

# Morgan Stanley

INVESTMENT MANAGEMENT

## Ultra-Short Bond Funds Redefined

### MSIFT Ultra-Short Income Portfolio

LIQUIDITY  
GLOBAL LIQUIDITY TEAM  
INVESTMENT IDEA  
DECEMBER 2017

#### SHARE CLASSES

Class A	MUAIX
Class IN	MUIIX
Class IR	MULSX

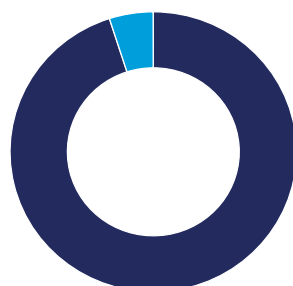
The Morgan Stanley Institutional Fund Trust (MSIFT) Ultra-Short Income Portfolio is part of a new category of bond funds—Conservatively Managed Ultra-Short Bond Funds.

An attractive alternative for investors seeking capital preservation and liquidity—with no liquidity fees or redemption gates—this fund was designed with the conservative bond investor in mind. With a shorter duration profile and higher credit quality than most funds in the ultra-short space, the portfolio will focus on maintaining low net asset value (NAV) volatility, transparent reporting and a conservative asset allocation that, we believe, makes it unique among ultra-short bond funds.

### 1 High Credit Quality

Over 95.04% of the holdings have an S&P rating of A-1, the highest rating for a short term obligation.

Quality Distribution  
(% of Market NAV)

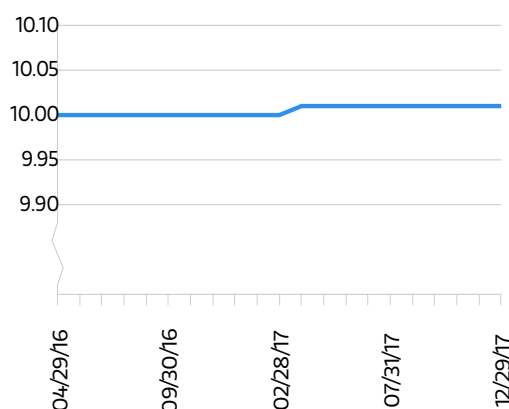


● A-1/P-1	95.04%
● A-2/P-2	4.96%

### 2 Historically Low Volatility

The conservative duration and credit positioning has led to very low NAV volatility since the inception of the fund on 4/28/2016<sup>1</sup>.

Historical NAV (Class IN)<sup>2</sup>

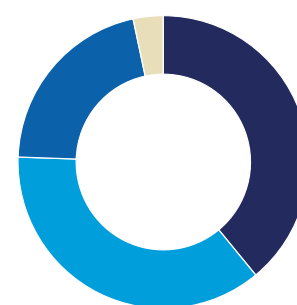


— Net Asset Value (NAV) (\$)

### 3 Conservative Asset Allocation

The fund seeks to invest in conservative fixed income asset classes and avoid the long duration, lower credit quality, floating rate and derivative asset classes in which other ultra-short bonds funds may invest.

Security Type Breakdown(%)



● Certificates of Deposit	39.04%
● Commercial Paper	36.51%
● Repurchase Agreements	21.11%
● Corporate Notes	3.34%

All data is as of 12/31/2017.

<sup>1</sup> Short-term NAV pricing may not be indicative of the fund's long-term potential for low volatility. A fund's NAV, especially for very short time periods, should not be the sole factor in making your investment decision.

<sup>2</sup> NAV movement and performance of other share classes may vary.

## Investment Team

The MSIFT Ultra-Short Income Portfolio is managed by senior members of the Global Liquidity team



**JONAS KOLIK**

Chief Investment Officer of Global Liquidity  
Joined the firm in 2004, 27 years of investment experience



**MICHAEL CHA**

Executive Director  
Joined the firm in 2008, 28 years of investment experience

## Key Fund Highlights

As of 12/31/2017

SHARE CLASS	CLASS A	CLASS IN	CLASS IR
Ticker	MUAIX	MUIIX	MULSX
SEC 30-Day Yield Subsidized (%)	1.17	1.37	1.42
SEC 30-Day Yield Unsubsidized (%)	1.11	1.31	1.36
Gross Expense Ratio (%)	0.68	0.48	0.42
Net Expense Ratio (%)	0.51	0.30	0.25
One Year Average Annual Return (%) as of 12/31/2017	0.96	1.26	1.21
Since Inception Investment Performance (% net of fees) as of 12/31/2017	0.74	1.01	1.43

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](http://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. Yields are subject to change. Performance and fund information is as of December 31, 2017, 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. The fee waivers and/or expense reimbursements will continue for at least one year or until such time as the Board of Trustees of Morgan Stanley Institutional Fund Trust (the "Fund") acts to discontinue all or a portion of such waivers and/or reimbursements when it deems such action is appropriate. In addition, the Distributor, Adviser and Administrator may make additional voluntary fee waivers and/or expense reimbursements. Effective July 3, 2017, an additional voluntary fee waiver of 0.02% is in effect. The Distributor, Adviser and Administrator may discontinue these voluntary fee waivers and/or expense reimbursements at any time in the future. Absent such waivers and/or reimbursements, returns would have been lower. Expenses are based on the fund's current prospectus. Short-term returns may not be indicative of the fund's long-term performance potential. A fund's performance, especially for very short time periods, should not be the sole factor in making your investment decision.

This material is a general communication, which is not impartial and all information provided has been prepared solely for informational and educational purposes and does not constitute an offer or a recommendation to buy or sell any particular security or to adopt any specific investment strategy. The information herein has not been based on a consideration of any individual investor circumstances and is not investment advice, nor should it be construed in any way as tax, accounting, legal or regulatory advice. To that end, investors should seek independent legal and financial advice, including advice as to tax consequences, before making any investment decision.

### PERFORMANCE DEFINITIONS

**Nonsubsidized yield** reflects what the yield would have been had a fee and/or expense waiver not been in place during the period shown. **Subsidized yield** current fee waivers in effect. Absent such fee waivers, the yield would have been lower. **SEC yield** is a measure of the income generated by the portfolio's underlying asset over the trailing 30 days, relative to the asset base of the portfolio itself.

### PORTFOLIO CHARACTERISTICS DEFINITIONS

**Quality Distribution** refers to the rating given by S&P Global Ratings (S&P), a Nationally Recognized Statistical Rating Organization ("NRSRO") and is the rating firms' subjective opinion concerning the ability and willingness of an issuer to meet its financial obligations in full and on time. Ratings apply only to portfolio holdings and do not remove the Fund's market risk. A short-term obligation rated 'A-1' is rated in the highest category by S&P. A short-term rated 'A-2' by S&P is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. 'Cash' includes investments in short term instruments, including investments in Morgan Stanley liquidity funds.

### 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. Accordingly, you can lose money investing in these portfolios. Please be aware that these portfolios may be subject to certain additional risks. **Fixed-income securities**

are subject to the ability of an issuer to make timely principal and interest payments (credit risk), changes in interest rates (interest-rate risk), the creditworthiness of the issuer and general market liquidity (market risk). In the current rising interest-rate environment, bond prices may fall and may result in periods of volatility and increased portfolio redemptions. Longer-term securities may be more sensitive to interest rate changes. In a declining interest-rate environment, the portfolio may generate less income. The Portfolio is more susceptible to any economic, business, political, regulatory or other developments that adversely affect issuers in the **financial services industry** than a fund that does not concentrate its investments in the financial services industry. **Asset-backed securities** are sensitive to early prepayment risk and a higher risk of default and may be hard to value and difficult to sell (liquidity risk). They are also subject to credit, market and interest rate risks. Certain **U.S. Government securities** purchased by the Strategy, such as those issued by Fannie Mae and Freddie Mac, are not backed by the full faith and credit of the U.S. It is possible that these issuers will not have the funds to meet their payment obligations in the future. **Repurchase agreements** are subject to default and credit risks. By investing in **municipal obligations**, the Fund may be susceptible to political, economic, regulatory or other factors affecting their issuers. **Foreign securities** are subject to currency, political, economic and market risks. **Illiquid securities** may be more difficult to sell and value than publicly traded securities (**liquidity risk**).

**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](http://morganstanley.com/im) or call 1-800-236-0992. Please read the prospectus carefully before investing.**

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

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