

MORGAN STANLEY

# Insight Fund

ACTIVE FUNDAMENTAL EQUITY | COUNTERPOINT GLOBAL | COMMENTARY | MARCH 31, 2019

## Performance Review

Counterpoint Global seeks high quality companies, which we define primarily as those with sustainable competitive advantages. We manage concentrated portfolios that are highly differentiated from the benchmark, with securities weighted on our assessment of the quality of the company and our conviction. The value added or detracted in any period of time will result from stock selection, given our philosophy and process. For the quarter, the Portfolio returned 25.22% (Class A shares without 5.25% sales charge) while the Russell 3000 Growth Index returned 16.18% and the Lipper Multi Cap Growth Index returned 16.88%.

The long term investment horizon and conviction weighted investment approach embraced by the team since 1998 can result in periods of performance deviation from the benchmark and peers. The portfolio outperformed the benchmark this quarter due to favorable stock selection, which more than offset the overall adverse impact of sector allocations.

Our team continues to focus on stock selection and the long-term outlook for companies owned in the portfolio. Growth stocks, as measured by the Russell 3000 Growth index, advanced during the quarter, with Information Technology the best performing sector. All sectors advanced over the period, however, Health Care was the relative laggard in the index.

Information Technology drove the majority of the portfolio's outperformance this quarter, due to favorable stock selection. Several of the portfolio's holdings in the software area were among the top contributors in the sector, including software-as-a-service provider Coupa Software, which was the second greatest contributor across the portfolio. Software-as-a-service providers have benefited from a generally strong demand environment, as enterprises continue to embark on digital transformation projects and employ cloud-based solutions to modernize their software and technology infrastructure, improve efficiency, enhance agility in responding to new business opportunities, and harness data to make more informed business decisions. Shares of Coupa, which provides cloud-based software to help enterprises manage and optimize spending, rebounded strongly this quarter after poor performance over the previous quarter. The company's results significantly exceeded expectations, and were characterized by revenue, profit, and billings growth which beat Street estimates. MongoDB, which operates a general purpose database platform worldwide, was the greatest contributor in the portfolio, due to solid fundamentals. The company's results were characterized by better than expected billings growth, driven by large deal activity, new customer additions, and broader adoption of Atlas, its database as a service product. Profitability and free cash flow generation were also ahead of expectations.

Health Care was the second greatest contributor, as strong stock selection offset the adverse impact of a sector overweight position. Strength in a diverse set of holdings contributed to performance, however, this was partly offset by weakness in biotechnology holding Intrexon, a small position which was a small detractor during the quarter. Its shares were weak on concerns around the slow ramp of product sales and greater cash burn due to stepped up spending.

Stock selection in Consumer Discretionary and a lack of exposure to Consumer Staples and Financials also aided relative results.

Conversely, Communication Services was the top detractor in the portfolio this quarter, due to stock selection. Angi Homeservices, which operates a digital marketplace for home services, was the top detractor in the

sector. Concerns around greater investment spending the company is undertaking to support various growth initiatives have weighed on investor sentiment.

Lastly, Energy, Industrials, Materials, Real Estate, and Utilities each had a negligible impact on relative performance over the quarter.

## Outlook

As a team, we believe having a market outlook can be an anchor. Our focus is on assessing company prospects over a five year horizon, and owning a portfolio of unique companies whose market value can increase significantly for underlying fundamental reasons.

On February 11, 2019, the MS Multi Cap Growth Trust was renamed to the MS Insight Fund and there were no changes made to the investment objective.

The views, opinions, forecasts and estimates expressed are those of the portfolio management 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. Portfolio holdings and sectors 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 the securities mentioned or securities in the sectors referenced. Past performance is no guarantee of future results.

**Performance (%) as of March 31, 2019**

Class A Share at NAV

	Since Fund Inception 7/28/1997	Since Growth Team Inception 9/30/2002	MTD	QTD	YTD	1 Year	3 Year	5 Year	10 Year
<b>MS Insight Fund</b> <i>Without sales charge</i>	10.50	15.38	3.18	25.22	25.22	30.13	28.98	17.68	21.55
<b>MS Insight Fund</b> <i>With 5.25% sales charge</i>	10.23	--	-2.25	18.63	18.63	23.31	26.69	16.42	20.89
<b>Russell 3000 Growth Index</b>	7.03	11.06	2.53	16.18	16.18	12.06	16.40	13.10	17.44
<b>Lipper Multi Cap Growth Index</b>	7.07	10.76	1.89	16.88	16.88	9.82	16.01	11.06	16.50

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.

The gross expense ratio is 1.26% for Class A shares and the net expense ratio is 1.24%. 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 Trustees 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.

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 (unannualized). Performance for one year or more is based on average annual total returns. Average annual total return with sales charges includes payment of the maximum sales charge of 5.25 percent and Rule 12b-1 fees of up to of 0.25 percent for Class A 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.

**Top Ten Holdings** % of Total Net Assets, as of March 31, 2019. Subject to change.

Amazon.com	7.6
MongoDB	6.6
Veeva Systems	4.9
Illumina	4.9
Intuitive Surgical	4.9
Coupa Software	4.8
Spotify Technology	4.7
Twitter	3.7
Twilio	3.6
Smartsheet	3.5
<b>Total</b>	<b>49.2</b>

<b>Sector Break Down</b> <i>As of March 31, 2019. Numbers may not add to 100% due to rounding. Subject to change.</i>			
	<b>MS Insight Fund Weight (%)</b>	<b>Russell 3000 Growth Index Weight (%)</b>	<b>Under/Overweight vs. Russell 3000 Growth (%)</b>
<b>Overweight</b>			
Health Care	31	15	16
Information Technology	39	32	7
<b>Market Weight</b>			
Communication Services	12	11	1
Energy	0	1	-1
<b>Underweight</b>			
Consumer Discretionary	13	15	-2
Materials	0	2	-2
Real Estate	0	2	-2
Financials	0	5	-5
Consumer Staples	0	5	-5
Industrials	0	12	-12
<b>Cash*</b>	2		

\*Cash is frictional. Utilities accounted for 0.04% of the Index.

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.

**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 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). Investments in **small and medium capitalization companies** tend to be more volatile and less liquid than those of larger, more established, companies. **Illiquid securities** may be more difficult to sell and value than public traded securities (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.

The **Russell 3000 Growth Index** measures the performance of those Russell 3000 Index companies with higher price-to-book ratios and higher forecasted growth values. The Russell 3000 Index includes the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market. The index does not include any expenses, fees or sales charges, which would lower performance. The index is unmanaged and not representative of any Morgan Stanley investment. It is not possible to invest directly in an index.

**Please consider the investment objectives, risks, charges and expenses of the fund carefully before investing. The prospectus contains this and other information about the fund. To obtain a prospectus, contact your financial advisor or download one at [morganstanley.com/im](http://morganstanley.com/im). Please read the prospectus carefully before investing.**

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

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