

Multi-Asset Real Return Portfolio



Morningstar Overall Rating¹

CLASS I SHARES – SYMBOL: MRJIX

Out of 391 Funds; Based on Risk Adjusted Returns

Morningstar Category: Global Allocation

Data as of June 30, 2022

SOLUTIONS & MULTI ASSET | GLOBAL MULTI-ASSET TEAM | MONTHLY FUND ANALYSIS | JUNE 30, 2022

Commentary

- A severe stagflationary combination of higher inflation and slowing growth continued to weigh on markets in June. Global equities fell -8.4% and growth-sensitive assets led declines. Commodities fell, with copper down -12.6% and Brent falling -6.5%. Energy and materials equity sectors underperformed, falling -14.2% and -15.0% respectively. Persistent inflationary pressures caused the central bank expectations to turn more hawkish causing yields to move higher across the curve. U.S. 10-year yield increased 12 bps to 2.97% (spiking nearly to 3.5% intra month).
- Growth data largely weakened as PMIs fell in most major economies outside China where they bounced after the end of lockdowns. Global growth revisions remained negative as consensus lowered its expectations for next year by 20 bps to 3.1% while inflation forecasts continued to edge up. Despite weaker growth signs in the U.S. housing, personal consumption and the industrial cycle that is being weighed down by excess inventories, the labor market remained firm, with payrolls rising by 372k, clearly at an above-trend pace. We expect central banks, especially the Fed, to be disproportionately focused on labor market dynamics as they are key to inflation. A dovish Fed pivot will likely materialize after it is clear that the labor market has weakened, and not just because consumption growth has slowed, given the elevated inflation environment.
- Inflation readings continued to surprise to the upside in most economies. In the US CPI accelerated in a pronounced way, rising 1.3% MoM in June, or 9.1% YoY. Core CPI rose 0.7% MoM and 5.9% YoY. The acceleration was broad as median CPI rose 0.7% MoM vs. 0.6% in May (6.0% YoY vs 5.5% in May). Not only services inflation and rents remained strong, but also goods inflation, especially cars, remained elevated.
- Despite stronger inflation readings, markets reflect expectations of slower inflation ahead, likely due to a combination of slowing growth, hawkish central banks, and moderating commodity prices. U.S. 5-year / 5 year forward inflation breakevens narrowed -0.3% to 2.0%, in effect suggesting that inflation will be below the Fed's target in the medium-term. Likewise, inflation breakevens in Europe, Canada and Australia also narrowed.
- The Fund was down -7.05% as most of its inflation-sensitive holdings detracted and its relatively defensive tilt was insufficient to mitigate those losses.
- With elevated inflation data and further signs of weakening growth, the portfolio's beta to inflation and the overall portfolio risk have been reduced substantially. In the short-term, a bout of disinflation has a high probability of occurring during the cyclical growth downturn that may be already unfolding or is likely to occur in the coming quarters.

Performance (%)	MTD	QTD	YTD	SSC ²	Since Inception ³
MSIF Multi-Asset Real Return Portfolio - I (Net)	-7.0	-8.0	-4.7	1.6	6.5
Morningstar Global Allocation (Average) ¹	-6.7	-10.6	-13.5	-12.7	1.9

² Since strategy change on August 31, 2021.

³ Annualized Performance. The Fund was inceptioned on June 18, 2018.

MARRS Portfolio I - Performance



Fund Top Currency Net Exposures (%)



Asset Allocation⁴

Asset Allocation ⁴	Current Allocation (%)
Core Real Assets⁵	50.00%
U.S. 10-Year TIPS	40.00%
Gold Mining Stocks	5.00%
Gold	3.00%
U.S. Energy Stocks / U.S. Equities	2.50% / -2.50%
Brent Oil	2.00%
Gold Mining Stocks / U.S. Equities	2.00% / -2.00%
Cash / Inflation Replication	24.00%
U.S. 1- to 3-Year TIPS	24.00%
Opportunistic⁶	7.00%
U.S. 5-Year / 5-Year Forward Inflation Breakevens	45.0% / -45.0%
Defensive Currencies / U.S. Dollar	15.0% / -15.0%
U.S. 10-year Inflation Breakeven	15.0% / -15.0%
European Energy Stocks / European Equities	5.0% / -5.0%
U.S. REITs	4.00%
Canadian Inflation-Linked Bond	3.00%
Total Exposure (Net of Cash)	81.00%

Source: Morgan Stanley Investment Management; Bloomberg. All data is as of June 30, 2022, unless otherwise stated.

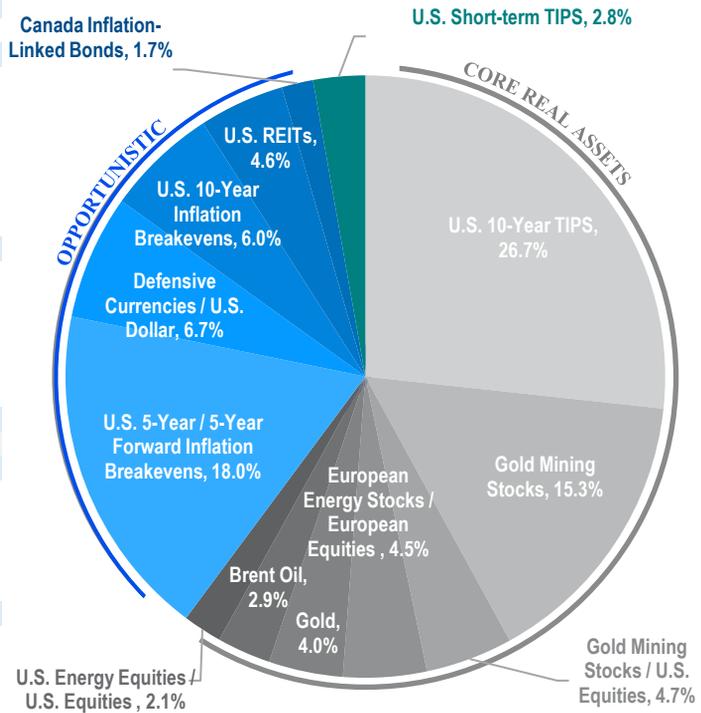
Past performance is not indicative of future results. Tables may not sum to 100%. Information shown is subject to change daily, is provided for informational purposes only and should not be deemed as a recommendation to buy or sell any security. Asset allocation does not eliminate the risk of loss. The views, opinions, forecasts and estimates expressed are those of the Global Multi-Asset Team and are subject to change based on economic or market conditions, and may not necessarily come to pass. These comments are not representative of the opinions and views of the firm as a whole.

MULTI-ASSET REAL RETURN STRATEGY FUND

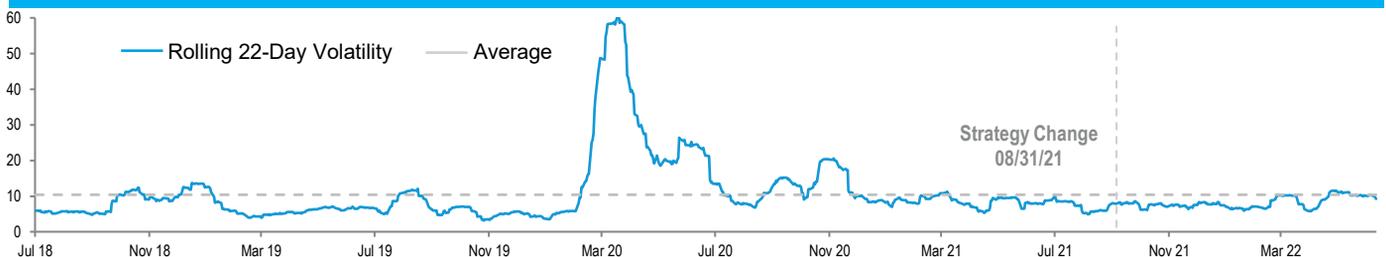
FUND ANALYSIS | JUNE 30, 2022

Contribution to Absolute Performance	MTD	QTD	YTD
Open Pairs	-599	-710	-498
Cash / Inflation Replication	-29	-24	-40
U.S. 1- to 3-Year TIPS	-29	-24	-40
Core Real Assets ⁵	-380	-526	-425
U.S. 10-Year TIPS	-174	-223	-268
Gold	-9	-48	-13
Brent Oil	-11	-8	27
Gold Mining Stocks	-66	-71	-21
Gold Mining Stocks / U.S. Equities	-14	-68	-46
U.S. Energy Equities / U.S. Equities	-73	-73	-73
European Energy Stocks / European Equities	-33	-33	-33
Opportunistic ⁶	-192	-164	-36
Canada Inflation-Linked Bonds	-14	-10	-10
Defensive Currencies / U.S. Dollar	-34	-21	-21
U.S. 10-Year Inflation Breakeven	-49	-40	71
U.S. 5-Year / 5-Year Forward Inflation Breakevens	-53	-62	-20
U.S. Homebuilders	-13	-10	-23
U.S. REITs	-29	-22	-34
Other	3	3	4
Closed Pairs	-112	-79	77
Core Real Assets ⁵	-10	3	181
Commodities (GSCI)	0	0	92
Iron Ore Mining Stocks / DM Equities	0	-26	-35
U.S. Energy Equities	7	43	164
U.S. Materials Stocks	0	0	-26
European Energy Stocks	-17	-14	-14
Opportunistic ⁶	-102	-82	-104
European Banks	-53	-52	-52
U.S. Homebuilder Stocks / U.S. Equities	0	0	-22
U.S. Banks	-49	-41	-41
U.S. Bank Stocks / U.S. Equities	0	0	-3
U.S. REITs / U.S. Equities	0	11	15
Grand Total (Open & Closed)	-688	-762	-418

Current Share of Risk



MSIF Multi-Asset Real Return Portfolio I (net) Fund Rolling 22-Day Volatility (%)



Performance (%), Class I Shares at NAV) as of June 30, 2022	MTD	QTD	YTD	1 YEAR	SSC ²	SINCE INCEPTION ³
MSIF Multi-Asset Real Return Portfolio I (Net)	-7.0	-8.0	-4.7	4.8	1.6	6.5
U.S. Treasury Bills 1-3 Months ⁷	0.1	0.1	0.2	0.2	0.2	1.0
Multi-Asset Real Return Blended Benchmark ⁸	0.1	0.1	0.2	4.7	0.2	11.7
MSCI All Country World Index ⁹	-8.7	-16.2	-20.5	-14.3	-17.9	6.3

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.

The gross expense ratio is 3.22%. The net expense ratio is 0.80% for the Class I shares. The net expense ratio is lower than the gross expense ratio because 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 \$1,000,000.

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). The returns are reported for Class I shares. Performance for other share classes will vary.

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.

Table / Chart Footnotes:

1. Category Average: Morningstar Global Allocation. Fund Ratings out of 5 Stars: 1 Yr. 5 Stars (423 funds rated); 3 Yrs. 5 Stars (391 funds rated). Ratings as of June 30, 2022. The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. Ratings do not take into account sales loads. 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. The highest (or most favorable) percentile rank is 1 and the lowest (or least favorable) percentile rank is 100. The top-performing fund in a category will always receive a rank of 1. Please visit morganstanley.com/im for the latest month-end Morningstar information. © 2022 Morningstar. 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.
2. Since strategy change on August 31, 2021. On August 31, 2021, the Fund's name changed to Multi-Asset Real Return Portfolio. As the result, there were changes to the Fund's Principal Investment Strategies, Risks, and Fund Management. See prospectus supplements for more information. The Fund's new benchmark is the Bloomberg US Treasury Bills 1-3 Months (USD) Index.

MULTI-ASSET REAL RETURN STRATEGY FUND

3. The Fund was inception on June 18, 2018.
4. Holdings and weightings are subject to change daily. Portfolio compositions may change depending on market conditions and objectives. Provided for informational purposes only and should not be deemed as a recommendation to buy or sell securities in the regions or asset classes referenced.
5. Core real assets theme includes gold, inflation bonds, commodities, commodity-related equities.
6. Opportunistic theme includes inflation-sensitive assets other than gold, inflation bonds, commodities, commodity-related equities. Currency exposure is relative to the Portfolio's base currency (USD).
7. U.S. Treasury Bills 1-3 Months Index is the fund's current benchmark, since the strategy change on 8/31/2021.
8. The Blended Index uses the MSCI World Net Index from inception, June 18, 2018, until the strategy change on August 31, 2021 and the Bloomberg US Treasury Bills 1-3 Months Index thereafter.
9. MSCI ACWI was the Fund's benchmark from inception on 6/18/2018 to the strategy change on 8/31/2021.

Commentary Footnotes:

All performance figures are for the one-month period ending June 30, 2022. Returns for less than one year are cumulative (not annualized). Source: Bloomberg; the indices are unmanaged and do not include any expenses, fees or sales charges. It is not possible to invest directly in an index. **Basis Point** One basis point = 0.01%.

The **Bloomberg Global Aggregate Index (LEGATRUU)** is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers. "Bloomberg®" and the Bloomberg Index/Indices used are service marks of Bloomberg Finance L.P. and its affiliates, and have been licensed for use for certain purposes by Morgan Stanley Investment Management (MSIM). Bloomberg is not affiliated with MSIM, does not approve, endorse, review, or recommend any product, and does not guarantee the timeliness, accurateness, or completeness of any data or information relating to any product.

The **EURO STOXX 50 Index (SX5E)**, Europe's leading blue-chip index for the Eurozone, provides a blue-chip representation of super sector leaders in the region. The index covers 50 stocks from 11 Eurozone countries.

The **JPMorgan Emerging Market Currency Index (EMCI)** is a tradable benchmark for emerging market currencies vs. the U.S. dollar. The index is comprised of 10 currencies: BRL, CLP, CNH, HUF, INR, MXN, RUB, SGD, TRY and ZAR.

The **MSCI All Country World Index (MSCI ACWI)** is a free-float, market-capitalization weighted index designed to measure the equity market performance of emerging and developed world markets. 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 **MSCI Emerging Markets (MXEF)** is a free-float weighted equity index that captures large and mid-cap representation across emerging market countries.

The **S&P GSCI Light Energy Index (SPGSLE)**, a sub-index of the S&P GSCI. It contains the same Designated Contracts as the S&P GSCI, but its Contract Production Weights (CPWs) in the energy sector are divided by four, increasing the relative weights of non-energy S&P GSCI constituents and thereby providing a diversified benchmark of broad commodity market performance. Therefore, the index offers a commodity exposure that is more evenly weighted across the five major commodity sectors: energy, industrial metals, precious metals, agriculture, and livestock.

The **S&P GSCI Industrial Metals Index (SPGSIN)** provides investors with a publicly available benchmark for investment performance in the industrial metals market.

The **S&P GSCI Precious Metals Index (SPGSPMTR)** provides investors with a publicly available benchmark for investment performance in the precious metals market.

The **S&P 500 Index (SPX)** is widely regarded as the best single gauge of large-cap U.S. equities. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

The **U.S. Dollar Index (DXY)** is an index of the value of the U.S. dollar relative to a basket of foreign currencies. The Index goes up when the U.S. dollar gains "strength" (value) when compared to other currencies.

The **NYSE Arca Gold Miners Index** is a modified market capitalization weighted index comprised of publicly traded companies involved primarily in the mining for gold and silver.

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 portfolio. Please be aware that this portfolio may be subject to certain additional risks. In general, **equity securities'** values also fluctuate in response to activities specific to a company. 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. **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 a 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. **Mortgage- and asset-backed securities (MBS and ABS)** 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 Portfolio, such as those issued by Fannie Mae and Freddie Mac, are not backed by the full faith and credit of the United States. It is possible that these issuers will not have the funds to meet their payment obligations in the future. **Sovereign debt securities.** The issuer or governmental authority that controls the repayment of **sovereign debt** may not be willing or able to repay the principal and/ or pay interest when due in accordance with the terms of such obligations. 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 risks associated with investments in foreign developed countries. **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. **Restricted and illiquid securities** may be more difficult to sell and value than publicly traded securities (liquidity risk). **Derivative instruments** can be illiquid, may disproportionately increase losses and may have a potentially large negative impact on the Portfolio's performance. Trading in, and investment exposure to, the **commodities** markets may involve substantial risks and subject the Portfolio to greater volatility. **Non-diversified portfolios** often invest in a more limited number of issuers. As such, changes in the financial condition or market value of a single issuer may cause greater volatility. By investing in **investment company securities**, the portfolio is subject to the underlying risks of that

investment company's portfolio securities. In addition to the Portfolio's fees and expenses, the Portfolio generally would bear its share of the investment company's fees and expenses. **Subsidiary and Tax Risk** The Portfolio may seek to gain exposure to the commodity markets through investments in the Subsidiary or commodity index-linked structured notes.

The Subsidiary is not registered under the 1940 Act and is not subject to all the investor protections of the 1940 Act. Historically, the Internal Revenue Service ("IRS") has issued private letter rulings in which the IRS specifically concluded that income and gains from investments in commodity index-linked structured notes or a wholly-owned foreign subsidiary that invests in commodity-linked instruments are "qualifying income" for purposes of compliance with Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"). The Portfolio has not received such a private letter ruling, and is not able to rely on private letter rulings issued to other taxpayers. If the Portfolio failed to qualify as a regulated investment company, it would be subject to federal and state income tax on all of its taxable income at regular corporate tax rates with no deduction for any distributions paid to shareholders, which would significantly adversely affect the returns to, and could cause substantial losses for, Portfolio shareholders.

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

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