

Morgan Stanley Institutional Fund Global Sustain Portfolio

4Q18
FACTSHEET

Investment Approach

The investment team believes that the best way to compound wealth is by owning very high-quality companies with sustainable high returns over the long term. Social and environmental risks that are material to the sustainability of returns are more important than ever given political and social change. Leading the way on such issues can be a positive force for corporate success if it drives consumer and/or employee engagement. The higher the quality of a company, the more important the governance, as management has more degrees of freedom to mismanage the business. The team believes that investing with a conscience is fully compatible with generating attractive long-term returns. The Fund will not knowingly invest in any company whose core business activity¹ involves tobacco, alcohol, adult entertainment, gambling, gas and electric utilities, or bulk commodities (including fossil fuels such as oil, gas and coal, as well as metals and mining).

Objective

Seeks long-term capital appreciation.

Lipper Category

Global Large-Cap Growth

Morningstar Category

World Large Stock

Investment Team

	Joined Firm	Years of Investment Experience
William Lock, Managing Director	1994	27
Bruno Paulson, Managing Director	2009	25
Dirk Hoffmann-Becking, Executive Director	2013	21
Nic Sochovsky, Executive Director	2015	21
Vladimir A. Demine, Executive Director	2009	17
Nathan Wong, Executive Director	2017	19
Marcus Watson, Executive Director	2008	11
Alex Gabriele, Executive Director	2012	10
Richard Perrott, Vice President	2015	13

Investment Performance - Class I (% net of fees)

% Average Annual Total Returns	1 Year	3 Year	5 Year	10 Year	Inception
Fund	0.60	8.80	6.83	-	8.82
MSCI World Net Index ¹	-8.71	6.30	4.56	-	6.75
Lipper Category Average	-6.23	6.79	4.91	-	-
Morningstar Category Average	-9.63	5.71	3.74	-	-

% Calendar Year Returns	4Q18	YTD	2018	2017	2016	2015	2014
Fund	-9.38	0.60	0.60	22.86	4.20	5.27	2.66
MSCI World Net Index	-13.42	-8.71	-8.71	22.40	7.51	-0.87	4.94
Lipper Category Average	-13.23	-6.23	-6.23	27.89	1.84	2.90	2.79
Morningstar Category Average	-12.93	-9.63	-9.63	23.61	5.54	-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	MGQAX	61760X646	3.80	1.25
Class C	MSGQX	61760X430	4.61	2.00
Class I	MGQIX	61760X653	3.44	0.90
Class IS	MGQSX	61760X620	19.00	0.85

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.

MSIF Global Quality Portfolio has changed to MSIF Global Sustain Portfolio effective April 30, 2018.

Morningstar Overall Rating

Class I shares



Out of 728 Funds. Based on Risk Adjusted Return.

Class I Shares Fund ratings out of 5 Stars: 3 Yrs. 5 Stars; 5 Yrs. 5 Stars.

Morningstar Rankings - Class I World Large Stock Category

	Percentile	Rank/ Total in Category
1 Year	1	8/898
3 Year	10	59/728
5 Year	9	42/617

Source: Morningstar, Inc. Rankings are based on total returns, are historical and do not guarantee future results. Rankings for short periods of time may not be indicative of the Fund's long-term performance potential.

Fund Facts

Inception date	August 30, 2013
Total net assets (\$MM)	\$ 15.6
Benchmark	MSCI World Net Index
Distribution frequency	At least annually

Portfolio Characteristics

	Fund	Index
Number of holdings	36	1633
Price/earnings (NTM) ²	18.73	13.47
Turnover (%)*	39	-

Risk/Return Statistics (3 Year)

	Fund	Index
Active share (%)	89.47	-
Standard deviation (%)	9.81	10.53
Beta (vs. benchmark)	0.78	1.00
R squared	0.70	1.00
Sharpe ratio	0.80	0.50
Information ratio	0.42	-

Top Countries (% of Total Net Assets)

	Fund	Index
United States	60.71	61.71
United Kingdom	18.73	5.91
Germany	8.69	3.10
France	3.42	3.88
Canada	2.12	3.34
Hong Kong	1.55	1.36

Sector Allocation (% of Total Net Assets)

	Fund	Index
Information Technology	26.80	14.93
Health Care	25.14	13.36
Consumer Staples	18.77	8.66
Communication Services	12.52	8.29
Financials	4.87	16.20
Industrials	3.65	10.93
Consumer Discretionary	3.46	10.44
Cash	3.88	-

Top Holdings (% of Total Net Assets)

	Fund	Index
Twenty-First Century Fox Inc	6.82	0.20
Reckitt Benckiser Plc	6.66	0.14
Microsoft Corp	6.11	2.07
Alphabet Inc	5.71	1.79
Visa Inc	5.22	0.66
SAP SE	4.50	0.27
Accenture Plc	3.79	0.25
Baxter International Inc	3.75	0.09
Unilever Plc	3.63	0.17
Medtronic Plc	3.56	0.34
Total	49.75	-

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 presented.

The index data displayed under allocations are calculated using MSIM and other third-party methodologies and may differ from data published by the vendor.

PORTFOLIO CHARACTERISTICS DEFINITIONS

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. **Forecast and estimates are subject to change and may not necessarily come to pass due to changing market and/or economic conditions.**

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.

Standard deviation measures how widely individual performance returns, within a performance series, are dispersed from the average or mean value. **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. **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. **Information ratio** is the portfolio's alpha or excess return per unit of risk, as measured by tracking error, versus the portfolio's 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. 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. **Nondiversified 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. **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. **Illiquid securities** may be more difficult to sell and value than public traded securities (liquidity risk).

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. **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 open-ended 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.

Source: Morningstar. Morningstar counts each share class as a separate fund for purposes of its ranking and ratings calculations. Morningstar compares mutual funds within a universe of funds with similar investment objectives, including dividend reinvestment. Morningstar rankings and ratings may vary for other share classes. © 2019 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.

OTHER CONSIDERATIONS

¹ The MSCI World 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.

² NTM = Next Twelve Months.

³ Country weightings arise from our bottom-up fundamental analysis. The team seeks superior companies that are attractively valued regardless of country of domicile.

[†] A core business activity is one that accounts for more than 10% of the relevant company's revenue.

* Turnover is sourced from 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.