

## INVESTMENT MANAGEMENT

Morgan Stanley Institutional Fund

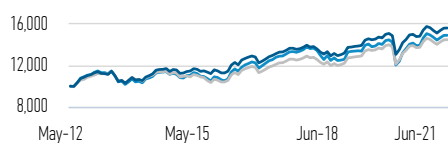
# Emerging Markets Fixed Income Opportunities Portfolio

**Investment Objective:** Seeks high total return.

**Investment Approach:** We seek high total return from income and price appreciation by investing in a range of sovereign, quasi-sovereign and corporate debt securities in emerging markets, which may include U.S. dollar-denominated, local currency, and corporate debt securities. We believe that emerging markets experiencing positive fundamental change may present attractive investment opportunities for investors. To help achieve its objective, we combine top-down country allocation with bottom-up security selection.

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

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



- Class I Shares
- JP Morgan Emerging Markets Blended Index - Equal Weighted
- Blended Index 1

### Investment Performance (% net of fees) in USD

	Cumulative (%)			Annualized (% p.a.)			
	2Q21	YTD	1 YR	3 YR	5 YR	10 YR	INCEPTION
Class I Shares	3.23	-1.06	9.54	5.89	4.75	--	4.51
JP Morgan Emerging Markets Blended Index - Equal Weighted	3.24	-0.92	7.63	6.17	4.69	--	4.17
Blended Index 1	3.24	-0.92	7.63	6.06	4.53	--	5.04
Blended Index 2	3.20	-1.03	7.39	6.09	4.55	--	4.02

### Calendar Year Returns (%)

	2020	2019	2018	2017	2016	2015	2014
Class I Shares	4.69	14.41	-6.93	12.94	12.80	-1.83	3.38
JP Morgan Emerging Markets Blended Index - Equal Weighted	5.07	13.93	-3.96	11.13	10.04	-4.39	2.13
Blended Index 1	5.07	13.73	-4.08	10.82	10.05	0.46	5.53

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.

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	MEAPX	61760X406	1.87	1.20
Class C	MSEDX	61760X513	3.05	1.95
Class I	MEAIX	61760X208	1.53	0.85
Class IS	MRDPX	61760X661	12.56	0.82

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.

Effective close of business on December 31, 2019, the Fund's primary benchmark index has changed to JP Morgan Emerging Markets Blended Index (JEMB) - Equal Weighted.

**Morningstar Category:** Emerging Markets Bond

**Lipper Category:** Emerging Markets Hard Currency Debt

### Morningstar Rankings - Class I

	PERCENTILE	RANK/TOTAL IN CATEGORY
1 YR	44	111/273
3 YR	58	150/245
5 YR	46	95/196

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

### Fund Facts

Inception date	May 24, 2012
Total net assets	\$ 39.15 million
Primary benchmark <sup>1</sup>	JP Morgan Emerging Markets Blended Index - Equal Weighted
Custom benchmark <sup>2</sup>	Blended Index 1
Former benchmark <sup>3</sup>	Blended Index 2
Distribution frequency	Quarterly

### Statistics (3 Year Annualized)<sup>2</sup>

	CLASS I
Alpha (%)	-1.35
Beta (vs. benchmark)	1.25
Excess return (%)	-0.17
Information ratio	-0.06
R squared	0.98
Sharpe ratio	0.37
Standard deviation (%)	12.48

<sup>2</sup> Risk/Return statistics shown are calculated versus the Blended Index when an Index is used in the calculation.

### Characteristics

	FUND
Number of holdings	160
Duration (years)	5.89
Average maturity	8.93
SEC 30-day yield subsidized (%) Class I	4.23
SEC 30-day yield unsubsidized (%) Class I	3.46
Turnover (%) <sup>*</sup>	54

<sup>\*</sup> Turnover is sourced from the fund's current prospectus.

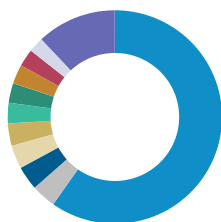
### Top Countries(% of Total Net Assets)<sup>#</sup>

	FUND
Mexico	10.68
Indonesia	6.03
Brazil	5.65
China	5.41
Egypt	4.91
Russia	4.47
Nigeria	4.41
Colombia	4.06
South Africa	3.97
Chile	3.03
Other	40.01
Cash	7.39

Sector Allocation (% of Total Net Assets)#	FUND
<b>Sovereign</b>	<b>60.16</b>
<b>Quasi-Sovereign</b>	<b>5.92</b>
<b>Supranational</b>	<b>0.64</b>
<b>Corporates</b>	<b>25.81</b>
Industrial	1.05
Financials	7.46
Oil & Gas	3.46
Consumer	2.99
TMT	3.55
Infrastructure	1.19
Pulp & Paper	0.11
Transport	1.06
Real Estate	1.49
Utilities	3.46
<b>Cash &amp; equivalents</b>	<b>7.46</b>

Contribution to Interest Rate Duration (Yrs.)	FUND
<b>Top 5</b>	<b>2.12</b>
Mexico	0.71
Indonesia	0.54
China	0.33
United Arab Emirates	0.28
Brazil	0.27

Currency Allocation (% of Total Net Assets)#	FUND
US Dollar	59.77
Indonesian Rupiah	3.71
Mexican Peso	3.62
South African Rand	3.55
Chinese Yuan Renminbi	3.40
Brazilian Real	3.10
Russian Ruble	2.99
Malaysian Ringgit	2.90
Polish Zloty	2.66
Hungarian Forint	2.29
Other	12.02



# May not sum to 100% due to rounding.

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

**DEFINITIONS:** **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. **Average maturity** – weighted average of the maturities of the underlying securities in the portfolio. **Beta** is a measure of the relative volatility of a security or portfolio to the market's upward or downward movements. **Duration** is a measure of the sensitivity of the price (the value of principal) of a fixed income investment to a change in interest rates. Duration is expressed as a number of years. Rising interest rates mean falling bond prices, while declining interest rates mean rising bond prices. **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. **SEC yield** is a measure of the income generated by the portfolio's underlying asset over the trailing 30 days, relative to the asset base of the portfolio itself. The **SEC 30-day yield subsidized** reflects current fee waivers in effect. Absent such fee waivers, the yield would have been lower. The **SEC 30-day yield unsubsidized** does not reflect the fee waivers currently in effect. **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.

**INDEX INFORMATION:** (1) The JP Morgan Emerging Markets Blended Index - Equal weighted is comprised of 1/3 JP Morgan Emerging Markets Bond Global Diversified Index (tracks total returns for traded external debt instruments in the emerging markets,

and is an expanded version of the EMBI+. As with the EMBI+, the EMBI Global includes US dollar-denominated Brady bonds, loans, and Eurobonds with an outstanding face value of at least \$500 million), 1/3 JP Morgan GBI-EM Global Diversified Index (a comprehensive global local emerging markets index that consists of regularly traded, liquid fixed-rate, domestic currency government bonds and includes only the countries which give access to their capital market to foreign investors (excludes China, India), and 1/3 JP Morgan CEMBI Broad Diversified Index (a global, liquid corporate emerging-markets benchmark that tracks U.S.-denominated corporate bonds issued by emerging-markets entities).

(2) **Blended Index 1** refers to performance of Fund's benchmarks since inception: Fund Inception - Sep 25, 2015: JP Morgan Emerging Markets Bond Global Index (EMBI Global Index); Sep 26, 2015 - 12/31/19: 1/3 JP Morgan EMBI Global Index, 1/3 JP Morgan GBI-EM Global Diversified Index, 1/3 JP Morgan CEMBI Broad Diversified Index; 12/31/19 and beyond - JP Morgan Emerging Markets Blended Index (JEMB) - Equal Weighted.

(3) **Blended Index 2** is comprised of 1/3 JP Morgan Emerging Markets Bond Global Index, 1/3 JP Morgan GBI-EM Global Diversified Index (the index is market capitalization weighted, with a cap of 10% to any one country) and 1/3 JP Morgan CEMBI Broad Diversified Index.

Indexes are unmanaged and do 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. **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. In a declining interest-rate environment, the portfolio may generate less income. **Longer-term securities** may be more sensitive to interest rate changes. **High yield securities ("junk bonds")** are lower rated securities that may have a higher degree of credit and liquidity risk. Foreign securities are subject to 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. **Sovereign debt securities** are subject to default risk. The use of **leverage** may increase volatility in the Portfolio. **Illiquid securities** may be more difficult to sell and value than publicly 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. **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.

**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.

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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 [morganstanley.com/im](http://morganstanley.com/im) or call 1-800-548-7786. Please read the prospectus carefully before investing.**

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