

Morgan Stanley Institutional Fund Global Infrastructure Portfolio

4Q18
FACTSHEET

Investment Approach

We apply a well-defined, value-oriented, bottom-up driven investment process that focuses on investing in equity securities of publicly listed infrastructure companies we believe offer the best value relative to their underlying infrastructure value and net asset value growth prospects, irrespective of short-term market trends.

Objective

Seeks to provide both capital appreciation and income.

Lipper Category

Global Infrastructure

Morningstar Category

Infrastructure

Portfolio Managers

	Joined Firm	Years of Investment Experience
Ted Bigman, Managing Director	1995	32
Matthew King, Managing Director	2008	19

Investment Performance - Class I (% net of fees)

% Average Annual Total Returns	1 Year	3 Year	5 Year	10 Year	Inception
Fund	-8.02	6.20	3.54	-	8.85
Dow Jones Brookfield Global Infrastructure Index ¹	-7.87	6.28	3.63	-	8.33
Lipper Category Average	-8.73	5.65	3.32	-	-
Morningstar Category Average	-8.82	5.86	3.82	-	-

% Calendar Year Returns	4Q18	YTD	2018	2017	2016	2015	2014
Fund	-6.44	-8.02	-8.02	12.70	15.55	-13.90	15.38
Dow Jones Brookfield Global Infrastructure Index	-5.88	-7.87	-7.87	15.79	12.52	-14.40	16.34
Lipper Category Average	-6.46	-8.73	-8.73	17.40	9.11	-10.13	9.73
Morningstar Category Average	-7.19	-8.82	-8.82	17.00	9.17	-1.69	2.79

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, 2018, 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.

Please keep in mind that 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	MTIPX	61756E644	1.38	1.21
Class C	MSGTX	61760X315	2.23	2.07
Class I	MTIIX	61756E651	1.08	0.97
Class IS	MSGPX	61760X737	1.06	0.94

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 July 1, 2017, the total expense ratio caps for all share classes of the Portfolio have been increased by 0.10% (10 basis points). Values shown above are reflective of the change.

Morningstar Rankings - Class I Infrastructure Category

	Percentile	Total in Category	Rank/
1 Year	46		39/96
3 Year	42		30/71
5 Year	50		29/59

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

Fund Facts

Inception date	September 20, 2010
Total net assets (\$MM)	\$ 310.5
Benchmark	Dow Jones Brookfield Global Infrastructure Index
Distribution frequency	At least annually

Portfolio Characteristics

	Fund
Number of holdings	48
Weighted average market capitalization (\$B)	23.56
Weighted median market capitalization (\$B)	16.39
Turnover (%)*	45

Risk/Return Statistics (3 Year)

	Fund
Active share (%)	34.69
Alpha (%)	0.16
Beta (vs. benchmark)	0.95
Excess Return (%)	-0.08
Information ratio	-0.03
R squared	0.91
Sharpe ratio	0.54
Standard deviation (%)	9.58
Tracking error (%)	2.92
Up-capture ratio (%)	92.92
Down-capture ratio (%)	90.57

Sector Allocation (% of Total Net Assets)

	Fund
Oil & Gas Storage & Transportation	28.69
Electricity Transmission & Distribution	17.23
Toll Roads	14.39
Communications	11.40
Diversified	8.63
Renewables	8.47
Water	6.64
Airports	4.32
Cash	0.22

Top Countries (% of Total Net Assets)

	Fund
United States	34.14
Canada	15.16
United Kingdom	12.30
Spain	9.85
Mexico	7.34
Australia	7.07
France	6.52
Italy	2.20
Netherlands	1.38
India	1.10

Top Holdings (% of Total Net Assets)

	Fund
Atlantica Yield Plc	7.37
Operadora de Infraestructura, SAB de CV	7.34
American Tower Corp	7.13
Enbridge Inc	6.08
National Grid Plc	4.30
Crown Castle International Corp	4.21
Hydro One Limited	3.85
Vinci	3.82
John Laing Group Plc	3.48
Kinder Morgan Inc	3.31
Total	50.89

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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 presented.

PORTFOLIO CHARACTERISTICS DEFINITIONS

Weighted average market capitalization is a stock market index weighted by the market capitalization of each stock in the index. In such a weighting scheme, larger companies account for a greater portion of the index. Most indexes are constructed in this manner, with the best example being the S&P 500. **Weighted median market capitalization** is the point at which half of the market value of a portfolio is invested in stocks with a greater market cap, and consequently the other half is invested in stocks with a lower market cap.

RISK/RETURN 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. 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. **Excess Return** or value added (positive or negative) is the portfolio's return relative to the return of the benchmark. **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. A beta greater than 1.0 identifies an issue or fund that will move more than the market, while a beta less than 1.0 identifies an issue or fund that will move less than the market. The Beta of the Market is always equal to 1. **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. **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.

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. 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. Companies within the **infrastructure industry** are subject to a variety of factors that may

adversely affect their business or operations, including high interest, leverage and regulatory costs, difficulty raising capital, the effect of an economic slowdown or recession and surplus capacity, and increased competition. Other risks include technological innovation, significant changes in the number of end-users, an increasing deregulatory environment, natural and environmental risks, and terrorist attacks. Stocks of **small- and medium- capitalization companies** entail special risks, such as limited product lines, markets and financial resources, and greater market volatility than securities of larger, more established companies.

Non-diversified portfolios often invest in a more limited number of issuers so changes in the financial condition or market value of a single issuer may cause greater volatility in the portfolio. **Illiquid securities** may be more difficult to sell and value than public traded securities (liquidity risk). **Real estate investments**, including **real estate investment trusts (REITs)**, are subject to risks similar to those associated with the direct ownership of real estate and they are sensitive to such factors as management skills and changes in tax laws.

Morningstar: Rankings and ratings as of December 31, 2018. **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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Morningstar information is based on quarter-end data. Please visit morganstanley.com/im for the latest month-end Morningstar information.

OTHER CONSIDERATIONS

¹ The Dow Jones Brookfield Global Infrastructure Index is a float-adjusted market capitalization weighted index that measures the stock performance of companies that exhibit strong infrastructure characteristics. The Index intends to measure all sectors of the infrastructure market. The index is unmanaged and does not include any expenses, fees or sales charges. It is not possible to invest directly in an index.

* Turnover is based on the fund's current prospectus.

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.