

Morgan Stanley

INVESTMENT MANAGEMENT

Morgan Stanley Institutional Fund

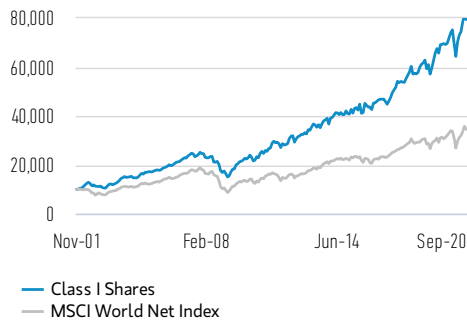
Global Franchise Portfolio

Investment Objective: Seeks long-term capital appreciation.

Investment Approach: The investment team believes that high-quality companies can generate superior returns over the long term. Such businesses are typically built on dominant market positions, underpinned by powerful, hard to replicate intangible assets that can generate high, unlevered returns on capital and strong free cash flows. Other characteristics are recurring revenue streams, pricing power, low capital intensity and the opportunity for organic growth.

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

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



Investment Team

Investment Team	FIRM	EXPERIENCE
William Lock	1994	28 Years
Bruno Paulson	2009	26 Years
Nic Sochovsky	2015	22 Years
Vladimir A. Demine	2009	18 Years
Dirk Hoffmann-Becking	2013	22 Years
Nathan Wong	2017	20 Years
Marcus Watson	2008	12 Years
Alex Gabriele	2012	11 Years
Richard Perrott	2015	14 Years
Fei Teng	2019	7 Years
Helena Miles	2019	7 Years

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

Investment Performance (% net of fees) in USD

	Cumulative (%)			Annualized (% p.a.)			
	3Q20	YTD	1 YR	3 YR	5 YR	10 YR	INCEPTION
Class I Shares	6.58	7.26	14.74	13.89	13.92	12.41	11.63
MSCI World Net Index	7.93	1.70	10.41	7.74	10.48	9.37	6.80

Calendar Year Returns (%)

	2019	2018	2017	2016	2015	2014	2013
Class I Shares	29.60	-1.50	25.85	5.64	6.50	4.82	19.71
MSCI World Net Index	27.67	-8.71	22.40	7.51	-0.87	4.94	26.68

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 September 30, 2020, 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	MSFBX	61744J275	1.19	1.19
Class C	MSGFX	61760X463	1.95	1.95
Class I	MSFAX	61744J283	0.93	0.93
Class IS	MGISX	61760X265	0.86	0.86

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.

ACTIVE FUNDAMENTAL EQUITY
FACTSHEET | 3Q20



Morningstar Overall Rating

CLASS I SHARES

Out of 725 Funds. Based on Risk Adjusted Return. Class I Shares: 3yr. rating 5 Stars; 5yr. rating 5 Stars; 10yr. rating 5 Stars.

Morningstar Category: World Large Stock

Lipper Category: Global Large-Cap Growth



Morningstar Analyst Rating™

Morningstar Analysts have rated the fund a bronze medal (effective 12/30/2019). Fewer than 32% of the U.S. Open End funds have a medalist rating (effective 12/31/19).^A

Morningstar Rankings - Class I

	PERCENTILE	RANK/TOTAL IN CATEGORY
1 YR	30	291/823
3 YR	13	101/725
5 YR	15	98/608
10 YR	7	20/360

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

Fund Facts

Inception date	November 28, 2001
Total net assets	\$ 2.8 billion
Benchmark ¹	MSCI World Net Index
Distribution frequency	Annually

Statistics

(3 Year Annualized)	CLASS I	INDEX
Alpha (%)	7.82	--
Beta (vs. benchmark)	0.73	1.00
Excess return (%)	6.15	--
Information ratio	0.88	--
R squared	0.85	1.00
Sharpe ratio	0.92	0.36
Standard deviation (%)	13.37	16.92
Tracking error (%)	7.01	--
Up-capture ratio (%)	88.68	100.00
Down-capture ratio (%)	59.18	100.00

Characteristics

	FUND	INDEX
Active share (%)	89.85	--
Number of holdings	31	1,607
Price/earnings (NTM) [†]	23.15	20.20
Price/free cash flow (NTM) [†]	23.23	23.41
Turnover (%) [*]	16	--

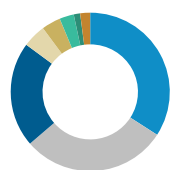
[†] NTM = Next Twelve Months

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

Top Countries

(% of Total Net Assets) ^{2, #}	FUND	INDEX
United States	68.48	66.50
United Kingdom	17.20	4.05
France	5.19	3.25
Germany	4.55	2.93
Netherlands	2.00	1.33
Italy	0.51	0.68
Cash	2.03	--

Sector Allocation (% of Total Net Assets)#



	FUND	INDEX
Consumer Staples	34.11	8.22
Information Technology	29.55	22.10
Health Care	21.46	13.75
Industrials	4.72	10.38
Financials	3.87	11.86
Consumer Discretionary	2.93	11.83
Communication Services	1.30	8.85
Cash	2.03	--

Top Holdings (% of Total Net Assets)

	FUND	INDEX
Reckitt Benckiser Plc	9.08	0.15
Microsoft Corp	8.68	3.37
Philip Morris Inc	7.57	0.26
Visa Inc	5.36	0.75
Procter & Gamble Co.	4.92	0.76
Accenture Plc	4.83	0.32
SAP SE	4.55	0.36
Baxter International Inc	4.31	0.09
Danaher Corp	4.30	0.31
Abbott Laboratories	4.07	0.43
Total	57.67	--

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: 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. **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. **Price to Free Cash Flow (P/FCF)** is a ratio used to compare a company's market value to its free cash flow. It is calculated by dividing the company's per-share stock price by its per-share free cash flow. Free Cash flow is calculated by subtracting a company's Capital Expenditures from its Operating Cash flow.

Price/earnings (P/E) is the price of a stock divided by its earnings per share. Sometimes called the multiple, P/E gives investors an idea of how much they are paying for a company's earning power. **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. **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.

INDEX INFORMATION: (1) The **MSCI World Net Index** is a free float adjusted market capitalization weighted index that is designed to measure the global equity market performance of developed 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 performance of the Index is listed in U.S. dollars and assumes reinvestment of net 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 value 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. Changes in the worldwide economy, consumer spending, competition, demographics and consumer preferences, government regulation and economic conditions may adversely affect **global franchise companies** and may negatively impact the strategy to a greater extent than if the strategy's assets were invested in a wider variety of companies. In general, **equity securities'** values also fluctuate in response to activities specific to a company. Stocks of **small- and medium-capitalization companies** carry special risks, such as limited product lines, markets and financial resources, and greater market volatility than securities of larger, more established companies. 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 the risks generally associated with investments in foreign developed countries. **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. **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.

Morningstar Analyst Ratings: A high rating should not be construed as a guarantee for relatively strong performance. The Morningstar Analyst Rating is not a credit or risk rating. It is a subjective evaluation performed by Morningstar's Manager Research Group ("MRG"). The MRG evaluates funds based on five key pillars, which are process, performance, people, parent, and price. The MRG uses this five pillar evaluation 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 in their research, and the weight of each pillar may vary. The Analyst Rating scale is Gold, Silver, Bronze, Neutral, and Negative. A Morningstar Analyst Rating of Gold, Silver, or Bronze reflects the MRG's conviction in a fund's prospects for outperformance. Analyst Ratings ultimately 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 about Morningstar's Analyst Rating, including its methodology, please go to global.morningstar.com/manager-disclosures/. The Morningstar Analyst Rating (i) should not be used as the sole basis in evaluating a fund, (ii) involves unknown risks and uncertainties which may cause Analyst 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 September 30, 2020. **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.

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OTHER CONSIDERATIONS: (2) Country weightings arise from our bottom-up fundamental analysis. The team seeks superior companies that are attractively valued regardless of country of domicile.

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.