Performance Review

In the quarter period ending March 31, 2021, the Portfolio’s I shares returned 0.50% (net of fees), while the benchmark returned 4.08%.

The long-term investment horizon and conviction-weighted approach embraced by the Global Opportunity team can result in periods of performance deviation from the benchmark and peers. Over time, this has led to the strong record we have developed over our product set. The Fund underperformed the MSCI Europe Index this period due to unfavorable stock selection and sector allocation.

Our team continues to focus on bottom-up stock selection and the long-term outlook for companies owned in the portfolio; accordingly, we have had limited turnover in the portfolio to date, and we continue to find new ideas for inclusion in the portfolio that meet our strict criteria for quality and long-term value creation.

European equities advanced, led by the more cyclical energy, financials and materials sectors. The real estate, utilities, health care and consumer staples sectors underperformed the MSCI Europe Index.

Stock selection in the consumer discretionary sector was the greatest overall detractor from the relative performance of the portfolio during the period, driven by weakness in shares of online luxury marketplace Farfetch Limited, food delivery platform Just Eat Takeaway.com N.V. and athleisure brands Puma and Adidas AG. Farfetch operates the largest global marketplace at scale for fashion and luxury goods, with high return on invested capital in a fragmented industry given its capital-light business model that connects buyers and sellers on the online platform. Based on our industry analysis, we believe the company can continue to benefit from the digital transition trend and growing demand from millennials.

Within the sector, shares of Evolution Gaming were top individual contributor across the portfolio. Evolution Gaming is a leading provider of live casino solutions for gaming operators across the globe. We believe that Evolution Gaming is unique due its differentiation advantage and highly scalable business model. The company’s production studios broadcast live, providing professional dealers to online gaming operators. We believe the company can monetize its uniqueness and benefit from increased live casino penetration of the global online gaming market. A sector overweight position also contributed positively.

Stock selection in communication services contributed negatively, due to declines in shares of Spotify Technology SA and U.K. online real estate platform RightMove plc. Headquartered in Sweden, Spotify is an innovative audio streaming platform with differentiation leadership by leveraging the unique data of 345 million monthly active users, including 155 million paying premium subscribers (Source: Company data as of February 3, 2021), and is in a strong position to expand its user base given its extensive playlists. We believe Spotify’s strong growth can be supported by entering new geographies, investing in its advertising business and expanding the non-music content as well as user experience.

Stock selection in industrials was the greatest overall contributor to the relative performance of the portfolio during the period, with shares of transportation and logistics firms DSV Panalpina A/S and Kuehne & Nagel advancing. DSV enjoys leading positions in air and sea logistics globally as a result of strategic acquisitions that have diversified the firm out of the core road forwarding business. The company’s information technology platform, people and processes differentiate DSV from other freight forwarders.

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This document constitutes a commentary and does not constitute investment advice nor a recommendation to invest. The value of investments may rise as well as fall. Independent advice should be sought before any decision to invest.
and allow DSV to operate efficiently in the value-added activities in forwarding that have been more immune from digital disruptions.

Stock selection in information technology contributed positively, driven by strength in shares of ASML Holdings and Eastern European business services firm EPAM Systems. Dutch firm ASML is the leading supplier of lithography equipment used in the production of semiconductors. ASML’s competitive advantage is technological leadership, given its significant investment in research and development. We believe the company can benefit from a product mix transition from deep ultraviolet to extreme ultraviolet and strong growth in lithography beyond the next decade.

Stock selection and a sector underweight position in health care contributed positively on strength in shares of Straumann Holding. Straumann is a leading global provider of products and solutions in the aesthetic dentistry market. We believe Straumann may outpace the growth of the dental market as an industry consolidator with its strategy targeting underpenetrated and fast-growing markets, proactively cross-selling to its existing customer base, and offering a wide range of products supported by strong innovation capabilities.

The portfolio’s sector underweight positions in financials and energy and stock selection in consumer staples contributed negatively, while sector underweight positions in health care and utilities contributed positively during the period. A sector underweight position in real estate had a negligible impact on relative performance.

**Strategy and Outlook**

As a team, we continue to focus on bottom-up stock selection and the long-term outlook for companies owned in the portfolio. We assess company prospects over a three- to five-year time horizon and own a portfolio of what we believe are undervalued, high quality companies with diverse business drivers not tied to any particular market environment.

<table>
<thead>
<tr>
<th>FUND FACTS</th>
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<th></th>
<th></th>
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<tbody>
<tr>
<td>Launch date</td>
<td>July 28, 1997</td>
<td>Base currency</td>
<td>U.S. dollars</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Index</td>
<td>MSCI Europe Index</td>
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</tbody>
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**Performance (%)**

As of March 31, 2021 (Class I Share at NAV)

<table>
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<tr>
<th></th>
<th>MTD</th>
<th>QTD</th>
<th>YTD</th>
<th>1 YR</th>
<th>3 YR</th>
<th>5 YR</th>
<th>10 YR</th>
<th>SINCE INCEPTION</th>
</tr>
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<tbody>
<tr>
<td>MSIF Europe Opportunity Fund - I Shares</td>
<td>-1.41</td>
<td>0.50</td>
<td>0.50</td>
<td>83.34</td>
<td>20.72</td>
<td>16.23</td>
<td>8.68</td>
<td>6.81</td>
</tr>
<tr>
<td>MSCI Europe Index</td>
<td>3.09</td>
<td>4.08</td>
<td>4.08</td>
<td>44.95</td>
<td>8.05</td>
<td>6.18</td>
<td>5.08</td>
<td>5.36</td>
</tr>
</tbody>
</table>

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. Investment returns and principal value will fluctuate and fund shares, when redeemed, may be worth more or less than their original cost.

The gross expense ratio is 1.40% for Class I shares and the net expense ratio is 1.05%. 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.

Returns are net of fees and assume the reinvestment of all dividends and income. They are compared to an unmanaged market index. Returns for less than one year are cumulative (not annualized). Performance for one year or more is based on average annual total returns. The returns are reported for Class I shares. Performance for other share classes will vary.

Please keep in mind that high 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.
RISK CONSIDERATIONS

There is no assurance that a mutual fund will achieve its investment objective. Funds are subject to market risk, which is the possibility that the market values of securities owned by the fund will decline and that the value of fund shares may therefore be less than what you paid for them. Market values can change daily due to economic and other events (e.g., natural disasters, health crises, terrorism, conflicts and social unrest) that affect markets, countries, companies or governments. It is difficult to predict the timing, duration, and potential adverse effects (e.g., portfolio liquidity) of events. Accordingly, you can lose money investing in this fund. Please be aware that this fund 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 the risks generally associated with investments in foreign developed countries.

European Investments Risk

Adverse political, social or economic developments in Europe, or in a particular European country, could cause a substantial decline in the value of the Portfolio. In addition, because investments are concentrated in Europe, performance may be more volatile than a more geographically diversified investments in foreign markets set of investments. If one or more countries leave the European Union (“EU”) or the EU dissolves, the world’s securities markets likely will be significantly disrupted. The financial instability of some countries in the EU together with the risk of such instability impacting other more stable countries may increase the economic risk of investing in companies in Europe.

Focused Investing

To the extent that the Fund invests in a limited number of issuers, the Fund will be more susceptible to negative events affecting those issuers and a decline in the value of a particular instrument may cause the Fund’s overall value to decline to a greater degree than if the Fund were invested more widely. 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. 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).

INDEX INFORMATION

The MSCI Europe Index is a free float-adjusted market capitalization index that is designed to measure developed market equity performance in Europe. The term “free float” represents the portion of shares outstanding that are deemed to be available for purchase in the public equity markets by investors. The performance of the Index is listed in U.S. dollars and assumes reinvestment of net dividends.

The index is unmanaged and does not include any expenses, fees or sales charges. It is not possible to invest directly in an index.

IMPORTANT INFORMATION

The views and opinions expressed are those of the investment team at the time of writing and are subject to change at any time due to market, economic, or other conditions, and may not necessarily come to pass. These comments are not representative of the opinions and views of the firm as a whole. Holdings and sectors/region weightings are subject to change daily. All information provided is for informational purposes only and should not be deemed as a recommendation to buy or sell securities in the sectors and regions referenced.

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Certain information herein is based on data obtained from third party sources believed to be reliable. However, we have not verified this information, and we make no representations whatsoever as to its accuracy or completeness.

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.

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