Morgan Stanley Institutional Fund
Asia Opportunity Portfolio

Investment Objective: Seeks long-term capital appreciation.

Investment Approach: The Portfolio seeks long-term capital appreciation by investing primarily in high quality established and emerging companies located in Asia (excluding Japan) that the investment team believes are undervalued at the time of purchase. To achieve its objective, the investment team seeks companies with sustainable competitive advantages and long-term growth that creates value, rather than focusing on short-term events, with stock selection informed by rigorous fundamental analysis.

Investment Team

- Kristian Heugh
- Krace Zhou

Team members may be subject to change at any time without notice.

Class I Shares (% net of fees) vs. Index

Performance of 10,000 USD Invested Since Inception (Cash Value ($))

Class I Shares

- MSCI All Country Asia ex Japan Index

Investment Performance (% net of fees) in USD

- Cumulative (%)
- Annualized (% p.a.)

<table>
<thead>
<tr>
<th>Class I Shares</th>
<th>4Q19</th>
<th>YTD</th>
<th>1 YR</th>
<th>3 YR</th>
<th>5 YR</th>
<th>10 YR</th>
<th>INCEPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>MSCI All Country Asia ex Japan Index</td>
<td>11.78</td>
<td>18.17</td>
<td>18.17</td>
<td>12.77</td>
<td>--</td>
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<td>10.82</td>
</tr>
</tbody>
</table>

Calendar Year Returns (%)

- Class I Shares
- MSCI All Country Asia ex Japan Index

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.

Performance and fund information is as of December 31, 2019, 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.

Growth of Investment illustration is based on an initial investment of $10,000 made since fund inception, assumes reinvestment of dividends and capital gains and application of fees, but does not include sales charges. Performance would have been lower if sales charges had been included. Results are hypothetical.

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.

Expense Ratios

<table>
<thead>
<tr>
<th>SYMBOL</th>
<th>CUSIP</th>
<th>GROSS (%)</th>
<th>NET (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class A</td>
<td>MSAX2</td>
<td>61760X240</td>
<td>2.05</td>
</tr>
<tr>
<td>Class C</td>
<td>MSAXY</td>
<td>61760X232</td>
<td>2.80</td>
</tr>
<tr>
<td>Class IS</td>
<td>MSAXZ</td>
<td>61760X224</td>
<td>1.67</td>
</tr>
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<td>MSAXZ</td>
<td>61760X224</td>
<td>1.67</td>
</tr>
</tbody>
</table>

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 for Class I shares.

Morningstar Rankings - Class I

- RANK/TOTAL
- IN CATEGORY

1 YR: 1 / 287
3 YR: 1 / 276

Source: Morningstar, Inc. Rankings are based on total returns, are historical and do not guarantee future results.

Fund Facts

- Inception date: December 29, 2015
- Total net assets: $137.13 million
- Benchmark: MSCI All Country Asia ex Japan Index
- Distribution frequency: Annually

Statistics (3 Year Annualized)

- Alpha (%): 17.08
- Beta (vs. benchmark): 1.04
- Excess return (%): 17.49
- Information ratio: 1.63
- R squared: 60.70
- Sharpe ratio: 0.75
- Standard deviation (%): 14.82
- Tracking error (%): 10.74
- Up-capture ratio (%): 136.68
- Down-capture ratio (%): 100.00

Characteristics

- Active share (%): 80.73
- Return on capital (%): 12.38
- 5 year EPS growth (%): 17.67
- Sales growth (%): 24.11
- Net cash to equity (%): 7.00
- Weighted average market capitalization ($B): 113.72
- Number of holdings: 27
- Turnover (%): 63

Top Countries (% of Total Net Assets)

- China: 61.32
- Taiwan: 10.03
- India: 8.26
- South Korea: 4.80
- Hong Kong: 4.76
- United States: 0.54
- Cash: 10.91

NOT FDIC INSURED | OFFER NO BANK GUARANTEE | MAY LOSE VALUE | NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY | NOT A DEPOSIT
**Top Holdings (% of Total Net Assets)**

<table>
<thead>
<tr>
<th>Fund</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>HDFC Bank Ltd</td>
<td>-</td>
</tr>
<tr>
<td>Meituan Dianping</td>
<td>5.69</td>
</tr>
<tr>
<td>Alibaba Group Holding Ltd</td>
<td>5.37</td>
</tr>
<tr>
<td>Tencent Holdings Ltd</td>
<td>4.83</td>
</tr>
<tr>
<td>Naver Corp</td>
<td>4.86</td>
</tr>
<tr>
<td>ATA Group Ltd</td>
<td>4.76</td>
</tr>
<tr>
<td>Taiwan Semiconductor Mfg Co. Ltd</td>
<td>4.72</td>
</tr>
<tr>
<td>China Resources Beer Holdings</td>
<td>4.67</td>
</tr>
<tr>
<td>Huazhu Group Ltd</td>
<td>4.67</td>
</tr>
<tr>
<td>Tencent Holdings Ltd</td>
<td>4.61</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>52.38</strong></td>
</tr>
</tbody>
</table>

- **FUND**
- **INDEX**

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**RISK CONSIDERATIONS:**

- **Past performance is not indicative of future results.** Subject to change daily. Fund information is provided for informational purposes only and should not be deemed as a recommendation to buy or sell any security or securities in the sectors and countries that may be presented.

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**DEFINITIONS:**

- **Active share** is the fraction of the portfolio or fund that is invested differently from its benchmark as of the last day of the reporting period. A portfolio with a high degree of Active Share does not assure a fund’s relative outperformance. Active Share calculation may consolidate holdings with the same economic exposure. **Alpha** (Jensen’s) is a risk-adjusted performance measure that represents the average return on a portfolio or investment above or below that predicted by the capital asset pricing model (CAPM) given the portfolio's or investment's beta and the average market return. Prior to 6/30/2018, Alpha was calculated as the excess return of the fund versus benchmark. **Beta** is a measure of the relative volatility of a security or portfolio to the market's upward or downward movements. **Earnings per share (EPS) growth** is the weighted average of earnings per share growth for all securities in the portfolio projected for the past five fiscal years. Earnings per share for a company is defined as total earnings divided by shares outstanding. **Excess return** or value added (positive or negative) is the portfolio’s return relative to the return of the benchmark. **Information ratio** is the portfolio’s alpha or excess return per unit of risk, as measured by tracking error, versus the portfolio’s benchmark. **Net cash to equity** is the ratio of a company's cash on hand against the total net worth of the company. **R squared** measures how well an investment's returns correlate to an index. An R squared of 100 means the portfolio's performance is 100% correlated to the index’s, whereas a lower R squared means that the portfolio performance is less correlated to the index's. **Return on capital** is a measure of a company's efficiency at allocating the capital under its control to profitable investments, calculated by dividing net income minus dividends by total capital. **Sales growth** is the percentage increase in sales over a 1-year period. **Sharpe ratio** is a risk-adjusted measure calculated as the ratio of excess return to standard deviation. The Sharpe ratio determines reward per unit of risk. The higher the Sharpe ratio, the better the historical risk-adjusted performance. **Standard deviation** measures how widely individual performance returns, within a performance series, are dispersed from the average or mean value. **Tracking error** is the amount by which the performance of the portfolio differs from that of the benchmark. **Upside/downside market capture** measures annualized performance in up/down markets relative to the market benchmark. **Weighted average market capitalization** is an average of the market capitalization of stocks held by a portfolio or comprising an index, adjusted by each stock's corresponding weight in the portfolio or index.

**INDEX INFORMATION:**

- The MSCI All Country Asia ex-Japan Index is a float-adjusted market capitalization weighted index that is designed to measure the equity market performance of Asia, excluding Japan. The performance of the Index is listed in U.S. dollars and assumes reinvestment of 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.

**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. Accordingly, you can lose money investing in this portfolio. Please be aware that this portfolio may be subject to certain additional risks. Asia market entails liquidity risk due to the small markets and low trading volume in many countries. In addition, companies in the region tend to be volatile and there is a significant possibility of loss. Furthermore, because the strategy concentrates in a single region of the world, performance may be more volatile than a global strategy. 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. Illiquid securities may be more difficult to sell and value than publicly traded securities (liquidity risk). 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). **Morningstar** Rankings and/or ratings as of December 31, 2019: Rankings: The percentiles 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. **Rating:** 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, Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. 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. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. Ratings do not take into account sales loads. © 2020 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. 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