the Underlying Investment Funds invest may be dramatically reduced or cease at any time, whether due to general market turmoil, problems experienced by a single issuer or a market sector or other factors. If trading in particular securities or classes of securities is impaired, it may be difficult for an Underlying Investment Fund to properly value any of its assets represented by such securities.

***Leverage*:** Underlying Investment Funds utilize leverage in their investment activities. Specifically, some or all of the Underlying Investment Funds make margin purchases of securities and, in connection with these purchases, borrow money from brokers and banks for investment purposes. In addition, certain Accounts utilize leverage to facilitate the Account's hedging activities, meet capital calls of Underlying Investment Funds or Co-Investments, pay expenses and bridge funding for investments in advance of capital calls. Although leverage will increase investment returns if an Account or Underlying Investment Fund earns a greater return on the investments purchased with borrowed funds than it pays for the use of those funds, the use of leverage will decrease the return on an Account or Underlying Investment Fund if the Account or Underlying Investment Fund fails to earn as much on investments purchased with borrowed funds as it pays for the use of those funds. The use of leverage will in this way magnify the volatility of changes in the value of an investment in the Accounts or Underlying Investment Funds.

***Commercial/Business Risks*:** It is anticipated that certain of the Accounts will make investments in some Underlying Investment Funds, which have a limited operating history, a manager with limited hedge fund management experience,

or both. Such investments have inherently greater risk than more established hedge funds. Accordingly, the growth of these Underlying Investment Funds may require significant time and effort resulting in a longer investment horizon than can be expected with lower risk investment alternatives. Such investments can experience failure or substantial declines in value at any stage. There is no assurance that such investments by certain of the Accounts will be successful.

***Distressed Securities*:** Certain of the companies in whose securities the Underlying Investment Funds may invest may be in transition, out of favor, financially leveraged or troubled, or potentially troubled, and may be or have recently been involved in major strategic actions, restructurings, bankruptcy, reorganization, or liquidation. These characteristics of these companies can cause their securities to be particularly risky, although they also may offer the potential for high returns. These companies' securities may be considered speculative, and the ability of the companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within the companies. An Underlying Investment Fund's investment in any instrument is subject to no minimum credit standard and a significant portion of the obligations and preferred stock in which an Underlying Investment Fund may invest may be less than investment grade (commonly referred to as junk bonds), which may result in the Underlying Investment Fund's experiencing greater risks than it would if investing in higher rated instruments.

***Short Sales*:** An Underlying Investment Fund may attempt to limit its exposure to a possible market decline in the value of its portfolio securities through short sales of securities that its Underlying Investment Manager believes possess volatility characteristics similar to those being hedged. An Underlying Investment Fund may also use short sales for non-hedging purposes to pursue its investment objectives if, in the Underlying Investment Manager's view, the security is over-valued in relation to the issuer's prospects for earnings growth. Short selling is speculative in nature and, in certain circumstances, can substantially increase the effect of adverse price movements on an Underlying Investment Fund's portfolio. A short sale of a security involves the risk of an unlimited increase in the market price of the security that can in turn result in an inability to cover the short position and a theoretically unlimited loss.

If the Underlying Investment Fund incorrectly predict that the price of a borrowed security will decline, an account will have to replace the security with a security with a greater value than the amount received from the sale, thus, resulting in a loss. Losses from short sales differ from losses that could be incurred from a purchase of a security, because losses from short sales may be unlimited because the price of the borrowed security may rise indefinitely, whereas losses from purchases can equal only the total amount invested. Purchasing a security to close out the short position can itself cause the price of the security to rise further, thereby exacerbating the loss. Short selling also involves the risks of: increased leverage, and its accompanying potential for losses; the potential inability to reacquire a security in a timely manner, or at an acceptable price; the possibility of the lender terminating the loan at any time, forcing an account to close the transaction under unfavorable circumstances; the additional costs that may be incurred; and the potential loss of investment flexibility caused by an account's obligation to provide collateral to the lender and set aside assets to cover the open position. No assurance can be given that securities necessary to cover an Underlying Investment Fund's short position will be available for purchase.

***Conflicts of Interest*:** Due to differing objectives, differing constraints, and/or differing Underlying Investment Funds available to discretionary and non-discretionary Clients, there may be circumstances when investment actions made on behalf of discretionary Clients differ from the investment recommendations provided to non-discretionary Clients.

Risks Associated with the Omni Strategy

In addition to the risks described in this section, in "General Risks of Investing in an AIP Investment Strategy", and in "Special Risks Related to Cybersecurity," certain of the risks described in (a) "Risk Considerations Associated with Underlying Investment Funds", (b) "Risks Associated with Alternative Lending", and (c) "Portfolio Solutions Group" are also applicable to one or more of the Portfolio Managers' investment strategies.

Reliance on Technology: The Omni Fund may utilize technology and investment models in its investment programs. For example, certain Portfolio Managers may utilize quantitative portfolio models to seek to allocate assets. These models, among other things, may forecast relative returns for, risk levels and volatility of, and correlations among strategies and investments. However, these models may, for a variety of reasons, fail to accurately predict such factors, including because of scarcity of historical data in respect of certain strategies and investments, erroneous underlying assumptions or estimates in respect of certain data or other defects in the models, or because future events may not necessarily follow historical norms. In particular, substantial components of the strategies employed on behalf of certain Portfolio Managers may involve attempts at the analysis of market phenomena for which there is limited or otherwise unreliable historical data, and therefore, the risk of various statistical or other errors may be considerably higher under such circumstances. There can be no assurance that the predictive models of a Portfolio Manager are adequate or that the models will be adequately utilized by such Portfolio Manager. In addition, certain investment strategies may be dependent upon various computer and telecommunications technologies. The successful implementation and operation of these strategies could be severely compromised by telecommunications failures, power loss, software-related "system crashes," fire or water damage, or various other events or circumstances.

Conflicts with Related Investment Accounts: In at least certain cases, the amount of advisory fees paid by the Omni Fund to a Portfolio Manager will be dependent upon the assets allocated to such Portfolio Manager by Morgan Stanley's clients and the traditional and non-traditional investment funds and investment programs, accounts and businesses that it sponsors, administers, manages, advises and/or provides services to (collectively, together with any new or successor funds, programs, accounts or businesses, the "Related Investment Accounts"), in addition to any assets allocated by the Omni Fund. For example, in the event a Portfolio Manager is entitled to a minimum amount of annual advisory fees based on assets allocated by the Omni Fund and Related Investment Accounts, the withdrawal of assets allocated to such Portfolio Manager by a Related Investment Account may result in the Omni Fund paying a larger portion of such advisory fees. Such an arrangement may create a conflict of interest when AIP and its affiliates are determining whether to allocate assets to or withdraw assets from an Underlying Investment Manager.

Multiple Levels of Fees and Expenses: AIP will receive from the Omni Fund an incentive allocation as well as a management fee, each as described in Item 5 "Fees and Compensation – Hedge Fund Solutions – Omni".

The Omni Fund will also pay or be required to pay Trader Payouts, as described in Item 5 "Fees and Compensation – Hedge Fund Solutions – Omni". The Omni Fund may agree to pay certain Trader Payouts in advance and may amend the terms or structure of Trader Payouts without notice to Omni Fund investors, including, without limitation, to increase the amount of the Trader Payouts. Trader Payouts are expected to be material (both on an absolute basis and as a percentage of the Omni Fund's net asset value) regardless of the performance of the Omni Fund and may, in certain years, exceed the Omni Fund's profits for such year.

As a result, investors will be subject to two levels of fees paid to investment advisers, i.e., those paid or allocated to AIP as well as those paid or allocated to Portfolio Managers.

Performance compensation paid by the Omni Fund with respect to a Portfolio Manager may be calculated in various ways, including being calculated annually (or, in some instances, quarterly) and generally on realized and unrealized gains. The performance compensation paid by the Omni Fund with respect to a Portfolio Manager will generally be determined based on the performance of the assets that are managed by such Portfolio Manager and is generally expected to be determined without taking into account (i) expenses of the Omni Fund (other than expenses directly arising from such Portfolio Manager's trading activities), (ii) profits and losses on any activity by AIP relating to the Portfolio Manager's trading activity of such assets, including but not limited to cash management, hedging and risk management, or (iii) the performance of other Portfolio Managers. Therefore, a Portfolio Manager may receive performance compensation even if the overall performance of the Omni Fund is negative.

Investors in the Omni Fund also bear a proportionate share of the other operating expenses of the Omni Fund (and for the avoidance of doubt, the operating expenses of any subsidiaries or other entities, including aggregating vehicles and/or Trading Vehicles (as defined below), in which the Omni Fund invests), including without limitation, legal expenses in connection with negotiating agreements with Portfolio Managers and potential Portfolio Managers. In addition, to the fullest extent permitted by applicable law, including the U.S. Employee Retirement Income Security Act of 1974, as amended, a Portfolio Manager Agreement may provide that the applicable Portfolio Manager will not be liable to AIP or the Omni Fund for any damages or other losses arising out of the performance of its services thereunder except under certain limited circumstances, and may contain provisions for the indemnification of the Portfolio Manager by the Omni Fund against liabilities to other parties arising in connection with the performance of its services to the Omni Fund. Thus, investors in the Omni Fund bear higher operating expenses than if the investor directly invested in a fund or account managed by a Portfolio Manager or in a fund that did not have two levels of management fees and performance compensation.

Leverage; Interest Rates; Margin: The Omni Fund may at any time directly or indirectly use leverage in connection with its investments, and such leverage may be significant. The leverage directly or indirectly incurred by the Omni Fund may be entered into by AIP or Portfolio Managers and there are generally no restrictions on the amount or type of leverage that AIP or a Portfolio Manager may use on behalf of the Omni Fund (except, with respect to a Portfolio Manager, to the extent of restrictions imposed by AIP). The use of leverage by or on behalf of the Omni Fund can substantially increase the market exposure (and market risk) to which the Fund's investment portfolio(s) may be subject. The risks associated with leverage described above in "Risk Considerations Associated with Underlying Investment Funds–Leverage" also apply to the Omni Fund.

Reliance on AIP and the Portfolio Managers: The overall success of the Omni Fund depends, among other things, on (i) the ability of AIP to select Portfolio Managers and to allocate the assets among them, (ii) the Portfolio Managers' ability to be successful in their strategies and (iii) the ability of AIP to develop and successfully implement risk management policies.

An investment in the Omni Fund will be affected by the investment policies and decisions of the Portfolio Managers in direct proportion to the amount of the Omni Fund's assets that are allocated to each Portfolio Manager and the returns of the Omni Fund could be substantially adversely affected by the unfavorable performance of such Portfolio Managers. Subjective decisions made by the Portfolio Managers may cause the Omni Fund to incur losses or to miss profit opportunities on which it may otherwise have capitalized. No assurance can be given that the strategy or strategies utilized by a given Portfolio Manager will be successful under all or any future market conditions and the past performance of Portfolio Managers is not necessarily indicative of their future profitability. There can be no guarantee of future performance, and there is no assurance that the Fund or the Portfolio Managers will be able to achieve their investment objectives or be profitable. While it is expected that representatives of AIP will periodically meet with the personnel of the Portfolio Managers and negotiate contractual terms on behalf of the Omni Fund requiring Portfolio Managers to provide AIP and the Omni Fund with certain information, AIP will not have an active role in the day-to-day management of the Portfolio Managers or in the selection of securities in which the Portfolio Manager chooses to invest.

Independent Portfolio Managers: The Portfolio Managers generally invest wholly independently of one another and may at times hold economically offsetting positions. To the extent that the Portfolio Managers do, in fact, hold such positions, the Omni Fund may not achieve any gain or loss despite incurring expenses. As described above, there may be times when a particular Portfolio Manager may receive performance compensation in respect of its portfolio for a period even though the Omni Fund's overall portfolio depreciated during such period. In addition, it is possible that Portfolio Managers may on occasion take substantial positions in the same security or group of securities at the same time creating hidden correlations. The possible lack of diversification caused by these factors may subject the investments of the Portfolio Managers to more rapid change in value than would be the case if the assets of the Fund were more widely diversified. In addition, a Portfolio Manager may also purchase securities of an issuer whose securities are being sold by another Portfolio Manager at the same time. Consequently, the Omni Fund could indirectly incur costs,

including transaction costs and taxes, without accomplishing any net investment result. Furthermore, it is possible that from time to time, various Portfolio Managers and/or AIP may be competing with each other for the same positions in one or more markets.

Due Diligence Considerations: AIP will conduct due diligence regarding Portfolio Managers. However, due diligence is not foolproof and may not uncover problems associated with a particular Portfolio Manager. AIP may rely upon representations made by the Portfolio Managers, accountants, attorneys, prime brokers, or other investment professionals. Any such representations which prove misleading, incomplete, or false may result in the selection of Portfolio Managers which might have otherwise been eliminated from consideration had fully accurate and complete information been made available to AIP. Even exhaustive due diligence, however, may not protect against subsequent fraud by a Portfolio Manager.

In addition, while AIP will select and monitor the Portfolio Managers, AIP will rely to a great extent on information provided by the Portfolio Managers. AIP will not control the Portfolio Managers and generally will have limited access to information regarding the Portfolio Managers' operations. For example, AIP may not have any control over the allocation policies of the Portfolio Managers, including the manner it allocates investment opportunities or fees and expenses, and such allocations could have an adverse effect on the Omni Fund. Similarly, while the Portfolio Managers may be subject to certain investment restrictions, there can be no assurance that the Portfolio Managers will comply with such restrictions. If a Portfolio Managers deviates from an investment restriction, the Omni Fund could be adversely affected.

Inexperienced Portfolio Managers: Although AIP will seek to allocate Omni Fund assets to Portfolio Managers which, in its opinion, have impressive investment backgrounds and show substantial performance potential, some of these Portfolio Managers may not have extensive track records in hedge fund management, and are not registered as investment advisers under the Advisers Act. Certain Portfolio Managers may also have relatively low levels of assets under management and/or limited direct experience managing investment funds, including Portfolio Managers that may have established their own investment funds after working with various investment groups. In addition, where Portfolio Managers do have track records, the results of earlier investments made by Portfolio Managers are not indicative of future performance. There is no assurance that a Portfolio Manager will achieve similar returns in the future, and an investment by the Omni Fund could result in a partial or total loss for the Omni Fund.

Devotion of Portfolio Managers: Portfolio Managers are generally expected to manage assets for third parties in addition to the Omni Fund, and Portfolio Managers will not be required to provide their full time and attention to the activities of the Omni Fund. Portfolio Managers may also make investments in securities for their own account. Activities such as these could detract from the time a Portfolio Manager devotes to the affairs of the allocated Omni Fund assets.

Risk Considerations Associated with Alternative Lending

Loans May Carry Risk and be Speculative: Loans are risky and speculative investments. The loans are obligations of the borrower and depend entirely for payment on receipt of payments by a borrower. If a borrower fails to make any payments, the amount of interest payments received by the Alternative Lending Fund will be reduced. Many of the loans in which the Alternative Lending Fund will invest will be unsecured personal loans. However, the Alternative Lending Fund may invest in business and specialty finance, including secured loans. If borrowers do not make timely payments of the interest due on their loans, the yield on the Alternative Lending Fund investments will decrease. If borrowers do not make timely payment of the principal due on their loans, or if the value of such loans decreases, the Alternative Lending Fund's net asset value will decrease. Uncertainty and negative trends in general economic conditions in the United States and abroad, including significant tightening of credit markets, historically have created a difficult environment for companies in the lending industry. Many factors may have a detrimental impact on the Platforms' operating performance and the ability of borrowers to pay principal and interest on loans. These factors include general economic conditions, unemployment levels, energy costs and interest rates, as well as events such as natural disasters, acts of war, terrorism, and catastrophes.

Prepayment Risk: Borrowers may have the option to prepay all or a portion of the remaining principal amount due under a borrower loan at any time without penalty. In the event of a prepayment of the entire remaining unpaid principal amount of a borrower loan in which the Alternative Lending Fund invests, the Alternative Lending Fund will receive such prepayment, but further interest will not accrue on such loan (or the prepaid portion, as applicable) after the date of the prepayment. If the borrower prepays a portion of the remaining unpaid principal balance, interest will cease to accrue on the prepaid portion, and the Alternative Lending Fund will not receive all of the interest payments that it expected to receive. When interest rates fall, certain obligations will be paid off by the obligor more quickly than originally anticipated, and the Alternative Lending Fund may have to invest the proceeds in loans or other securities with lower yields. In periods of falling interest rates, the rate of prepayments tends to increase (as does price fluctuation), as borrowers are motivated to pay off debt and refinance at new lower rates. During such periods, reinvestment of the prepayment proceeds by the Alternative Lending Fund will generally be at lower rates of return than the return on the assets that were prepaid, which may result in a decline in the Alternative Lending Fund's income and distributions to its shareholders. Prepayment reduces the yield to maturity and the average life of a loan or other security.

Default Risk: Loans have substantial vulnerability to default in payment of interest and/or repayment of principal. In addition, at times the repayment of principal or interest may be delayed. Certain of the loans in which the Alternative Lending Fund may invest have large uncertainties or major risk exposures to adverse conditions and should be considered to be predominantly speculative. Loan default rates may be significantly affected by economic downturns or general economic conditions beyond the Alternative Lending Fund's control. In particular, default rates on loans may increase due to factors such as prevailing interest rates, the rate of unemployment, the level of consumer confidence, residential real estate values, currency values, energy prices, changes in consumer spending, the number of personal bankruptcies, disruptions in the credit markets and other factors. The significant downturn in the global economy that occurred several years ago caused default rates on consumer loans to increase. The default history for loans may differ from that of the Alternative Lending Fund's investments. Loan losses (which may include both defaults and charge-offs) differ across Platforms and by loan type. However, the default history for loans sourced via Platforms is limited; actual defaults may be greater than indicated by historical data and the timing of defaults may vary significantly from historical observations. The Platforms make payments ratably on an investor's investment only if they receive the borrower's payments on the corresponding loan. If the Platforms do not receive payments on the corresponding loan related to an investment, the investor will not be entitled to any payments under the terms of the investment. Further, investors may have to pay a Platform an additional servicing fee for any amount recovered on a delinquent loan and/or by the Platform's third-party collection agencies assigned to collect on the loan. The Alternative Lending Fund may be limited in its ability to recover any outstanding principal and interest under the loans because substantially all of the loans may be unsecured or under collateralized, the loans will not be guaranteed or insured by any third-party or backed by any governmental authority, legal enforcement of the loans may be impracticable due to the relatively small size of the loans and the Alternative Lending Fund will not have the ability to directly enforce creditors' rights under the loans.

Credit Risk: Credit risk is the risk that a borrower or an issuer of a debt security or preferred stock, or the counterparty to a derivatives contract, will be unable to make interest, principal, dividend, or other payments when due. In general, lower rated securities carry a greater degree of credit risk. If rating agencies lower their ratings of securities in the Alternative Lending Fund's portfolio or if the credit standing of borrowers of loans in the Alternative Lending Fund's portfolio decline, the value of those obligations could decline. In addition, the underlying revenue source for a debt security, a preferred stock or a derivatives contract may be insufficient to pay interest, principal, dividends, or other required payments in a timely manner. Because a significant primary source of cash available for income distributions by the Alternative Lending Fund is the interest, principal, and other payments on loans in which it invests, any default by a borrower could have a negative effect on the Alternative Lending Fund's ability to pay dividends on Shares and/or cause a decline in the value of the fund's assets. Even if the borrower or issuer does not actually default, adverse changes in the borrower's or issuer's financial condition may negatively affect the borrower's or issuer's credit ratings or presumed creditworthiness. These developments would adversely affect the market value of the borrower's or issuer's obligations or the value of credit derivatives if the Alternative Lending Fund has sold credit derivatives.

Limited Secondary Market and Liquidity of Alternative Lending Securities: Alternative lending securities generally have a maturity between one to seven years. Investors acquiring alternative lending securities directly through Platforms and hoping to recoup their entire principal must generally hold their loans through maturity. There is also currently no active secondary trading market for loans in which the Alternative Lending Fund will invest, and there can be no assurance that such a market will develop in the future. The Alternative Lending Fund is dependent on the Platforms to sell the Alternative Lending Fund loans that meet the Alternative Lending Fund's investment criteria. There is currently very limited liquidity in the secondary trading of these investments. Alternative lending securities are not at present listed on any national or international securities exchange. Until an active secondary market develops, the Alternative Lending Fund will primarily adhere to a "purchase and hold" strategy and will not necessarily be able to access significant liquidity. In the future, the Alternative Lending Fund may purchase alternative lending securities from a secondary market to the extent such a market exists, including privately negotiated secondary purchases. In the event of adverse economic conditions in which it would be preferable for the Alternative Lending Fund to sell certain of its loans, the Alternative Lending Fund may not be able to sell a sufficient proportion of its portfolio as a result of liquidity constraints. In such circumstances, the overall returns to the Alternative Lending Fund from its investments may be adversely affected. In addition, the limited liquidity may cause a Platform's other investors and potential investors to consider these investments to be less appealing, and demand for these investments may decrease, which may adversely affect the Platforms' business. Moreover, certain alternative lending securities are subject to certain additional significant restrictions on transferability. The lack of an active secondary trading market, coupled with significant increases in default rates, could impact the Alternative Lending Fund's ability to provide quarterly liquidity to its shareholders.

High-Yield Instruments and Unrated Debt Securities Risk: The loans purchased by the Alternative Lending Fund are not rated by a nationally recognized statistical rating organization (an "NRSRO"). In evaluating the creditworthiness of borrowers, the Adviser relies on the ratings ascribed to such borrowers by the relevant Platform or as determined otherwise. The analysis of the creditworthiness of borrowers of loans may be a lot less reliable than for loans originated through more conventional means. In addition, the Alternative Lending Fund may invest in debt securities and instruments that are classified as "higher yielding" (and, therefore, higher risk) investments. In most cases, such investments will be rated below investment grade by NRSRO or will be unrated. These investments are commonly referred to as "junk" investments. Investments in such securities are subject to greater risk of loss of principal and interest than higher rated instruments, may be considered to be predominantly speculative with respect to the obligor's capacity to pay interest and repay principal. Such investments may also be considered to be subject to greater risk than those with higher ratings in the case of deterioration of general economic conditions. The market for high-yield instruments may be smaller and less active than those that are higher rated, which may adversely affect the prices at which the Alternative Lending Fund's investments can be sold and result in losses to the Alternative Lending Fund, which, in turn, could have a material adverse effect on the performance of the Alternative Lending Fund. Such securities and instruments are generally not exchange traded and, as a result, trade in the over-the-counter ("OTC") marketplace, which is less transparent than the exchange-traded marketplace.

Risks Associated with Private Markets

Buy-Out Transactions: Certain of Private Markets accounts may invest directly or indirectly through Underlying Investment Funds and Co-Investments, in leveraged buyouts that by their nature require companies to undertake a high ratio of leverage to available income. Leveraged investments are inherently more sensitive to declines in revenues and to increases in expenses.

Control Positions: Certain of Private Markets accounts may directly, or indirectly through Underlying Investment Funds and Co-Investments, take control positions in companies. The exercise of control over a company imposes additional risks of liability for environmental damage, product defects, failure to supervise and other types of related liability. If such liabilities were to arise, such Underlying Investment Fund would likely suffer a loss, which may be complete, on its investment.

Investing in Special Situations: Certain of Private Markets accounts may invest directly, or indirectly through Underlying Investment Funds and Co-Investments, in companies that are involved in (or are the target of) acquisition attempts or tender offers, or companies involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies and similar transactions. In any investment opportunity involving these types of transactions, there exists the risk that the transaction will be unsuccessful, will take considerable time or will result in a distribution of cash or a new security, the value of which will be less than the purchase price to certain accounts. As a result, certain accounts may suffer a loss, which may be complete, on its investment.

Venture Capital Investments: Certain of Private Markets accounts may directly, or indirectly through Underlying Investment Funds and Co-Investments, make venture capital investments. Such investments involve a high degree of business and financial risk that can result in substantial losses. The most significant risks are the risks associated with investments in: (i) companies in an early stage of development or with little or no operating history; (ii) companies operating at a loss or with substantial fluctuations in operating results from period to period; and (iii) companies with the need for substantial additional capital to support or to achieve a competitive position.

Morgan Stanley Principal Investment Activities: Morgan Stanley generally invests directly in private equity through other divisions. As a consequence, other than Co-Investments made by certain Accounts alongside those private equity managers into whose funds an investment team has invested on a primary basis, not every direct private equity investment that meets an Account's investment objectives may be made available to the Accounts.

Commercial/Business Risks: It is anticipated that certain of the Private Markets will make investments in some Underlying Investment Funds, which have a limited operating history, a manager with limited private markets fund management experience, or both. Such investments have inherently greater risk than more established private markets funds. Accordingly, the growth of these Underlying Investment Funds may require significant time and effort resulting in a longer investment horizon than can be expected with lower risk investment alternatives. Such investments can experience failure or substantial declines in value at any stage. There is no assurance that such investments by certain of the Private Markets will be successful.

Risks Associated with the Portfolio Solutions Group

In addition to the risks associated with investing in portfolios of hedge funds and private equity funds, the following risks, among others, may also apply to an Account managed by the Portfolio Solutions Group:

Commodities: Exposure to the commodities markets may result in greater investments in traditional securities, such as stocks and bonds. The commodities markets may fluctuate widely based on a variety of factors. These include changes in overall market movements, domestic and foreign political and economic events and policies, war, acts of terrorism, changes in domestic or foreign interest rates and/or investor expectations concerning interest rates, domestic and foreign inflation rates and/or investor expectations concerning inflation rates and investment and trading activities of mutual funds, hedge funds and commodities funds.

Fixed-Income Securities: All fixed-income securities are subject to two types of risk: credit risk and interest rate risk. Credit risk refers to the possibility that the issuer of a security will be unable to make interest payments and/or repay the principal on its debt. When the general level of interest rates goes up, the prices of most fixed-income securities go down. When the general level of interest rates goes down, the prices of most fixed-income securities go up. The historically low interest rate environment increases the risk associated with rising rates, including the potential for periods of volatility.

Real Estate Market Conditions: Some of the Underlying Investment Funds' real estate investment strategies may in some investments be based, in part, upon the premise that real estate businesses and assets will become available for purchase by such Investment Fund at prices that the Underlying Investment Manager of the Investment Fund considers

more favorable. Further, the strategy of certain Underlying Investment Funds for its real estate investments may rely, in part, upon the continuation of existing market conditions (including, for example, supply and demand characteristics) or, in some circumstances, a recovery or improvement in market conditions over the projected holding period for the real estate investments. No assurance can be given that real estate investments can be acquired or disposed of at favorable prices or that the market for such investments will remain stable or, as applicable, recover or improve, since this will depend upon events and factors outside the control of the managers of the Underlying Investment Funds.

Real Estate and Real Estate Related Securities: Underlying Investment Funds, in which the Accounts will invest, invest in office, apartment, industrial, and other commercial real estate properties located primarily in the United States, as well as in real estate related securities. Accordingly, the investments of the Underlying Investment Funds will be subject to the risks incident to ownership and development of real estate, including risks associated with changes in the general economic climate, changes in the overall real estate market, local real estate conditions, the financial condition of tenants, buyers and sellers of properties, supply of or demand for competing properties in an area, accelerated construction activity, technological innovations that dramatically alter space requirements, the availability of financing, changes in interest rates, competition based on rental rates, energy and supply shortages, various uninsured and uninsurable risks (including possible terrorist activity), and government regulations.

Some Underlying Investment Funds may employ leverage in connection with their operations and investments. Such leverage may be recourse to such Underlying Investment Funds. The use of leverage involves a high degree of financial risk and may increase the exposure of the Underlying Investment Funds or their investments to factors such as rising interest rates, downturns in the economy or deterioration in the condition of the properties underlying such investments.

Real estate development and repositioning is a highly competitive business which involves significant risks. In particular, because of the long lead-time between the inception of a project and its completion, a well-conceived project may, as a result of changes in real estate market, economic and other conditions prior to its completion (including as a result of the construction of competing projects), become an economically unattractive investment. It is possible that an Investment Fund may make a commitment prior to obtaining all necessary entitlements, approvals or consents and may not obtain or may incur significant costs to obtain such items. In addition, real estate development involves the risk that construction may not be completed within budget or on schedule because of cost overruns, unforeseen construction difficulties, work stoppages, shortages of building materials, and the inability of contractors to perform their obligations under construction contracts, defects in plans and specifications, failure to obtain necessary entitlements or other factors. Any delay in completing a project may result in increased interest and construction cost, the potential loss of purchasers or tenants, increased competition from other projects, and the possibility of defaults under project financings. In addition, the demand for quality commercial real estate projects is largely dependent upon the continued economic growth of the markets and submarkets in which these projects are located. There can be no assurance that such economic growth or demand for such projects will continue in the markets in which the Underlying Investment Funds make their investments or that the actual occupancy and/or rental rates for the real property underlying the Underlying Investment Funds' investments will not be less than the projected occupancy and/or rental rates used in determining whether to make such Investments. Furthermore, increased real estate development in such markets may lead to periods of oversupply and result in vacancies, lower rentals, and lower sale prices for real estate projects.

Ability of Underlying Funds to Finance, Consummate and Dispose of Investments: The Underlying Investment Funds' ability to generate attractive investment returns for their investors may be adversely affected to the extent the Underlying Investment Funds are unable to obtain favorable financing terms for their real estate investments and may also affect certain private equity real estate fund of funds' and the Underlying Investment Funds' ability to exit the investment. Certain marketplace events may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the global economies. Certain economic downturns could adversely affect the financial resources of corporate borrowers in which the Underlying Investment Funds have invested, in addition to the resources of operating partners and investment projects in which the Underlying Investment Funds participate, and result in the inability of such borrowers, partners and projects to make principal and interest payments on outstanding debt

when due. In the event of such defaults, the Underlying Investment Funds may suffer a partial or total loss of capital invested in such companies, which could, in turn, have an adverse effect on the Underlying Investment Funds' and certain of Private Markets' returns. Such marketplace events also may restrict the ability of the Underlying Investment Funds to sell or liquidate real estate investments at favorable times or for favorable prices.

Acquisition and Development Risk: Acquisitions entail risks that investments may not perform in accordance with expectations and that anticipated costs of improvements to bring an acquired property up to the necessary standard for the market position intended for that property may exceed budgeted amounts, as well as general investment risks associated with any new real estate investment. Certain Underlying Investment Funds may not be successful in identifying suitable real estate properties or other assets that meet their investment criteria or in consummating acquisitions or investments on satisfactory terms.

Risks in Effecting Operating Improvements: In some cases, the success of an Underlying Investment Fund's real estate investment strategy will depend, in part, on the ability of such Underlying Investment Fund to restructure and effect improvements in the operations of a portfolio company or its properties. The activity of identifying and implementing restructuring programs and operating improvements at portfolio companies entails a high degree of uncertainty. There can be no assurance that such Underlying Investment Fund will be able to successfully identify and implement such restructuring programs and improvements.

Senior Loans: Senior loans are generally rated below investment-grade by rating agencies, and entail greater credit risk than higher-quality, investment-grade securities such as U.S. Treasuries. In the event a borrower stops paying interest or principal on a loan, the collateral used to secure the loan may not be entirely sufficient to satisfy the borrower's obligations and, in some cases, may be difficult to liquidate on a timely basis. While senior loans offer higher interest income when interest rates rise, they also will generate less income when interest rates decline.

Municipal Securities Risks: The two principal classifications of municipal bonds are "general obligation" or "revenue" bonds. General obligation bonds are secured by the issuer's full faith and credit as well as its taxing power for payment of principal or interest. Thus, these bonds may be vulnerable to limits on a government's power or ability to raise revenue or increase taxes and its ability to maintain a fiscally sound budget. The timely payments may also be influenced by any unfunded pension liabilities or other post-employee benefit plan liabilities. These bonds may also depend on legislative appropriation and/or funding or other support from other governmental bodies in order to make payments. Revenue bonds are payable solely from the revenues derived from a specified revenue source, and therefore involve the risk that the revenues so derived will not be sufficient to meet interest and or principal payment obligations. As a result, these bonds historically have been subject to a greater risk of default than general obligation bonds because investors can look only to the revenue generated by the project or other revenue source backing the project, rather than to the general taxing authority of the state or local government issuer of the obligations. Municipal securities involve the risk that an issuer may call securities for redemption, which could force the account to reinvest the proceeds at a lower rate of interest.

Special Risks Related to Cybersecurity

AIP is susceptible to cybersecurity risks that include, among other things, theft, unauthorized monitoring, release, misuse, loss, destruction or corruption of confidential and highly restricted data; denial of service attacks; unauthorized access to relevant systems, compromises to networks or devices that AIP, Underlying Investment Managers, Portfolio Managers and service providers, if applicable, use to service Accounts; or operational disruption or failures in the physical infrastructure or operating systems that support AIP, Underlying Investment Managers, Portfolio Managers or service providers, if applicable. Cyber-attacks against, or security breakdowns, of AIP, Underlying Investment Managers, Portfolio Managers or service providers, if applicable, may adversely impact us and our Clients, potentially resulting in, among other things, financial losses; our inability to transact business on behalf of our Clients; data loss; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs; and/or additional compliance costs. AIP

may incur additional costs related to cybersecurity risk management and remediation. In addition, cybersecurity risks may also impact issuers of securities in which AIP invests, which may cause investment in such issuers to lose value. There can be no assurance that AIP, Underlying Investment Managers, Portfolio Managers or AIP's service providers, if applicable, will not suffer losses relating to cyber-attacks or other information security breaches in the future. While we have established business continuity plans and risk management systems seeking to address system breaches or failures, there are inherent limitations in such plans and systems.

Special Risks Related to Cryptocurrency

Crypto Asset Risk: Crypto assets (also referred to as "cryptocurrencies," "virtual currencies," "coins," "tokens," and "digital currencies") are assets issued and/or transferred using distributed ledger technology. Crypto assets constitute an emerging asset class with a limited history. From time to time, certain of MSIM's clients will obtain indirect exposure to crypto assets through funds, futures, and other investment products. The value of these products is often intended to reflect the value of one or more crypto assets, and the risks of investing in these products are similar to the risks of investing in crypto assets generally (discussed further below), as well as the risks specific to investing in the applicable investment product (e.g., if an investment is made through a private fund, the risks of investing in a private fund will apply).

Crypto assets facilitate decentralized, peer-to-peer financial exchange and value storage that is used like money, without the oversight of a central authority or banks. The value of crypto assets is not backed by any government, corporation, or other identified body. Similar to fiat currencies, cryptocurrencies are susceptible to theft, loss and destruction.

The value of investments in crypto assets is subject to fluctuations in the value of the crypto assets, which have been and could in the future be highly volatile. The value of crypto assets is determined by the supply and demand for crypto assets in the global market for the trading of crypto assets, which consists primarily of transactions on electronic exchanges. The price of a crypto asset could drop precipitously for a variety of reasons, including, but not limited to, regulatory changes, a crisis of confidence, flaw or operational issue in the crypto asset's network or a change in user preference to competing crypto assets. A client's exposure to crypto assets could result in substantial losses to such client. Crypto assets trade on exchanges, which are largely unregulated and, therefore, are more exposed to fraud, market manipulation, failure and other risks than established, regulated exchanges for securities, derivatives and other currencies, and crypto assets may not be widely accepted as a medium of exchange. In addition, these platforms (which may serve as a pricing source for the valuation of crypto asset exposure) may be viewed as operating out of compliance with applicable laws and regulations and may be subject to enforcement action by authorities. There may also be uncertainty on the application of laws and regulations to such platforms. Crypto asset platforms have in the past, and could in the future, cease operating temporarily or even permanently, resulting in the potential loss of users' crypto assets or other market disruptions.

Crypto asset platforms may be subject to cybersecurity and anti-money laundering requirements (among other requirements) but do not protect customers or their markets to the same extent, and in the same ways, that regulated securities exchanges or futures exchanges are required to do so. The prices of crypto assets on trading platforms could be subject to larger and more frequent sudden increases and declines than assets traded on traditional exchanges. In addition, crypto asset platforms are also particularly subject to the risk of cybersecurity threats and have been breached and/or hacked, resulting in the theft and/or loss of crypto assets. A cyber or other security breach or a business failure of a crypto asset platform or custodian could affect the price of a particular crypto asset or crypto assets generally. Risk also exist with respect to malicious actors or previously unknown vulnerabilities, which could adversely affect the value of crypto assets.

Factors affecting the further development of crypto assets include, but are not limited to: continued worldwide growth or possible cessation or reversal in the adoption and use of crypto assets and other digital assets; government and quasi-government regulation or restrictions on or regulation of access to and operation of digital asset networks; changes in

consumer demographics and public preferences; maintenance and development of open-source software protocol; availability and popularity of other forms or methods of buying and selling goods and services; the use of the networks supporting digital assets, such as those for developing smart contracts and distributed applications; general economic conditions and the regulatory environment relating to digital assets; tax treatment of investments in crypto assets; negative consumer or public perception; and general risks tied to the use of information technologies, including cyber risks.

Currently, there is relatively limited use of crypto assets in the retail and commercial marketplace, which contributes to price volatility. A lack of expansion by crypto assets into retail and commercial markets, or a contraction of such use, could result in increased volatility or a reduction in the value of crypto assets, either of which could adversely impact a client's investment in crypto assets. In addition, to the extent market participants develop a preference for one crypto asset over another, the value of the less preferred crypto asset would likely be adversely affected. Crypto assets are a new technological innovation with a limited history; they are highly speculative assets and future regulatory actions or policies could limit, perhaps to a materially adverse extent, the value of a client's indirect investment in crypto assets and the ability to exchange a crypto asset or utilize it as a medium of exchange.

Crypto Asset Tax Risk: Many significant aspects of the U.S. federal income tax treatment of investments in bitcoin are uncertain and an investment in bitcoin may produce income that is not treated as qualifying income for purposes of the income test applicable to regulated investment companies, such as an Underlying Investment Fund.

Item 9 Disciplinary Information

AIP is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of AIP or the integrity of AIP's management. AIP has no information applicable to this item.

Item 10 Other Financial Industry Activities and Affiliates

AIP is a wholly owned subsidiary of Morgan Stanley, a corporation whose shares are publicly held and traded on the New York Stock Exchange under the symbol “MS”. Morgan Stanley is a financial holding company under the Bank Holding Company Act of 1956, as amended. As a result, we are part of a large global financial services and banking group, and you may have relationships with our affiliates beyond your relationship with us. These relationships can cause conflicts of interest.

Broker Dealer Affiliations

AIP is not registered as a broker-dealer; however, certain of AIP’s “management persons” are registered representatives of Morgan Stanley Distribution Inc., a broker-dealer that is an affiliate.

We are also affiliated with Morgan Stanley & Co. LLC (“MS & Co.”) and Morgan Stanley Smith Barney LLC (“MSSB”), each a broker-dealer registered with the SEC and a FINRA member firm. In addition, we are affiliated with other intermediaries, foreign broker-dealers and financial services companies, including, among others, Morgan Stanley Bank National Association, Morgan Stanley & Co. International PLC, Morgan Stanley Capital Group Inc., Morgan Stanley Senior Funding Inc., Morgan Stanley Capital Services LLC, and Morgan Stanley Saudi Arabia (hereinafter, together with affiliated broker-dealers registered under the 34 Act, collectively referred to as “Affiliated Broker-Dealers.

AIP has an arrangement with MSSB in which AIP conducts investment research and operational due diligence on hedge funds, provides portfolio advisory services in connection with customized mandates, and provides access to a number of hedge funds into which qualified advisory clients of Wealth Management may invest.

Advisory Activities and Affiliations

AIP serves as investment adviser to Alternative Investment Partners Absolute Return Fund, AIP Multi-Strategy Fund, and the Alternative Lending Fund (the “Registered Funds”), each an investment company registered under the 1940 Act. In addition, AIP serves as adviser to investment funds that are not registered under the 1940 Act.

AIP may sweep the uninvested cash balances of the Funds into a high-quality institutional money market mutual fund advised by one of AIP’s affiliates. In such a case, the affiliated investment adviser will receive asset based fees in respect of a Fund’s investment that will reduce the net return realized by the Fund. In the case of the Registered Funds, the advisory fee paid by a Registered Fund to an AIP affiliate is reduced by the pro rata amount of the management and administrative fees paid by the Registered Fund to the respective money market mutual fund in connection with the Registered Fund’s cash sweep investment.

AIP’s affiliate, Morgan Stanley Investment Management, Inc., serves as investment adviser to the “Morgan Stanley Funds”, a U.S. mutual fund complex comprised of several stand-alone mutual funds as well as the following series of funds: Morgan Stanley Institutional Fund, Inc., Morgan Stanley Institutional Fund Trust, The Universal Institutional Funds, Inc., Morgan Stanley Select Dimensions Investment Series, Morgan Stanley Variable Investment Series and the Morgan Stanley Institutional Liquidity Funds, each an open-end investment company registered under the 1940 Act.

From time to time, AIP may, to the extent permitted by applicable law (and if required, with your consent), delegate some or all of its responsibilities, duties, and authority under an investment management agreement to one or more of its affiliated investment advisers. AIP’s affiliated advisers may likewise delegate some or all of their responsibilities, duties, and authority to AIP.

AIP is part of a group of investment advisers within the Morgan Stanley Investment Management business, including: (1) Mesa West Capital, LLC; (2) Morgan Stanley Investment Management Company; (3) Morgan Stanley Investment Management Limited; (4) Morgan Stanley AIP GP LP; (5) Morgan Stanley Infrastructure, Inc.; (6) Morgan Stanley Private Equity Asia, Inc.; (7) MS Capital Partners Adviser, Inc.; (8) Morgan Stanley Real Estate Advisor, Inc.; (9) MSREF Real Estate Advisor, Inc.; (10) MSRESS III Manager, LLC); (11) Morgan Stanley Eaton Vance CLO Manager; (12) Morgan Stanley Eaton Vance CLO CM LLC; (13) Eaton Vance Management; (14) Calvert Research and Management; (15)

Parametric Portfolio Associates LLC; (16) Atlanta Capital Management Company LLC, (17) Boston Management and Research, and (18) Eaton Vance Advisers International Ltd. (the "EV Advisers," and together with the MS Advisers, "Affiliated Advisers").

Morgan Stanley Asia Limited (the "Participating Affiliate") indirectly provides investment advice or research to certain of our accounts. Certain personnel employed by the Participating Affiliate indirectly provide investment advice to certain of our accounts in specialties in which they have particular expertise. The Participating Affiliate is subject to our supervision in respect of their provision of services to us and our accounts.

Banking Affiliates

As mentioned above, we are a wholly owned subsidiary of Morgan Stanley. We are also affiliated with Morgan Stanley Bank, N.A., an insured depository institution headquartered in Salt Lake City, Utah, which has businesses concentrated in institutional lending and securities-based lending for clients of its affiliated broker-dealers. In addition, we are affiliated with Morgan Stanley Private Bank, N.A., a U.S. insured depository institution and a federally chartered national association whose activities are subject to regulation and examination by the Office of the Comptroller of the Currency.

MSIM is also affiliated with Eaton Vance Trust Company, a limited purpose non-depository trust company, organized and operating under the laws of Maine, which serves as trustee to common trust funds and collective investment trusts.

Other Regulatory Affiliations

AIP is registered as a Commodity Pool Operator ("CPO") and as a Commodity Trading Adviser ("CTA") with the Commodities Futures Trading Commission and each is a member of the National Futures Association ("NFA"). Certain of AIP's "management persons" are registered as associated persons and principals of the CPO and CTA.

Each of Morgan Stanley Alternative Investment Partners LP and MSIM is registered as a CPO with the Commodities Futures Trading Commission, and each is a member of NFA. MSIM is also registered as a CTA with the Commodities Futures and Trading Commission.

Conflict Identification

Along with Morgan Stanley, AIP has established procedures intended to identify and mitigate conflicts of interest related to business activities on a worldwide basis. A conflict management officer for each business unit and/or region acts as a focal point to identify and address potential conflicts of interest in their business area. When appropriate, there is an escalation process to senior management within the business unit, and ultimately, if necessary, to Legal and Compliance as well as Morgan Stanley's management or Morgan Stanley's franchise committees, for potentially significant conflicts that cannot be resolved by the conflict management officers or that otherwise require senior management review.

Diverse Investor Group; Relationships With Investors

The investors in a Fund are expected to include persons or entities that may have conflicting investment, tax and other interests in respect of their investments in the Fund. The structuring of Fund investments and other factors may result in different returns being realized by different Limited Partners. As a consequence, conflicts of interest may arise in connection with decisions made by the Adviser or the respective Fund's general partners, including in respect of the nature or structuring of investments, that may be more beneficial for one investor than for another investor, especially in respect of investors' individual tax situations. In addition, a Fund may make investments that may have a negative impact on, or compete with or are adverse to, investments made by that Fund's or another Fund's investors in separate transactions. In selecting, structuring, and managing investments appropriate for a Fund, the Adviser or the respective Fund's general partner will consider the investment objectives and tax consequences of the relevant Fund and its investors as a whole, instead of the investment, tax or other objectives of any investor individually. Certain Fund investors may be significant or long-standing clients of Morgan Stanley's investment management or securities business. Morgan Stanley and the Adviser will consider these relationships in their dealings with a Fund.

Multi-Fund Investors/Strategic Partnerships

Morgan Stanley has entered into and may in the future enter into one or more strategic partnerships directly or indirectly with investors (and/or one or more of their affiliates) that commit significant capital to a range of products and investment ideas sponsored by Morgan Stanley, including but not limited to, the Funds or Separate Accounts. Such arrangements may include the receipt by Morgan Stanley of additional fees or other compensation and Morgan Stanley granting certain preferential terms to such investors. Specific examples of such preferential treatment that has been offered, and can be expected to be offered in the future, to certain investors in the Funds include, but are not limited to, specialized reporting, discounts on, reductions to, and/or reimbursement of management fees and/or performance-based compensation beyond those available to the investors, secondment of personnel from the investor to Morgan Stanley (or vice versa), the referral of potential investment opportunities to such investor based on targeted geographic, sector and other profiles outside the Funds or Separate Accounts (and which referral arrangements may also require payment to Morgan Stanley of management fees, referral fees or other compensation) as well as targeted amounts for co-investments alongside Affiliated Investment Accounts (including, without limitation, preferential or favorable allocation of co-investment opportunities, and preferential terms and conditions related to co-investment or other participation in Affiliated Investment Accounts (including any performance-based compensation and/or management fees to be charged with respect thereto, as well as any additional discounts, reductions, reimbursements, or rebates thereof or other penalties that may result if certain target co-investment allocations or other conditions under such arrangements are not achieved)). Such preferential terms are generally not subject to the “most favored nation” provisions of the Funds’ or Separate Accounts’ Governing Documents, and to the fullest extent permitted by law, investors in the Funds and/or Separate Accounts will not receive a copy of any agreement memorializing a strategic partnership and will be unable to elect any such rights or benefits afforded through a strategic partnership. The co-investment that is part of a strategic partnership may include co-investment in investments made by a Fund or Separate Account. Strategic partnerships may therefore result in fewer co-investment opportunities (or reduced allocations) being made available to investors in the Funds or Separate Accounts. In connection with the foregoing, when making investment allocation decisions with respect to the Funds, Separate Accounts, or Affiliated Investment Accounts, Morgan Stanley may be incentivized to allocate all or a portion of such potential investments to one or more strategic partnership investors.

Electronic Communication Networks and Alternative Trading Systems

Our affiliates have ownership interests in and/or Board seats on electronic communication networks (“ECNs”) or other alternative trading systems (“ATSs”). In certain instances our affiliates could be deemed to control one or more of such ECNs or ATSs based on the level of such ownership interests and whether such affiliates are represented on the Board of such ECNs or ATSs. Consistent with our fiduciary obligation to seek best execution, we, from time to time, directly or indirectly, effect client trades through ECNs or other ATSs in which our affiliates have or could acquire an interest or Board seat. These affiliates might receive an indirect economic benefit based upon their ownership in the ECNs or other ATSs. We will, directly or indirectly, execute through an ECN or other ATS in which an affiliate has an interest only in situations where we or the broker dealer through whom we are accessing the ECN or ATS reasonably believes such transaction will be in the best interest of our clients and the requirements of applicable law have been satisfied. Our affiliates own over 5% of the outstanding voting securities and/or have a member on the Board of certain trading systems (or their parent companies), including (i) Copeland Markets LLC, (ii) MEMX Holdings LLC, (iii) OTCderiv Limited, (iv) Creditderiv Limited, (v) ICE Clear Credit LLC, (vi) FXglobalclear, (vii) EOS Precious Metals Limited, (viii) Yensai.com Co., Ltd, and (ix) Octaura Holdings LLC.

Our affiliates could acquire interests in and/or take Board seats on other ECNs or other ATSs (or increase ownership in the ATSs listed above) in the future.

Our affiliates receive cash credits from certain ECNs and ATSs for certain orders that provide liquidity to their books. In certain circumstances, such ECNs and ATSs also charge explicit fees for orders that extract liquidity from their books. From time to time, the amount of credits that our affiliates receive from one or more ECN or ATS exceed the amount that is charged. Under these limited circumstances, such payments would constitute payment for order flow.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Personal Trading

AIP has adopted the MSIM Public and Private Side Code of Ethics and Personal Trading Policy (the "Code") pursuant to Rule 204A-1 under the Advisers Act. All MSIM employees, which includes AIP employees, are required to acknowledge the Code at the inception of his/her employment and annually thereafter. The Code is designed to make certain that all acts, practices, and courses of business engaged in by AIP's employees are conducted in accordance with the highest possible standards and to prevent abuse, or even the appearance of abuse, by employees with respect to their personal trading and other business activities.

Additionally, all MSIM employees are subject to firm-wide policies and procedures found in the Morgan Stanley Code of Conduct (the "Code" or "Code of Conduct") that sets forth, among other things, restrictions regarding confidential and proprietary information, information barriers, information security, privacy and data protection, private investments, outside business interests and personal trading. All Morgan Stanley employees, including MSIM employees, are required to acknowledge that they have read, understand, are in compliance with, and agree to abide by the Code of Conduct's terms as a condition of continued employment.

The Code requires all employees to pre-clear trades for covered securities, as defined under the Code, in a personal account. A pre-clearance request generally will be denied if there is an open order for a Client in the same security. The Code also imposes holding periods and reporting requirements for covered securities, which includes affiliated and sub-advised U.S. mutual funds. Employees are prohibited from acquiring any security in an initial public offering or any other public underwriting. Investments in private placements or an employee's participation in an outside business activity must be pre-approved by Compliance and the employee's manager. Certain employees who, in connection with job functions, make or participate in making recommendations regarding the purchase or sale of securities or who have real-time knowledge of such recommendations, are held to more stringent standards when placing trades in personal accounts. Violations of the Code are subject to sanctions, including reprimand, restricting trading privileges, reducing employee discretionary bonus, if any, potential reversal of a trade made in violation of the Code or other applicable policies, suspension, or termination of employment.

A copy of the Code will be provided to Clients upon request.

Investment Restrictions Arising from Possession of Material Non-Public Information

We are not permitted to use material non-public information ("MNPI") in effecting purchases and sales in public securities transactions. In the ordinary course of our operations, we obtain access to MNPI. At times, the acquisition of MNPI prohibits us from rendering investment advice to clients regarding the securities of an issuer of which we have MNPI and thereby limits the universe of securities that we may purchase or sell. Similarly, where we decline access to or otherwise do not receive or share MNPI regarding an issuer, we may base our investment decisions with respect to assets of such issuer solely on public information, thereby limiting the amount of information available to us in connection with such investment decisions.

Investing for Accounts

Conflicts of interest may arise in connection with certain transactions involving investments by certain Clients in Underlying Investment Funds, Opportunistic Investments and investments by other Clients advised by us, or sponsored or managed by Morgan Stanley, in the same Underlying Investment Funds and Opportunistic Investments. Such conflicts could arise, for example, with respect to the timing, structuring and terms of such investments and the disposition of them. AIP or an affiliate may determine that an investment in an Investment Fund is appropriate for a particular Client or for AIP or its officers, directors, principals, members, or employees, but that such investment is not appropriate for certain Clients. Situations also may arise in which AIP, an affiliate, Clients, or a Client's affiliate, have made investments that

would have been suitable for investment by certain Clients but, for various reasons, were not pursued by, or available to, such Clients. AIP's investment activities, its affiliates and any of the respective officers, directors, principals, members or employees may disadvantage certain Clients in some situations if, among other reasons, the investment activities limit a Client's ability to invest in a particular Underlying Investment Fund, Co-Investment or Opportunistic Investment.

AIP recommends that Clients invest in certain Funds (including, without limitation, the Alternative Lending Fund, the Omni Fund, and certain Private Markets Funds) for which AIP or an Affiliated Adviser acts as investment adviser. Prior to subscribing for interests in a Fund advised by AIP, investors receive information relating to potential conflicts of interest between the activities of the Fund and AIP's business activities, and those of affiliates, or clients that may have a financial interest in the securities in which the Fund invests.

From time to time, and subject to applicable law and regulation, AIP may manage a Fund that contains Morgan Stanley "seed capital" and in those instances AIP may buy Underlying Investment Funds for the seed capital account along with AIP's other Clients. This may present a conflict of interest if an Underlying Investment Fund that has limited investment capacity and is unable to accommodate AIP's investment in the amount requested for all applicable Clients. To ensure that each Client is treated in a fair and equitable manner, AIP has adopted trade allocation procedures that AIP believes are reasonably designed to address these and other conflicts of interest.

When permitted by applicable law and AIP's policies and procedures, AIP may cause certain Clients to engage in cross transactions. There may be potential conflicts of interest or regulatory issues relating to these transactions. Cross transactions occur if a Client buys securities or other investments from, or sell securities or other investments to, another Client that AIP advises. AIP will affect such cross trades when AIP believes it is desirable to buy for one Client securities or investments another Client owns, and such trades are in the best interests of all clients involved. AIP does not receive any additional compensation in connection with these cross transactions; however, potential conflicts may arise in connection with AIP's responsibilities to the parties to such transactions. Any cross transactions are affected in accordance with AIP's fiduciary duty and applicable law. In addition, AIP has procedures in place to ensure that the Clients on either side of a cross trade are treated fairly.

AIP may determine, in its sole discretion, that following the allocation of investment opportunities among Clients that there is excess capacity in a particular Underlying Investment Fund or Co-Investment. In such event, AIP may allow certain persons, including without limitation, affiliates of Morgan Stanley, Clients or third parties to co-invest in one or more Underlying Investment Funds or Co-Investments. In making decisions with respect to the allocation of such opportunities, AIP may take into account any factors that it determines relevant in its sole discretion, including, but not limited to, a potential recipient's relationship with Morgan Stanley, a Client's expressed interest in such opportunities, and the size of a potential recipient's investment or proposed investment in a Fund, as well as a broad range of other considerations, including commercial considerations for the opportunity, an investor's ability to execute such offer and the approval of transaction counterparties.

Conflicts of Interest Specific to the Omni Strategy and the Omni Fund

Trading Vehicles

Certain Trading Vehicles, in which the Omni Fund is not expected to invest, have engaged certain Portfolio Managers that are expected to also be engaged by AIP to directly manage a portion of the Omni Fund's capital. In such case, a Portfolio Manager acting on behalf of such a Trading Vehicle is expected to utilize a similar investment strategy as that utilized by such Portfolio Manager acting on behalf of the Omni Fund and, to the extent there is limited capacity with respect to an investment strategy, the Omni Fund's allocation of such investment strategy will be reduced by the allocation to the Trading Vehicles. The Omni Fund's allocation to a Portfolio Manager's investment capacity will similarly be reduced if the Omni Fund invests in a Trading Vehicle and AIP or its affiliates cause other funds or accounts, they manage or advise to invest (or increase their investment) in such Trading Vehicle. In addition, the terms of the management agreement between a Trading Vehicle and a Portfolio Manager may differ from the terms of the Portfolio Manager Agreement between AIP, the Omni Fund, and such Portfolio Manager, including with respect to terms that may

be more advantageous to the applicable Trading Vehicle. Investors in such Trading Vehicle may also receive different, or better, terms than those applicable to the investors in the Omni Fund.

In addition, in some cases, the advisory fee payable by the Omni Fund to a Portfolio Manager will be determined on an aggregate basis with one or more Trading Vehicle(s) which have assets managed by such Portfolio Manager, in which case the Omni Fund will bear its pro rata portion of such aggregate amount (and in which case, the amount of the advisory fee payable by the Omni Fund will increase to the extent that the Trading Vehicle(s) reduces the maximum notional gross market value that it allocates to such Portfolio Manager or if it terminates its agreement with such Portfolio Manager). In addition, AIP expects to agree that the Omni Fund and one or more Trading Vehicle(s) (in which the Omni Fund does not invest) will pay one or more Portfolio Managers a guaranteed amount of advisory fees or expenses, which the Omni Fund would be required to pay even if AIP or the Omni Fund terminated the applicable Portfolio Manager Agreement prior to a specified date (and the portion of such amount that the Omni Fund will be responsible to pay will increase to the extent that the Trading Vehicle(s) terminates its agreement with the applicable Portfolio Manager). If AIP or its affiliates determine that it is appropriate for a Trading Vehicle to reduce the maximum notional gross market value that it allocates to a Portfolio Manager or to terminate an agreement with a Portfolio Manager, AIP or its affiliates will do so, even if doing so will increase the amount of advisory fees borne by the Omni Fund. Similarly, AIP would face a conflict in determining whether to reduce the maximum notional gross market value that it allocates to a Portfolio Manager, or to terminate an agreement with a Portfolio Manager, if doing so would increase the amount of advisory fees that would be borne by a Trading Vehicle.

In addition, as described above, substantial withdrawals by other investors in a Trading Vehicle may also negatively affect the investment strategies and performance of the Trading Vehicle, and, in turn, the Omni Fund's investment in the Trading Vehicle. If AIP or its affiliates determine that it is appropriate for funds or accounts that they manage to withdraw their investments from a Trading Vehicle in which the Omni Fund invests, AIP or its affiliates will do so, even though doing may adversely affect the Omni Fund. Similarly, AIP would face a conflict in determining whether to withdraw amounts invested by the Omni Fund in a Trading Vehicle if doing so would adversely affect other funds or accounts managed or advised by AIP or its affiliates that invest in the Trading Vehicle.

Relationships with Portfolio Managers

Morgan Stanley will face potential conflicts in making investment decisions (including whether the Omni Fund will allocate assets to increase its allocation to or decrease its allocation to Portfolio Managers) in respect of Portfolio Managers with which AIP or Morgan Stanley has other relationships. For example, it is expected that Morgan Stanley may provide a variety of products and services to Portfolio Managers, including distribution or intermediary relationships, strategic or principal investments, or other contractual relationships such as prime brokerage and research services. Therefore, Morgan Stanley may receive various forms of compensation, commissions, payments, rebates, remuneration or other benefits from Portfolio Managers to which the Omni Fund allocates assets, and Morgan Stanley and Related Investment Accounts may have interests in such Portfolio Managers or their businesses (including equity, profits or other interests), provided that, during any period that the assets of the Omni Fund constitute "plan assets," the portion of such compensation, commissions, payments, rebates, remuneration or other benefits attributable to the Omni Fund will be waived by Morgan Stanley or rebated to the Omni Fund. The amount of compensation or other benefits to Morgan Stanley or other Related Investment Accounts, or the value of such interests in the Portfolio Managers, may be greater depending upon the investment decisions made by AIP than it would have been had other investment decisions been made that might also have been appropriate for the Omni Fund. In such circumstances, the management fee and performance compensation charged by such Portfolio Managers will still apply and Morgan Stanley may indirectly receive a portion of such fee without any offset to the management fee or incentive allocation. In addition, personnel of certain Portfolio Managers may be clients or former employees of Morgan Stanley or may provide AIP or Morgan Stanley with notice of, or offers to participate in, investment opportunities.

Conflicts Associated with Internal Portfolio Managers

A portion of the Omni Fund's capital may be managed by one or more Internal Portfolio Managers. In such cases, the Omni Fund will pay AIP (or an affiliate of AIP) an amount determined by AIP to equal all of the compensation costs borne by AIP (or such affiliate) with respect to its employment of such Internal Portfolio Manager(s) (including salary and bonus). In addition, AIP, in its sole discretion, may also cause the Omni Fund to pay AIP (or an affiliate of AIP) some or all of the other costs and expenses borne by AIP (or such affiliate) with respect to its employment of such Internal Portfolio Manager(s), including benefits, recruiting, and training costs and an allocable portion of overhead. Such payments by the Omni Fund to AIP (or its affiliates) in respect of Internal Portfolio Manager(s) will be in addition to, and will not reduce or offset, the management fee or the incentive allocation payable by the Omni Fund (and references in this Brochure to payments made by the Omni Fund to, or in respect of, Underlying Investment Managers includes payments made to AIP or its affiliates in respect of Internal Portfolio Managers). The amount paid by the Omni Fund to AIP (or its affiliates) with respect to an Internal Portfolio Manager will be, in the determination of AIP, no less favorable to the Omni Fund than the compensation and other expenses paid by the Omni Fund to comparable unaffiliated Portfolio Managers. Nonetheless, conflicts of interest may arise with respect to an Internal Portfolio Manager. For example, in determining the appropriate amount of overhead costs allocable to an Internal Portfolio Manager (which amounts, if applicable, will be borne by the Omni Fund), AIP will have an incentive for such costs to be high. In addition, AIP or one of its affiliates may be incentivized to employ an Internal Portfolio Manager, rather than a third party Portfolio Manager, in order to develop AIP's or one of its affiliates' track records, broaden AIP's expertise in managing direct-trading hedge funds or create additional funds in the future that may employ a similar investment strategy. Further, AIP or one of its affiliates may be less likely to terminate the employment of an Internal Portfolio Manager than to terminate the appointment of a third-party Portfolio Manager.

Investment Banking Activities

Morgan Stanley advises its clients on a variety of mergers, acquisitions, and financing transactions. Morgan Stanley may act as an advisor to clients that may compete with Clients, and with respect to Clients' investments. In certain instances, Morgan Stanley gives advice and takes action with respect to its clients or proprietary accounts that may differ from the advice AIP provides or involves an action of a different timing or nature than the action taken advised by AIP. At times, Morgan Stanley will give advice and provide recommendations to persons competing with Clients and/or any of our Clients' investments, contrary to the Client's best interests and/or the best interests of any of its investments.

Morgan Stanley could be engaged in financial advising, whether on the buy-side or sell-side, or in financing or lending assignments that could result in Morgan Stanley determining in its discretion or being required to act exclusively on behalf of one or more third parties, which could limit our Clients' ability to transact with respect to one or more existing or potential investments. Morgan Stanley may have relationships with third-party funds, companies or investors who may have invested in or may look to invest in portfolio companies, and there could be conflicts between our Clients' best interests, on the one hand, and the interests of a Morgan Stanley client or counterparty, on the other hand. To the extent that Morgan Stanley advises creditor or debtor companies in the financial restructuring of companies either prior to or after filing for protection under Chapter 11 of the Bankruptcy Code or similar laws in other jurisdictions, our flexibility in making investments in such restructurings on a Client's behalf may be limited.

From time to time, different areas of Morgan Stanley will come into possession of MNPI as a result of providing investment banking services to issuers of securities. In an effort to prevent the mishandling of MNPI, Morgan Stanley will, at times, restrict trading of these issuers' securities by AIP and Clients during the period such MNPI is held by Morgan Stanley, which period may be substantial. In instances where trading of an investment is restricted, our clients may not be able to purchase or sell such investment, in whole or in part, resulting in Clients' inability to participate in certain desirable transactions and/or a lack of liquidity concerning our Clients' existing portfolio investments. This inability to buy or sell an investment could have an adverse effect on Client's portfolio due to, among other things, changes in an investment's value during the period its trading is restricted.

Morgan Stanley could provide investment banking services to competitors of Clients' portfolio companies, as well as to private equity and/or private credit funds, and such activities could present Morgan Stanley with a conflict of interest vis-a-vis a Client's investment and also result in a conflict in respect of the allocation of investment banking resources to portfolio companies. To the extent permitted by applicable law, Morgan Stanley can provide a broad range of financial services to companies in which a Client invests, including strategic and financial advisory services, interim acquisition financing and other lending and underwriting or placement of securities, and Morgan Stanley generally will be paid fees (that may include warrants or other securities) for such services. Morgan Stanley will not share any of the foregoing interest, fees and other compensation received by it (including, for the avoidance of doubt, amounts received by us) with our client, and any advisory fees payable will not be reduced thereby.

Morgan Stanley could be engaged to act as a financial advisor to a company in connection with the sale of such company, or subsidiaries or divisions thereof, may represent potential buyers of businesses through its mergers and acquisition activities and could provide lending and other related financing services in connection with such transactions. Morgan Stanley's compensation for such activities is usually based upon realized consideration and is usually contingent, in substantial part, upon the closing of the transaction. Clients may be precluded from participating in a transaction with or relating to the company being sold under these circumstances.

To meet applicable regulatory requirements, there are periods when we will not initiate or recommend certain types of transactions in the securities of companies for which an affiliate is performing investment banking services. You will not be advised of that fact. In particular, when an affiliate is engaged in an underwriting or other distribution of securities of a company, we may be prohibited from purchasing or recommending the purchase of certain securities of that company for Clients. In addition, we generally will not initiate or recommend transactions in the securities of companies with respect to which our affiliates may have controlling interests or are affiliated.

Item 12 Brokerage Practices

Due to the nature of the investments AIP makes, broker-dealers are generally not used, with the exception of the Omni Fund, for Client transactions. However, AIP may use affiliated or non-affiliated broker-dealers to divest assets distributed in kind to Clients by Underlying Investment Funds or direct Co-investments. Non-affiliated broker-dealers are sometimes used when an Underlying Investment Manager or Co-investment sponsor arranges for shares to be distributed in kind through a particular broker-dealer. In such circumstances, when the chosen broker-dealer offers to sell shares on or very shortly after the distribution date, AIP evaluates (i) how quickly that broker-dealer can open accounts for the purpose of facilitating the sales and (ii) the relative advantages of having the shares sold by that broker-dealer.

In limited circumstances, AIP may use independent introductory agents who offer asset purchase opportunities to us in certain secondary transactions. In these instances, AIP allocates all fees and/or commissions related thereto *pro rata* (based on investment /commitment amount) to the participating Accounts. Fees and/or commissions payable are generally negotiated by AIP or a third-party syndication partner (e.g., Goldman Sachs). All such fees and/or commissions are customary in the marketplace and typical with these types of transactions. Additionally, AIP does not enter into soft dollar arrangements.

Trade Allocation

Investment decisions for each Client (or group of Clients with a similar investment objective) are made independently from those of other Clients and are made with specific reference to the individual needs and objectives of each Client. Because investment decisions frequently affect more than one Client, it is inevitable that at times a portfolio manager will desire to acquire or dispose of the same securities or interests for more than one Client at the same time. To the extent that a portfolio manager seeks to acquire the same limited partnership interest at the same time for more than one Client, it may not be possible to acquire a sufficiently large quantity of the security. Similarly, Clients may be unable to redeem out of an Underlying Investment Fund at the same time if there are redemption restrictions. An investment in an Underlying Investment Fund may be allocated to some, but not all, clients, at the discretion of the Investment Committee, in accordance with the investment guidelines applicable to the Client and based on such considerations as the Investment Committee deems appropriate. If an Underlying Investment Fund's capacity to accept investment capital is less than the amounts specified by the Investment Committee, the allocations shall be modified generally by allocating the underlying Investment Fund's capacity pro-rata among Clients.

Account Errors and Error Resolution

MSIM has policies and procedures to help it assess and determine, consistent with applicable standards of care and client documentation, when a client will be reimbursed in connection with a trading error. Pursuant to these policies, an error will generally be reimbursable when MSIM has executed a transaction that is an error that, in MSIM's reasonable view, resulted from MSIM's failure to observe the applicable standard of care, subject to materiality and other considerations. MSIM could determine to treat an error as compensable for a variety of reasons and the payment of any compensation should not be viewed as a determination of fault or violation of a standard of care.

Item 13 Review of Accounts

AIP's review process for Clients is conducted by the appropriate (Hedge Funds, Opportunistic Investments, Alternative Lending, Omni, Private Equity Solutions, Private Markets Impact, PSG) investment committee (each, an "Investment Committee"). Each Investment Committee is comprised of the portfolio managers of the respective investment team. AIP's review process is not directed toward a short-term decision to dispose of investments, but to (1) oversee the performance of the Underlying Investment Funds, Opportunistic Investments, and Portfolio Managers, and/or (2) monitor securities and other financial instruments in which the Clients have invested.

The Hedge Fund Solutions business provides reports to investors in Funds on either a monthly or quarterly basis. The Private Markets business provides reports to investors in Funds on either a quarterly or semi-annually basis. Investors in Funds advised by the Portfolio Solutions business are generally sent reports on a monthly or quarterly basis. Among other things, these reports may consist of monthly, quarterly, or semi-annual performance information, unaudited financial statements and/or audited annual statements. Omni provides reports to investors in the Omni Fund on a monthly basis.

With respect to SMAs, the nature and frequency of reports are negotiated with the client on an individual basis, as set forth in the applicable investment management agreement, to suit the clients' needs.

Item 14 Client Referrals and Other Compensation

AIP has compensated and may continue to compensate certain affiliated and unrelated third parties for client referrals in accordance with Rule 206(4)-3 under the Advisers Act. The compensation paid to any such entity will typically consist of a cash payment stated as a percentage of client assets managed by us either directly pursuant to an investment management agreement or via an investment in a Fund but may include cash payments determined in other ways. Any such compensation is disclosed to Clients at the time of referral in accordance with Rule 206(4)-3.

AIP also referred advisory clients by unaffiliated consultants that are retained by clients or prospective clients. While AIP does not make payments for solicitations or client referrals to these consultants, AIP may make cash payments to participate in conferences sponsored by such consultants to obtain information about industry trends and client investment needs. AIP may also purchase products or services from the consultant and/or their affiliates.

Item 15 Custody

AIP may be deemed to have "custody" of Client assets in a variety of circumstances, and in each case, AIP will comply with the custody requirements under the Advisers Act. AIP has custody of Client assets any time it has authority or ability to obtain possession of client assets. AIP may be deemed to have "custody" of the assets of the Funds for which AIP or an affiliate serves as general partner/managing member or otherwise has the authority or ability to obtain possession of Fund assets. In those cases, the Funds will provide audited financial statements to investors on an annual basis in accordance with generally accepted accounting principles within 180 days after the Fund's fiscal year. With respect to registered funds, such audited financial statements will be provided to investors within 60 days of the end of the fiscal year. With respect to private funds, such audited financial statements will be provided to investors within 120 days of the end of the fiscal year With respect to fund of funds, such audited financial statements will be provided to investors within 180 days of the end of the fiscal year. If a Client elects to retain AIP's affiliate, MSSB, to act as qualified custodian of its Account, AIP may be deemed to have "custody" of those assets as well. Furthermore, AIP may also be deemed to have "custody" over Clients' assets from which AIP is authorized to deduct fees or other expenses.

Clients should carefully review the account statements received from the qualified custodian and compare them to statements received from us.

Item 16 Investment Discretion

Funds

When selecting Client investments, AIP adheres to the investment policies, limitations and restrictions of each Client as set forth in the investment management agreement or relevant offering document, as applicable. For registered investment companies, AIP's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made. Investment guidelines and restrictions and any amendments thereto must be provided to AIP in writing.

Separately Managed Accounts

For separately managed accounts, AIP typically receives discretionary authority from the Client at the outset of the relationship to select the identity and amounts of investments to be bought or redeemed. This authority is granted in the investment management agreement. In all cases, however, such discretion is exercised in a manner consistent with the stated investment objectives and guidelines for the separate account. As discussed under Item 12, "Brokerage Practices", of this Brochure, you may impose certain limitations on AIP's use of broker-dealers.

Item 17 Voting Client Securities

Voting Proxies for Equity Securities

We use our best efforts to vote proxies as part of our authority to manage, acquire and dispose of account assets. We and our affiliates generally vote proxies for equity securities under the Morgan Stanley Investment Management Equity Proxy Voting Policies and Procedures (the "Policy") pursuant to authority granted under the applicable investment advisory agreement or, in the absence of such authority, as authorized by the Board of Directors/Trustees of the Morgan Stanley Funds. We will not vote proxies unless the investment advisory agreement or Board of Directors/Trustees explicitly authorizes us to vote proxies. Note that certain provisions of the Policy will not apply to Accounts that invest in Underlying Investment Funds, or those portions of Accounts managed by Portfolio Managers.

AIP and its affiliates will vote proxies in a prudent and diligent manner and in the best interests of clients, including beneficiaries of and participants in a client's benefit plan(s) for which we manage assets, consistent with the objective of maximizing long-term investment returns (the "Client Proxy Standard"). In addition to voting proxies at portfolio companies, AIP generally engages with the management, and at times also engages with the board, of companies in which we invest on a range of governance issues. We consider governance to be a window into management and board quality. AIP typically engages with companies where we have larger positions and voting issues are financially material. We believe that AIP's engagement process, through private communication with companies, allows us to understand the governance structures at investee companies and better inform our voting decisions.

MSIM is part of Morgan Stanley, a global financial services group, and, as such, MSIM faces potential conflicts due to the role of other Morgan Stanley divisions which may have commercial relationships with companies in which MSIM may invest. Such potential conflicts of interest involving divisions of Morgan Stanley outside MSIM are managed through the operation of various policies and procedures, including (among others) those creating and enforcing information barriers between MSIM and other Morgan Stanley divisions.

MSIM has also enacted policies and procedures to address potential conflicts resulting from its own commercial or other relationships and to manage conflicts of interests so that proxies are voted in accordance with the Client Proxy Standard

The Policy addresses a broad range of issues and provides general voting parameters on proposals that arise most frequently. However, details of specific proposals vary, and those details affect particular voting decisions, as do factors specific to a given company. We endeavor to integrate governance and proxy voting policy with investment goals, using the vote to encourage portfolio companies to enhance long-term shareholder value and to provide a high standard of transparency such that equity markets can value corporate assets appropriately.

AIP seeks to follow the Client Proxy Standard for each client. At times, this could result in split votes, for example when different clients have varying economic interests in the outcome of a particular voting matter (such as a case in which varied ownership interests in two companies involved in a merger result in different stakes in the outcome). We also split votes at times based on differing views of portfolio managers.

AIP could determine to abstain on matters for which disclosure is inadequate. We usually support routine management proposals except for certain "other business" and "meeting adjournment" proposals.

From time to time, AIP retains third-party advisers to provide a variety of proxy-related services, including in-depth research and global issuer analysis ("Research Providers"). While AIP can review the recommendations of such Research Providers, AIP is in no way obligated to follow such recommendations, and votes all proxies based on the Policy and Client Proxy Standard.

Votes on board nominees can involve balancing a variety of considerations, including those related to board and board committee independence, term length, whether nominees could be overcommitted, director attendance and diligence, financial knowledge and experience, executive and director remuneration practices, board diversity, and board responsiveness. We consider withholding support from or voting against a nominee if it believes a direct conflict exists between the interests of the nominee and the public shareholders, including failure to meet fiduciary standards of care

and/or loyalty. We can oppose directors where we conclude that actions of directors are unlawful, unethical or negligent. We consider opposing individual board members or an entire slate if we believe the board is entrenched and/or dealing inadequately with performance problems; if we believe the board is acting with insufficient independence between the board and management; or if we believe the board has not been sufficiently forthcoming with information on key governance or other material matters.

AIP examines a range of issues, including proxy contests and proposals relating to mergers, acquisitions and other special corporate transactions, on a case-by-case basis in the interests of each client. We support substantial management/board discretion on capital structure, but within limits that take into consideration articulated uses of capital, existence of preemptive rights, and certain shareholder protections provided by market rules and practices. We are generally supportive of reasonable shareholder rights.

AIP votes on advisory votes on executive pay on a case-by-case basis. We generallysupport equity compensation plans if we view potential dilution/cost as reasonable, and if plan provisions sufficiently protect shareholder interests. We also support appropriately structured bonus and employee stock purchase plans. We support proposals that if implemented would enhance useful disclosure, but we generally vote against proposals requesting reports that we believe are duplicative, related to matters not material to the business, or that would impose unnecessary or excessive costs.

AIP considers social and environmental shareholder proposals on a case-by-case basis, but generally supports proposals that seek to enhance useful disclosure on matters we believe could be financially material.

Process: An MSIM Proxy Review Committee (the "Committee") has overall responsibility for the Policy. Because proxy voting is an investment responsibility and impacts shareholder value, and because of their knowledge of companies and markets, portfolio managers and other members of investment staff play a key role in proxy voting, and individual investment teams are responsible for determining decisions on proxy votes with consultation from the Global Stewardship Team.

The Committee meets at least quarterly and reviews and considers changes to the Policy at least annually. If the Director of our Global Stewardship Team determines that an issue raises a material conflict of interest, the Director can request a special committee to review, and recommend a course of action with respect to, the conflict(s) in question.

AIP Funds or any other investment vehicle sponsored, managed or advised by an AIP affiliate could participate in a securities lending program through a third-party provider. The voting rights for shares that are out on loan are transferred to the borrower and therefore, the lender (i.e., an AIP Fund or another investment vehicle sponsored, managed or advised by an AIP affiliate) is not entitled to vote the lent shares at the company meeting. However, in certain circumstances a portfolio manager could seek to recall shares for the purposes of voting. In this event, the handling of such recall requests would be on a best efforts basis.

AIP generally will not make any filings in connection with any shareholder class action lawsuits and similar matters involving securities held or that were held in separate accounts and will not be required to notify custodians or clients in separate managed accounts of shareholder class action lawsuits and similar matters. We will not be responsible for any failure to make such filings or, if we determine to make such filings, to make such filings in a timely manner. Upon client request, we will consider on a case-by-case basis participation in non-US class action lawsuits.

Further Information*:* You can contact your Client Representative or Financial Advisor for information on how to obtain a copy of the Policy or proxy voting records. In the case of registered investment companies that we advise, the fund's proxy voting records filed with the SEC are available (i) without charge by accessing the Mutual Fund Center on our web site at www.morganstanley.com/funds and (ii) on the SEC's web site at www.sec.gov.

Related, but supplemental, to AIP's formal proxy voting policy, AIP's investment teams – in particular, those teams acting for client strategies that are responsive to ESG considerations – have the ability to employ the shareholder rights and stakeholder influence that AIP exercises on behalf of its clients to encourage, where relevant, strong ESG practices with issuers, borrowers and counterparties. AIP seeks to engage in these types of stewardship and engagement practices in

a manner that is consistent with its role as a responsible long-term investor, its fiduciary obligations, and any specific client directions.

Item 18 Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about AIP's financial condition. AIP is not aware of any financial condition that impairs AIP's ability to meet contractual and fiduciary commitments to you or the Clients and has not been the subject of a bankruptcy proceeding.

FACTS	WHAT DOES MORGAN STANLEY INVESTMENT MANAGEMENT, INC. ("MSIM") DO WITH YOUR PERSONAL INFORMATION?
Why?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
What?	The types of personal information we collect and share depend on the product or service you have with us. This information can include: ▪ Social Security number and income ▪ Investment experience and risk tolerance ▪ Checking account information and wire transfer instructions
How?	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons MSIM chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does MSIM share?	Can you limit this sharing?
For our everyday business purposes— such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes— to offer our products and services to you	Yes	No
For joint marketing with other financial companies	No	We don't share
For our affiliates' everyday business purposes— information about your transactions and experiences	Yes	No*
For our affiliates' everyday business purposes— information about your creditworthiness	Yes	Yes*
For our affiliates to market to you	Yes	Yes*
For non-affiliates to market to you	No	We don't share

To limit our sharing	To limit sharing, call toll-free: (844) 312-6327 or email: msimprivacy@morganstanley.com. Please include your name, address, and first three digits (and only the first three digits) of your account number in the email. If we serve you through an investment professional, please contact them directly. Specific Internet addresses, mailing addresses, and telephone numbers are listed on your statements and other correspondence. **Please Note:** If you are a *new* customer, we can begin sharing your information 30 days from the date we sent this notice. When you are *no longer* our customer, we continue to share your information as described in this notice. However, you can contact us at any time to limit our sharing. *MSIM does not share your creditworthiness information or your transactions and experiences information with the Morgan Stanley Affiliates, nor does MSIM enable the Morgan Stanley Affiliates to market to you. Your opt outs will prevent MSIM from sharing your creditworthiness information with the Investment Management Affiliates and will prevent the Investment Management Affiliates from marketing their products to you.
Questions?	Call toll-free: (844) 312-6327 or email: msimprivacy@morganstanley.com

Who we are	
Who is providing this notice?	Morgan Stanley Investment Management Inc. and its investment management affiliates ("MSIM") (See Affiliates definition below.)
What we do	
How does MSIM protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings. We have policies governing the proper handling of customer information by personnel and requiring third parties that provide support to adhere to appropriate security standards with respect to such information.

How does MSIM collect my personal information?	We collect your personal information, for example, when you ▪ open an account or make deposits or withdrawals from your account ▪ buy securities from us or make a wire transfer ▪ give us your contact information We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.
Why can't I limit all sharing?	Federal law gives you the right to limit only ▪ sharing for affiliates' everyday business purposes—information about your creditworthiness ▪ affiliates from using your information to market to you ▪ sharing for non-affiliates to market to you State laws and individual companies may give you additional rights to limit sharing. See below for more on your rights under state law.
What happens when I limit sharing for an account I hold jointly with someone else?	Your choices will apply to everyone on your account.
Definitions	
Affiliates	Companies related by common ownership or control. They can be financial and non-financial companies. ▪ *Our affiliates include registered investment advisers such as Eaton Vance Management, Eaton Vance Advisers International Ltd., Boston Management and Research, Calvert Research and Management, Atlanta Capital Management Company, LLC, Parametric Portfolio Associates LLC, Morgan Stanley Investment Management Co., Morgan Stanley Investment Management Ltd; registered broker-dealers such as Morgan Stanley Distribution, Inc. and Eaton Vance Distributors, Inc. (collectively, the "Investment Management Affiliates"); and registered and unregistered funds sponsored by Morgan Stanley Investment Management such as the registered funds within Morgan Stanley Institutional Fund, Inc. (together, the "Investment Management Affiliates"); and companies with a Morgan Stanley name and financial companies such as Morgan Stanley Smith Barney LLC and Morgan Stanley & Co. (the "Morgan Stanley Affiliates").*
Non-affiliates	Companies not related by common ownership or control. They can be financial and non-financial companies. ▪ *MSIM does not share with non-affiliates so they can market to you.*
Joint marketing	A formal agreement between non-affiliated financial companies that together market financial products or services to you. ▪ *MSIM does not jointly market.*
Other important information	

Vermont: Except as permitted by law, we will not share personal information we collect about Vermont residents with non-affiliates unless you provide us with your written consent to share such information.

California: Except as permitted by law, we will not share personal information we collect about California residents with non-affiliates and we will limit sharing such personal information with our Affiliates to comply with California privacy laws that apply to us.