

Discovery Portfolio

Investment Objective: Seeks long-term capital growth.

Investment Approach: We seek to invest primarily in established and emerging companies with sustainable competitive advantages with above average business visibility, the ability to deploy capital at high rates of return, strong balance sheets and an attractive risk/reward. We focus on long-term growth rather than short-term events, with our stock selection informed by rigorous fundamental analysis.

Class I Shares (% net of fees) vs. Index
Performance of 10,000 USD Invested Since Inception (Cash Value (\$))



— Class I Shares
— Russell Midcap Growth Index

Investment Performance (% net of fees) in USD

	Cumulative (%)			Annualized (% p.a.)			
	2Q21	YTD	1 YR	3 YR	5 YR	10 YR	INCEPTION ¹
Class I Shares	9.79	74.0	63.51	49.43	39.75	19.52	15.64
Russell Midcap Growth Index	11.07	10.44	4.377	22.39	20.52	15.13	11.69

Calendar Year Returns (%)

	2020	2019	2018	2017	2016	2015	2014
Class I Shares	14.256	39.80	12.14	39.35	-13.40	-5.86	1.33
Russell Midcap Growth Index	35.59	35.47	-4.75	25.27	7.33	-0.20	11.90

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.

⁽¹⁾ Inception returns reflect the inception date of the fund.

Performance and fund information is as of June 30, 2021, 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

	SYMBOL	CUSIP	GROSS (%)	NET (%)
Class A	MACGX	617440599	1.01	1.01
Class C	MSMFX	617455746	1.75	1.75
Class I	MPEGX	617440508	0.74	0.74
Class IS	MMCGX	617455308	0.64	0.64

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. The minimum initial investment is \$5,000,000 for Class I shares.

On February 11, 2019, the Mid Cap Growth Portfolio was renamed to the Discovery Portfolio and there were no changes made to the investment objective. However, there was an investment policy amendment that provides the team additional flexibility in the future with regards to investing in specific market capitalizations of each specific Portfolio's benchmark.

The Portfolio closed to new investors effective April 5, 2021, to preserve the ability of the investment team to manage the Portfolio effectively for current shareholders. For more details, please visit:

[//www.morganstanley.com/im/publication/mutualfund/material/notice_mf_inception_discovery.pdf](http://www.morganstanley.com/im/publication/mutualfund/material/notice_mf_inception_discovery.pdf)



Morningstar Overall Rating

CLASS I SHARES

Out of 546 Funds. Based on Risk Adjusted Return.
Class I Shares: 3yr. rating 5 Stars; 5yr. rating 5 Stars;
10yr. rating 5 Stars.

Morningstar Category: Mid-Cap Growth

Lipper Category: Mid-Cap Growth



Morningstar Analyst Rating™

Morningstar Analysts have rated the fund a silver medal (effective 03/31/2021). Fewer than 32% of the U.S. Open End funds have a medalist rating (effective 12/31/20).^A

Morningstar Rankings - Class I

	PERCENTILE	RANK/TOTAL IN CATEGORY
1 YR	8	31/579
3 YR	1	2/546
5 YR	1	3/489
10 YR	1	2/379

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

Fund Facts

Inception date	March 30, 1990
Team inception date	January 24, 2002
Total net assets	\$ 5.1 billion
Benchmark ²	Russell Midcap Growth Index
Distribution frequency	Annually

Statistics

(3 Year Annualized)	CLASS I	INDEX
Alpha (%)	22.16	--
Beta (vs. benchmark)	1.23	1.00
Excess return (%)	27.05	--
Information ratio	1.55	--
R squared	0.72	1.00
Sharpe ratio	1.52	0.96
Standard deviation (%)	31.64	21.85
Tracking error (%)	174.0	--
Up-capture ratio (%)	163.56	100.00
Down-capture ratio (%)	94.65	100.00

Characteristics

	FUND	INDEX
Active share (%)	87.56	--
Number of holdings	53	390
Return on capital (%)	-5.19	11.78
5 year EPS growth (%)	51.10	19.88
Sales growth (%)	42.21	11.63
Weighted median market capitalization (\$B)	24.51	24.35
D/E weighted median (%)	26.15	81.01
Turnover (%) [*]	65	--

^{*} Turnover is sourced from the fund's current prospectus.

Sector Allocation (% of Total Net Assets)[#]

	FUND	INDEX
Information Technology	32.33	34.04
Communication Services	21.09	6.18
Consumer Discretionary	18.62	15.92
Health Care	17.46	17.49
Industrials	2.60	14.32
Real Estate	1.42	1.84
Materials	0.28	1.99
Other	2.32	--
Cash	4.52	--

Top Holdings (% of Total Net Assets)

	FUND	INDEX
Twitter Inc	5.13	0.14
Pinterest Inc	5.05	1.05
Twilio Inc	4.95	--
Doordash Inc	4.61	0.32
Cloudflare Inc	4.39	0.61
Carvana Co.	4.11	0.57
Veeva Systems Inc	3.78	1.03
Okta Inc	3.51	0.74
Fastly Inc	3.41	--
MongoDB Inc	3.39	0.46
Total	42.33	--

May not sum to 100% due to the exclusion of other assets and liabilities.

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.

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.

Index data shown under characteristics and allocations are calculated using MSIM and/or other third-party methodologies and may differ from data published by the vendor.

DEFINITIONS: **Active share** is the fraction of the portfolio or fund that is invested differently than its benchmark as of the last day of the reporting period. **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. **R squared** measures how well an investment's returns correlate to an index. An R squared of 1.00 means the portfolio performance is 100% correlated to the index's, whereas a low 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. **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 median Debt to Equity ratio** is the point at which half of the market value of a portfolio or index is invested in stocks with a greater Debt to Equity ratio, while the other half of the market value is invested in stocks with a lower Debt to Equity ratio. **Debt/equity (D/E)** is a measure of a company's financial leverage calculated by dividing its total liabilities by stockholders' equity. **Weighted median market capitalization** is the point at which half of the market value of a portfolio or index is invested in stocks with a greater market capitalization, and consequently the other half of the market value is invested in stocks with a lower market capitalization.

INDEX INFORMATION: (2) The **Russell Midcap® Growth Index** measures the performance of the mid-cap growth segment of the U.S. equity universe. It includes those Russell Midcap® Index companies with higher price-to-book ratios and higher forecasted growth values. The Russell Midcap® Index is a subset of the Russell 1000 Index and includes approximately 800 of the smallest securities in the Russell 1000® Index, which in turn consists of approximately 1,000 of the largest U.S. securities based on a combination of market capitalization and current index membership. 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. 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, **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 **medium capitalization companies** tend to be more volatile and less liquid than those of larger, more established, companies. To the extent that the Fund invests in a limited number of issuers (**focused investing**), 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.

Morningstar Analyst Rating™ ('Rating'): The Rating is a subjective evaluation, is not a credit or risk rating, and a high rating is not a guarantee for relatively strong performance. The Morningstar's Manager Research group ("MRG") evaluates funds based on five key pillars (process, performance, people, parent, and price) to determine how they believe funds are likely to perform relative to a benchmark over the long term on a risk adjusted basis. They consider quantitative and qualitative factors. The weighting analysis for actively managed strategies are: people and process 45% each; parent 10%; performance has no explicit weight (it is incorporated into people and process); price (share-class level where applicable) is subtracted from an expected gross alpha estimate derived from the analysis of other pillars. The impact of the weighted pillar scores for people, process and parent on the final Rating is further modified by a measure of the dispersion of historical alphas among relevant peers.

Rating scale: Gold, Silver, Bronze, Neutral, and Negative. For active funds, Gold, Silver, or Bronze reflects the MRG's level of expectation that the fund will be able to deliver positive alpha net of fees relative to the standard benchmark index assigned to the Morningstar category. Ratings reflect the MRG's overall assessment, are overseen by an Analyst Rating Committee, and are continuously monitored and reevaluated at least every 14 months.

For more detailed information, including its methodology: <https://shareholders.morningstar.com/investorrelations/governance/Compliance-Disclosure/default.aspx>.

The Rating (i) should not be used as the sole basis in evaluating a fund, (ii) involves unknown risks and uncertainties which may cause the MRG's expectations not to occur or to differ significantly from what they expected, and (iii) should not be considered an offer or solicitation to buy or sell the fund.

Morningstar: Rankings and/or ratings as of June 30, 2021. **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.

Ratings: 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 openended 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.

© 2021 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. **Past performance is no guarantee of future results.** Morningstar information is based on quarter-end data. Please visit morganstanley.com/im for the latest month-end Morningstar information.

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 (MSIM) is the asset management division of Morgan Stanley.