Performance

In the one month period ending November 30, 2020, the Fund’s I shares returned 18.47% (net of fees), while the benchmark returned 13.21%.

The Fund significantly outperformed the benchmark, the FTSE EPRA Nareit Developed Real Estate Index – Net Total Return to U.S. Investors (“Index”), for the month, as real estate shares staged a significant rally following news that the Pfizer-BioNTech and Moderna vaccines were over 90% effective in preventing COVID-19. In the Asian region, the Fund benefited from the underweight to the Japan real estate investment trusts (REITs); this was offset by Hong Kong real estate operating companies (REOCs) and stock selection in and the underweight to Australia. In the European region, the Fund benefited from the overweight to Continental European retail and Spain, and U.K. Major and U.K. Other stock selection. In the North American region, the Fund benefited from stock selection within and the overweight to U.S. primary central business district (CBD) office; the overweights to U.S. malls and U.S. hotels; the underweights to U.S. data centers, U.S. storage, and U.S. industrial; and stock selection in U.S. diversified and U.S. apartments; this was partially offset by stock selection in U.S. hotels and U.S. health care.

Analysis

The global real estate sector gained 13.2% in U.S. dollar terms in November, as measured by the Index, but has declined 11.6% year-to-date.

In the office sector, there was a continuing narrative on the potential structural impact of the work-from-home theme. Office companies have had high rent collections and limited tenant bankruptcies, and investors turned more positive on the sector following favorable vaccine news in November. Despite low utilization of office space in much of the U.S. and Europe, it is noteworthy that in Northern Asia, where the health crisis is currently deemed to be more under control, the labor force has mostly returned to the workplace and the office market is not facing concerns with regard to the structural impact from the work-from-home theme. We have seen a number of sizeable transactions recently that suggest continued strong investor demand for office assets at prices that indicate little to no decline in value versus pre-COVID-19 levels.

Retail assets faced challenges prior to the crisis, however, and the crisis has accelerated these challenges, resulting in retailer bankruptcies and greater scrutiny from surviving retailers as to the level of rents they are able to pay. Retail real estate remains particularly exposed under the scenario of a lengthening COVID-19 crisis as many elements will strain the balance sheets and potentially reach the point where the businesses cannot be restarted. Rents are ultimately driven by retailers’ expectations of sales levels, which have become more uncertain during and post recovery. Retail assets have had the weakest rent collections among the sectors.

Transaction activity has picked up after a cessation of activity in the second quarter. Activity has generally been concentrated in stabilized assets and sectors less impacted by the COVID-19 crisis. As we have noted, this crisis has significant dissimilarities to the Global Financial Crisis of 2008-09 as the rapid and significant actions by global central bankers have assured that this is not a financial crisis. Given the attractiveness of current share prices in certain out-of-favor sectors, real estate private equity funds

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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.
have likely been active in studying the public companies. For example, in the third quarter, Brookfield disclosed that it had purchased a 9% stake in U.K. Major British Land and KKR had purchased a 5% stake in London office specialist Great Portland.2

**Strategy**

We maintain a strong adherence to our value-oriented, bottom-up driven investment process, which focuses on investing in equity securities of publicly listed real estate companies we believe offer the best value.

**Outlook**

As of November 30, 2020 the Fund was focused on stocks in the following market segments: NYC office, Hong Kong commercial property companies, U.S. and Continental Europe high quality retail, hotels, the U.K. diversified Majors and London office specialists, U.S. CBD and Continental European office, and U.S. residential. As in past crises, we believe the best manner to capture current market dislocation in select out-of-favor real estate sectors is through the public markets given significant liquidity in the public markets and a lack of distressed asset sales. We recognize that continued uncertainty with regard to the length of the COVID-19 crisis has been an impediment to improved sentiment.

<table>
<thead>
<tr>
<th>FUND FACTS</th>
<th>Launch date</th>
<th>Base currency</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>August 30, 2006</td>
<td>U.S. dollars</td>
<td>FTSE EPRA Nareit Developed Real Estate Index - Net Total Return to US Investors</td>
</tr>
</tbody>
</table>

**Performance (%)**

**As of date November 30, 2020 (Class I Share at NAV)**

<table>
<thead>
<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>
</thead>
<tbody>
<tr>
<td>MSIF Global Real Estate Portfolio - I Shares</td>
<td>18.47</td>
<td>13.55</td>
<td>-16.82</td>
<td>-15.21</td>
<td>-2.67</td>
<td>0.63</td>
<td>4.13</td>
<td>2.52</td>
</tr>
<tr>
<td>FTSE EPRA Nareit Developed Real Estate Index - Net Total Return to US Investors</td>
<td>13.21</td>
<td>9.48</td>
<td>-11.64</td>
<td>-11.11</td>
<td>14.3</td>
<td>3.85</td>
<td>6.32</td>
<td>3.45</td>
</tr>
</tbody>
</table>

**Performance (%)**

**As of date September 30, 2020 (Class I Share at NAV)**

<table>
<thead>
<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>
</thead>
<tbody>
<tr>
<td>MSIF Global Real Estate Portfolio - I Shares</td>
<td>-3.47</td>
<td>-0.14</td>
<td>-26.75</td>
<td>-24.27</td>
<td>-5.81</td>
<td>-1.35</td>
<td>2.77</td>
<td>1.63</td>
</tr>
<tr>
<td>FTSE EPRA Nareit Developed Real Estate Index - Net Total Return to US Investors</td>
<td>-3.03</td>
<td>2.24</td>
<td>-19.29</td>
<td>-17.75</td>
<td>-0.81</td>
<td>2.67</td>
<td>5.34</td>
<td>2.83</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 1.05% for Class I shares and the net expense ratio is 1.00%. 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.

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2 British Land was 14% of the portfolio, Great Portland was 0.5% of the portfolio, and Brookfield and KKR are not held in the portfolio as of November 30, 2020.
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. 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 strategy. Please be aware that this strategy 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, and market risks. The risks of investing in emerging market countries are greater than the risks generally associated with foreign investments. Real estate investments, including real estate investment trusts, are subject to risks similar to those associated with the direct ownership of real estate and they are sensitive to such factors as management skills and changes in tax laws. Illiquid securities may be more difficult to sell and value than publicly traded securities (liquidity risk). Stocks of small- and medium-capitalization companies entail special risks, such as limited product lines, markets and financial resources, and greater market volatility than securities of larger, more established companies. When investing in value securities (those believed to be undervalued in comparison to their peers), the market may not have the same value assessment as the manager, and, therefore, the performance of the securities may decline.

INDEX INFORMATION

The FTSE EPRA Nareit Developed Real Estate Index - Net Total Return to U.S. Investors is a free float-adjusted market capitalization weighted index designed to reflect the stock performance of companies engaged in specific aspects of the major real estate markets/regions of the developed world. The performance of the Index is listed in U.S. dollars and assumes reinvestment of dividends. "Net Total Return to U.S. Investors" reflects a reduction in total returns after taking into account the withholding tax on dividends by certain foreign countries represented in the Index. The Index is unmanaged and do 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.

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.

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.

Morgan Stanley Investment Management is the asset management division of Morgan Stanley.

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