

Morgan Stanley Institutional Fund Growth Portfolio

4Q15

FACTSHEET

Investment Approach

We seek high-quality established companies with sustainable competitive advantages, strong free-cash-flow yields and favorable returns on invested capital trends. We focus on long-term growth rather than short-term events, with our stock selection informed by rigorous fundamental analysis.

Objective

Seeks long-term capital appreciation by investing primarily in growth-oriented equity securities of large capitalization companies.

Lipper Category

Large-Cap Growth

Morningstar Category

Large Growth

Investment Team

	Joined Firm	Years of Investment Experience
Dennis Lynch, Managing Director	1998	22
David Cohen, Managing Director	1993	28
Sam Chainani, Managing Director	1996	20
Alexander Norton, Executive Director	2000	21
Jason Yeung, Managing Director	2002	19
Armistead Nash, Managing Director	2002	16

Investment Performance - Class I (% net of fees)

% Average Annual Total Returns	1 Year	3 Year	5 Year	10 Year	Inception†
Fund	11.91	20.96	14.70	9.64	10.42
Russell 1000 Growth Index ¹	5.67	16.83	13.53	8.53	8.64
Lipper Category Average	5.26	16.17	12.26	7.54	—
Morningstar Category Average	3.60	15.27	11.70	7.33	—

% Calendar Year Returns	4Q15	YTD	2015	2014	2013	2012	2011
Fund	9.40	11.91	11.91	6.42	48.60	15.66	(3.01)
Russell 1000 Growth Index	7.32	5.67	5.67	13.05	33.48	15.26	2.64
Lipper Category Average	7.51	5.26	5.26	10.49	34.19	15.61	(1.51)
Morningstar Category Average	6.73	3.60	3.60	10.00	33.92	15.34	(2.46)

Performance data quoted represents past performance, which is no guarantee of future results, and current performance may be lower or higher than the figures shown. For the most recent month-end performance figures, please visit morganstanley.com/im or call 1-800-548-7786. Investment returns and principal value will fluctuate and fund shares, when redeemed, may be worth more or less than their original cost.

† Inception returns reflect the inception date of the fund.

Performance and fund information is as of December 31, 2015, unless otherwise noted. Returns are net of fees and assume the reinvestment of all dividends and income. Returns for less than one year are cumulative (not annualized). Performance of other share classes will vary.

Please keep in mind that double-digit returns are highly unusual and cannot be sustained. Investors should also be aware that these returns were primarily achieved during favorable market conditions.

Expense Ratios	Symbol	Cusip	Gross (%)	Net (%)
Class A	MSEGX	61744J564	0.83	0.83
Class C	MSGUX	61760X414	1.54	1.54
Class I	MSEQX	61744J861	0.70	0.70
Class IS	MGRPX	61760X711	0.55	0.55

Where the net expense ratio is lower than the gross expense ratio, certain fees have been waived and/or expenses reimbursed. These waivers and/or reimbursements will continue for at least one year from the date of the applicable fund's current prospectus (unless otherwise noted in the applicable prospectus) or until such time as the fund's Board of Directors acts to discontinue all or a portion of such waivers and/or reimbursements. Absent such waivers and/or reimbursements, returns would have been lower. Expenses are based on the fund's current prospectus. The minimum initial investment is \$5,000,000 for Class I shares.

Morningstar Overall Rating

Class I shares



Out of 1542 Funds. Based on Risk Adjusted Return. Class I Shares Fund ratings out of 5 Stars: 3 Yrs. 5 Stars; 5 Yrs. 4 Stars; 10 Yrs. 4 Stars.

Morningstar Rankings - Class I Large Growth Category

	Percentile	Rank/Total in Category
1 Year	2	24/1681
3 Year	1	7/1542
5 Year	5	60/1326
10 Year	5	46/933

Source: Morningstar, Inc. Rankings are based on total returns, are historical and do not guarantee future results.

Fund Facts

Inception date	April 02, 1991
Team inception date	August 05, 2004
Total net assets (\$MM)	\$ 3,629
Benchmark	Russell 1000 Growth Index
Distribution frequency	At least annually

Portfolio Characteristics

	Fund
Number of holdings	38
Return on capital (%)	10.54
5 year EPS growth (%)	25.25
Sales growth (%)	25.13
Weighted median market capitalization (\$B)	52.06
D/E weighted median (%)	42.15
Turnover (%)*	44

Risk/Return Statistics (3 Year)

	Fund
Active share (%)	81.25
Alpha (%)	4.13
Beta (vs. benchmark)	1.03
Information ratio	0.57
R squared	0.70
Sharpe ratio	1.57
Standard deviation (%)	13.33
Tracking error (%)	7.30

Sector Allocation (% of Total Net Assets)

	Fund
Information Technology	42.36
Consumer Discretionary	26.62
Health Care	14.25
Consumer Staples	8.97
Financials	3.27
Industrials	0.49
Cash	3.93

Top Holdings (% of Total Net Assets)

	Fund
Amazon.com, Inc.	9.29
Facebook, Inc.	8.17
Apple, Inc.	5.65
Alphabet, Inc.	4.92
Illumina, Inc.	4.91
MasterCard, Inc.	4.55
Tesla Motors, Inc.	4.10
LinkedIn Corp.	4.04
Intuitive Surgical, Inc.	3.90
Salesforce.com, Inc.	3.44
Total	52.97

Past performance is not indicative of future results. Subject to change daily. Fund information is provided for informational purposes only and should not be deemed as a recommendation to buy or sell any security or securities in the sectors presented.

PORTFOLIO CHARACTERISTICS DEFINITIONS

Return on capital is a measure of a company's efficiency at allocating the capital under its control to profitable investments, calculated by dividing net income minus dividends by total capital. **Earnings per share (EPS) growth** is the weighted average of earnings per share growth for all securities in the portfolio projected for the past five fiscal years. Earnings per share for a company is defined as total earnings divided by shares outstanding. **Weighted median market capitalization** is the point at which half of the market value of a portfolio is invested in stocks with a greater market cap, and consequently the other half is invested in stocks with a lower market cap. **Debt/equity (D/E)** is a measure of a company's financial leverage calculated by dividing its total liabilities by stockholders' equity. **Sales growth** is the increase in sales over a specific period of time, often but not necessarily annually.

RISK/RETURN DEFINITIONS

Active share is the fraction of the portfolio or fund that is invested differently than its benchmark as of the last day of the reporting period. A portfolio with a high degree of Active share does not assure a fund's relative outperformance. **Alpha** is the excess return or value added (positive or negative) of the portfolio's return relative to the return of the benchmark. **Beta** is a measure of the relative volatility of a security or portfolio to the market's upward or downward movements. A beta greater than 1.0 identifies an issue or fund that will move more than the market, while a beta less than 1.0 identifies an issue or fund that will move less than the market. The Beta of the Market is always equal to 1. **Information ratio** is the portfolio's alpha or excess return per unit of risk, as measured by tracking error, versus the portfolio's benchmark. **R squared** measures how well an investment's returns correlate to an index. An R squared of 1.00 means the portfolio performance is 100% correlated to the index's, whereas a low r-squared means that the portfolio performance is less correlated to the index's. **Sharpe ratio** is a risk-adjusted measure calculated as the ratio of excess return to standard deviation. The Sharpe ratio determines reward per unit of risk. The higher the Sharpe ratio, the better the historical risk-adjusted performance. **Standard deviation** measures how widely individual performance returns, within a performance series, are dispersed from the average or mean value. **Tracking error** is the amount by which the performance of the portfolio differs from that of the benchmark.

RISK CONSIDERATIONS

There is no assurance that a Portfolio will achieve its investment objective. Portfolios are subject to market risk, which is the possibility that the market values of securities owned by the Portfolio will decline and that the value of Portfolio shares may therefore be less than what you paid for them. Accordingly, you can lose money investing in this Portfolio. Please be aware that this Portfolio may be subject to certain additional risks. In general, **equities securities'** values also fluctuate in response to activities specific to a company. Investments in **foreign markets** entail special risks such as currency, political, economic, market and liquidity risks. The risks of investing in **emerging market** countries are greater than risks associated with investments in foreign developed countries. **Privately placed and restricted securities** may be subject to resale restrictions as well as a lack of publicly available information, which will increase their illiquidity and could adversely affect the ability to value and sell them (liquidity risk). **Derivative instruments** may disproportionately increase losses and have a significant impact on performance. They also may be subject to counterparty, liquidity, valuation, correlation and market risks. **Illiquid securities** may be more difficult to sell and value than public traded securities (liquidity risk).

Morningstar

Rankings and ratings as of December 31, 2015. **Rankings:** The percentile rankings

are based on the average annual total returns for the periods stated and do not include any sales charges, but do include reinvestment of dividends and capital gains and Rule 12b-1 fees. If they had been, total returns would be lower. **Ratings:** Morningstar, Inc. is an independent publisher of mutual fund research and ratings. Ratings reflect a fund's risk-adjusted 3-, 5-, and 10-year total returns, including any sales charge. A Fund is rated against all other funds in its category. Overall Rating for a fund is derived from a weighted average of the ratings for the time periods indicated. 5 stars are assigned to the top 10%; 4 stars to the next 22.5%; 3 stars to the next 35%; 2 stars to the next 22.5%; and 1 star to the bottom 10%. Morningstar only rates funds with at least a 3-year history.

Source: Morningstar. Morningstar counts each share class as a separate fund for purposes of its ranking and ratings calculations. Morningstar compares mutual funds within a universe of funds with similar investment objectives, including dividend reinvestment. **Past performance is no guarantee of future results.** Morningstar rankings and ratings may vary for other share classes. © 2016 Morningstar, Inc. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

OTHER CONSIDERATIONS

¹ The Russell 1000® Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000® Index companies with higher price-to-book ratios and higher forecasted growth values. The Russell 1000® Index is an index of approximately 1,000 of the largest U.S. companies based on a combination of market capitalization and current index membership. The index is unmanaged and does not include any expenses, fees or sales charges. It is not possible to invest directly in an index.

* Turnover is sourced from the fund's current prospectus.

Please consider the investment objective, risks, charges and expenses of the fund carefully before investing. The prospectus contains this and other information about the fund. To obtain a prospectus, download one at morganstanley.com/im or call 1-800-548-7786. Please read the prospectus carefully before investing.

Morgan Stanley Investment Management (MSIM) is the asset management division of Morgan Stanley.