THE VECTOR GROUP *at* MORGAN STANLEY

Vec·tor (VEK-ter) n. magnitude and direction
—Miriam Webster Dictionary

PORTFOLIO MANAGEMENT TEAM:

M. David Sherrill, CFA®, CMT®
Managing Director
Senior Portfolio Management Director
Financial Advisor

Daniel Sheldon
Financial Advisor

Michael J. Belsky
Senior Vice President
Senior Portfolio Management Director
Family Wealth Advisor
Financial Advisor

1290 Avenue of the Americas
12th Floor
New York, New York 10104
tel: (212) 893-7516
toll-free: (800) 827-1512
fax: (212) 705-4513

www.vectorgroupfinancial.com

As of December 31, 2017

Morgan Stanley

Vector Earnings Momentum Portfolio

Investment Objective

The Vector Earnings Momentum Strategy's primary objective is to realize capital gains. It is modeled for the more aggressive investor wanting to emphasize short term price appreciation. The portfolio is closely monitored and regularly updated. The portfolio is always fully invested with 25-35 positions. Typically, clients will use this strategy as a complement to their core holdings.

Investment Process

Using a bottom-up approach, stocks purchased in the portfolio are filtered for companies with a history of above- average earnings growth. Stocks in the portfolio will generally have a high beta, which typically increases the risk/ reward profile. Typically, companies have lower debt ratios and above average financial strength. Stocks with favorable Price Earnings ratios, Price per Sales and Price per Cash Flow are also considered for inclusion in the portfolio.

Stock Sector Breakdown

	VECTOR EARNINGS MOMENTUM PORTFOLIO	RUSSELL MIDCAP GROWTH
Consumer Discretionary	17.60%	17.57%
Consumer Staples	5.00%	4.21%
Energy	0.00%	2.52%
Financials	19.00%	7.27%
Health Care	14.00%	13.21%
Industrials	24.50%	17.38%
Information Technology	19.00%	27.82%
Materials	0.00%	6.40%
Real Estate	0.00%	3.33%
Telecommunication Services	0.00%	0.22%
Utilities	0.00%	0.05%

Source: FactSet Research Systems

The weightings for each sector of the index are rounded to the nearest tenth of a percent; therefore, the aggregate weights for the index may not equal 100%. Cash allocation has been excluded; therefore, the aggregate weights for the Vector model may not equal 100%.

Portfolio Characteristics

	VECTOR EARNINGS MOMENTUM PORTFOLIO	RUSSELL MIDCAP GROWTH
Median Market Cap	57.16 billion	8.76 billion
LT Debt/ Capital	39.30%	47.70%
Price/Book	3.8x	5.6x
Price/Earnings	23.3x	29.0x
Price/Cash Flow	15.1	18.0x
Price/Sales	2.9x	2.4x
Est. 3-5 Year EPS Growth	12.20%	16.00%

Source: FactSet Research Systems
All data is as of December 31, 2017

THE VECTOR GROUP *at* MORGAN STANLEY

Vec·tor (VEK-ter) n.
magnitude and direction

—Miriam Webster Dictionary

PORTFOLIO MANAGEMENT TEAM:

M. David Sherrill, CFA®, CMT®
Managing Director
Senior Portfolio Management Director
Financial Advisor

Daniel Sheldon
Financial Advisor

Michael J. Belsky
Senior Vice President
Senior Portfolio Management Director
Family Wealth Advisor
Financial Advisor

1290 Avenue of the Americas
12th Floor
New York, New York 10104
tel: (212) 893-7516
toll-free: (800) 827-1512
fax: (212) 705-4513

www.vectorgroupfinancial.com

DISCLOSURES:

Top holdings, sector allocation, portfolio statistics and credit quality are based on the recommended portfolio for new investors as of the date specified. Holdings lists indicate the largest security holdings by allocation weight as of the specified date. Other data in this material is believed to be accurate as of the date this material was prepared unless stated otherwise. Data in this material may be calculated by Morgan Stanley or by third party providers licensed by the Financial Advisors or Morgan Stanley.

Material in this presentation has been obtained from sources that we believe to be reliable, but we do not guarantee its accuracy, completeness or timeliness. Third party data providers make no warranties or representations relating to the accuracy, completeness or timeliness of the data they provide and are not liable for any damages relating to this data.

Morgan Stanley Wealth Management has no obligation to notify you when information in this presentation changes.

Holdings are subject to change daily, so any securities discussed in this profile may or may not be included in your account if you invest in this investment strategy. Do not assume that any holdings mentioned were, or will be, profitable.

This material is intended only for clients and prospective clients of the Portfolio Management program. It has been prepared solely for informational purposes only and is not an offer to buy or sell or a solicitation of any offer to buy or sell any security or other financial instrument, or to participate in any trading strategy.

The individuals mentioned as the Portfolio Management Team are Financial Advisors with Morgan Stanley participating in the Morgan Stanley Portfolio Management program. The Portfolio Management program is an investment advisory program in which the client's Financial Advisor invests the client's assets on a discretionary basis in a range of securities. The Portfolio Management program is described in the applicable Morgan Stanley ADV Part 2, available at www.morganstanley.com/ADV or from your Financial Advisor.

Past performance of any security is not a guarantee of future performance. There is no guarantee that this investment strategy will work under all market conditions.

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 Wealth Management recommends 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 investor's individual circumstances and objectives.

The views expressed herein are those of the author and do not necessarily reflect the views of Morgan Stanley Wealth Management or its affiliates. All opinions are subject to change without notice. Neither the information provided nor any opinion expressed constitutes a solicitation for the purchase or sale of any security. Past performance is no guarantee of future results.

The investments listed may not be suitable for all investors. Morgan Stanley Smith Barney LLC recommends that investors independently evaluate particular investments, and encourages investors to seek the advice of a financial advisor. The appropriateness of a particular investment will depend upon an investor's individual circumstances and objectives.

LT Debt/Capital- A measurement of a company's financial leverage, calculated as the company's debt divided by its total capital. Debt includes all short-term and long-term obligations. Total capital includes the company's debt and shareholders' equity, which includes common stock, preferred stock, minority interest and net debt.

Price/Earnings- A valuation ratio of a company's current share price compared to its per-share earnings.

Price/Cashflow- A valuation ratio of a company's current share price compared to its level of annual cash flow.

Price/Book- A valuation ratio of a company's current share price compared to its book value.

Price/Sales- A valuation ratio of a company's current share price compared to its per-share earnings.

EPS- The portion of a company's profit allocated to each outstanding share of common stock. Earnings per share serves as an indicator of a company's profitability.

Market Cap- Market capitalization, otherwise known as market cap, is a measure of a company's size at a given time.

Russell Midcap® Growth Index measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values. The stocks are also members of the Russell 1000 Growth index. An investment cannot be made directly in a market index.

As of December 31, 2017
(Russell was indicated at 12/31/17)

CRC# 1351001