

WEALTH MANAGEMENT

Morgan Stanley

The Indigo Group at Morgan Stanley

Indigo Sustainable Portfolios



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The Indigo Group at Morgan Stanley

Capital creates change in the world. The Indigo Group seeks to deliver competitive financial returns while driving positive environmental and social impact by investing in companies that exemplify leadership in social and environmental responsibility.

Our framework enables clients to align their portfolios with their unique impact investing priorities. Morgan Stanley has leveraged its market position as a leading Wealth Management firm to empower our clients to Invest with Impact.

Our Indigo Sustainable Portfolios utilize leading edge financial and sustainability data analytics so clients can optimize investment alignment with their personal values without sacrificing performance. Current research shows that using sustainable investment strategies usually meets – and often exceeds – the performance of comparable traditional approaches.¹

Evaluating sustainability factors for a company is not just "a good thing to do"; it is now widely considered to be part of a fiduciary's duty. As impact-oriented metrics increase in quality and availability, investors can take actionable steps toward building a more positive, resource-efficient economy.

1. Morgan Stanley Research, "Sustainable Investing Myth Busters" (May 2017)

Meet the Professionals

We work with individuals and institutional asset owners to develop sustainable investment portfolios. The dramatic increase in the availability of high-quality Environmental, Social and Governance (ESG) research and a growing body of academic studies show a correlation between strong investment performance and ESG factor integration.²

2. Morgan Stanley Research, "Sustainable Reality" (March 2015)

Mark C. Callaway

*Senior Portfolio Manager
Senior Vice President-Wealth Management
Financial Advisor*

Mark Callaway has managed “SRI/ESG/ Impact Investing style” discretionary strategies within the Morgan Stanley Portfolio Management platform since 2000. In 2014, he was named one of Morgan Stanley’s Investing with Impact Champions. In 2009, he co-founded the Southeast Corporate Sustainability Rankings, which ranks publicly traded companies according to standardized environmental, social and governance scores. Mark’s educational background includes studies in both political science and theater, as well as an MBA from LaGrange College. He served as an adjunct professor, teaching Investment Analysis and Portfolio Management. In 2015, he attended Oxford University’s Impact Investing executive program. Mark holds the position of Senior Vice President of Wealth Management at Morgan Stanley, and is also a Senior Investment Management Consultant, and Senior Portfolio Manager.

Alora Clark

Wealth Management Analyst

Alora Clark is an analyst for the Indigo Group at Morgan Stanley. Her primary role includes portfolio management and analysis, research on financial and sustainability factors of investments, and searching for new opportunities to invest with impact.

Prior to joining Morgan Stanley, Alora completed her Masters in Quantitative and Computational Finance at Georgia Tech. While there, she worked on research in Sustainable Finance and Accounting for the Ray C. Anderson Center for Sustainable Business. She has a Bachelor of Science in Applied Mathematics and Statistics from Johns Hopkins University.

Indigo Sustainable Portfolios Composition

Our security selection criteria can include alignment in the strategic areas of environmental, social and governance (ESG) factors as well as ESG materiality and momentum. The Indigo team uses a new breed of ESG research that analyzes financial and non-financial factors which are designed to identify ESG risks or opportunities that may not be captured through conventional analyses.

We use the best of Morgan Stanley's fundamental and quantitative financial research as well as in-depth ESG analysis on a number of metrics for each company. We can now

review abundant research documenting the effects on corporate performance and values of nonfinancial factors, such as gender diversity, which can no longer be ignored in portfolio construction.

Our portfolios are constructed of 25-35 individual publicly-traded equities and exchange-traded funds. We offer fossil-fuel free options as well as portfolios that include a "best-in-class" approach using all sectors of the economy. We also incorporate a gender screen to ensure women are represented on the board of directors of each company in

our portfolio. New research indicates that gender diversity on boards and top management teams is a material ESG factor in all industries.³

In addition, we use technical analysis from Dorsey-Wright, a leading research provider, which evaluates the simple economics pertaining to each security. This time-tested approach offers valuable insight as a logical, organized way of assessing the forces of supply and demand. When all is said and done, if there are more buyers than sellers willing to sell, the stock price will move higher.

3. Morgan Stanley Research, "Why it pays to invest in Gender Diversity" (May 2016)



Environmental, Social and Governance (ESG) Integration

Each client is unique; this is true regarding financial considerations as well as how our clients choose to integrate their personal values or institutional mission into portfolio construction. These "impact priorities" reflect an individual or institution's worldview, values, mission, investment objectives and more.

For a growing number of our clients, integrating impact priorities into their investment decision making is increasingly important. This is the basis for Morgan Stanley's Portfolio

Impact Alignment which leverages proprietary company-level environmental, social and governance data provided by MSCI ESG Research, a third-party research firm and a market leader for company-level ESG data.

The Portfolio Impact Alignment is a point-in-time investment analysis tool that empowers clients to view their portfolio from a new perspective - through the lens of a comprehensive set of fourteen ESG metrics that are material across most indus-

tries and geographies, five exposures across key risk areas and seven themes for which a defined approach to a particular theme is available and generally accepted.

Through a licensing agreement with MSCI, we build a holistic view of the significant ESG issues a company faces, as well as its industry context and peer analysis. This rating system is further designed to identify the financial relevance of ESG factors, which helps with our commitment to achieving market-rate returns.



Since 1982, the principals of the Indigo Group have offered comprehensive investment strategies for individuals and institutions. In 2001, we started offering portfolios designed with environmental, social and governance screening. In 2012, we started working closely with Morgan Stanley's Investing with Impact platform to offer our clients a broad array of solutions and services. Our diverse backgrounds in finance, philanthropy and advocacy help us provide a unique investment experience. We provide a team approach to each client that ensures our ability to provide personalized, customized advice throughout the life of the relationship.

This material does not provide individually tailored investment advice. It has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The strategies and or investments discussed in this material may not be suitable for all investors. Morgan Stanley Smith Barney LLC recom-

mends that investors independently evaluate particular investments and strategies, and encourages investors to seek the advice of a Financial Advisor. The appropriateness of a particular investment or strategy will depend on an investors individual circumstances and objectives.