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.

where 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:

Top Holdings (% of Total Net Assets) | FUND | INDEX
---|---|---
Pinterest Inc | 5.64% | 0.73%
Twitter Inc | 5.33% | --
Twilio Inc | 5.08% | 1.20%
Fastly Inc | 4.93% | 0.16%
Veeva Systems Inc | 3.75% | 1.04%
Carvana Co. | 3.64% | 0.43%
DoorDash Inc | 3.46% | --
Royalty Pharma Plc | 3.40% | 0.18%
Skillz Inc | 3.02% | --
Wayfair Inc | 2.98% | 0.60%
Total | 40.23% | --

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

This material forms part of our 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 MSCI 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 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 G3Q2018 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’s definition of total earnings divided by shares outstanding. Excess return, or value added, is the total return of the portfolio relative to the benchmark. Information ratio is the portfolio’s or fund’s 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 100 means the portfolio 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. 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: The Russell Midsac® Growth Index measures the performance of the mid-cap growth segment of the U.S. equity universe. It includes those Russell Midsac® Index companies with higher price-to-book ratios and higher forecasted growth values. The Russell Midsac® 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 1000 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 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 generally greater than those 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 can 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. The extent to which 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 of 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.

Ratings 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/investcorrelations/governance/Compliance-Disclosure/default.aspx.

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 opened 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.

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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 morganstaylor.com/im or call 1-800-548-7786. Please read the prospectus carefully before investing. To the extent that the Fund invests in a limited number of issuers (focused investing), the Morningstar’s Manager Investment Management (MSIM) is the asset management division of Morgan Stanley.


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