Morgan Stanley Institutional Fund
Global Real Estate Portfolio

Investment Objective:

Seeks to provide current income and capital appreciation.

Investment Approach:

We seek attractive long-term, risk-adjusted returns by investing in publicly traded real estate securities, primarily in developed countries worldwide. We combine a value-oriented, bottom-up-driven investment strategy and a global top-down allocation that seeks diversified exposure to all major asset classes with an overweighting to property markets that we believe offer the best relative valuation.

Global Real Estate Portfolio

Morningstar Category: Global Real Estate
Lipper Category: Global Real Estate

Morningstar Rankings - Class I

PERCENTILE RANK/TOTAL IN CATEGORY
1 YR 96 21/225
3 YR 96 193/200
5 YR 91 152/170
10 YR 74 81/111

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

Fund Facts

Inception date: August 30, 2006
Total net assets: $683.59 million
Benchmark¹ FTSE EPRA NAREIT Developed Real Estate Index - Net Total Return to US Investors

Distribution frequency: Annually

Statistics (3 Year Annualized)

<table>
<thead>
<tr>
<th>CLASS I</th>
<th>Alpha (%)</th>
<th>Beta (vs. benchmark)</th>
<th>Excess return (%)</th>
<th>Information ratio</th>
<th>R squared</th>
<th>Sharpe ratio</th>
<th>Standard deviation (%)</th>
<th>Tracking error (%)</th>
<th>Up-capture ratio (%)</th>
<th>Down-capture ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-3.18</td>
<td>1.05</td>
<td>-2.83</td>
<td>-1.07</td>
<td>0.94</td>
<td>0.42</td>
<td>10.68</td>
<td>2.63</td>
<td>89.47</td>
<td>112.65</td>
</tr>
</tbody>
</table>

¹ Turnover is sourced from the fund's current prospectus.

Characteristics

- Active share (%): 44.24
- Number of holdings: 148
- Weighted average market capitalization ($B): 17.19
- Weighted median market capitalization ($B): 12.69
- Turnover (%): 38

Top Countries (% of Total Net Assets)

<table>
<thead>
<tr>
<th>FUND</th>
<th>United States</th>
<th>Japan</th>
<th>Hong Kong</th>
<th>France</th>
<th>United Kingdom</th>
<th>Germany</th>
<th>Australia</th>
<th>Canada</th>
<th>Singapore</th>
<th>Spain</th>
<th>Other</th>
<th>Cash</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>54.36</td>
<td>10.39</td>
<td>8.51</td>
<td>5.48</td>
<td>5.38</td>
<td>3.32</td>
<td>2.84</td>
<td>1.91</td>
<td>1.65</td>
<td>1.17</td>
<td>4.27</td>
<td>0.33</td>
</tr>
</tbody>
</table>

Performance and fund information is as of December 31, 2019, 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 all 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.

Expense Ratios

<table>
<thead>
<tr>
<th>SYMBOL</th>
<th>CUSIP</th>
<th>GROSS (%)</th>
<th>NET (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MRLBX</td>
<td>61744J35</td>
<td>1.37</td>
<td>1.35</td>
</tr>
<tr>
<td>MSROX</td>
<td>61746042</td>
<td>2.45</td>
<td>2.10</td>
</tr>
<tr>
<td>MRLAX</td>
<td>61744J34</td>
<td>1.07</td>
<td>1.00</td>
</tr>
<tr>
<td>MGREX</td>
<td>61760X778</td>
<td>0.92</td>
<td>0.92</td>
</tr>
</tbody>
</table>

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.
GLOBAL REAL ESTATE PORTFOLIO

Sector Allocation (% of Total Net Assets)

- Diversified: 22.11
- Office: 22.03
- Retail: 20.52
- Residential: 15.39
- Lodging/Resorts: 10.55
- Industrial: 5.40
- Healthcare: 2.97
- Self Storage: 2.64
- Data Centers: 1.40
- Industrial/Office Mixed: 0.70
- Other: 0.58
- Cash: 0.33

Top Holdings (% of Total Net Assets)

- Simon Property Group: 6.31
- SL Green Realty Corp: 5.66
- AvalonBay Communities Inc: 3.78
- Boston Properties Inc: 3.39
- Prologis Inc: 3.24
- Host Hotels & Resorts Inc: 2.68
- Macerich Co: 2.13
- Sun Hung Kai Properties Ltd: 2.02
- Equity Residential Properties: 1.95
- Link REIT: 1.83

Total: 32.89

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

The 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 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. 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. 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. Tracking error or value added (positive or negative) is the portfolio’s return relative to 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 100 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. Weighted average market capitalization is an average of the market capitalization of stocks held by a portfolio or comprising an index, adjusted by each stock’s corresponding weight in the portfolio or index. 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 FTSE EPRA Nareit Developed Real Estate Index - Net Total Return to US investors is a market capitalization weighted index designed to reflect the stock performance of companies engaged in the North American, European and Asian real estate markets. The performance of the index is listed in U.S. dollars and assumes reinvestment of dividends. "Net Total Return to US investors" reflects a reduction in total returns after taking into account the withholding tax on dividends by certain foreign countries represented in the index. 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 portfolio shares may therefore be less than what you paid for them. Accordingly, you can lose money investing in this strategy. Please be aware that this strategy 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, and market risks. The risks of investing in emerging market countries are greater than the risks generally associated with foreign investments. Real estate investments, including real estate investment trusts, are subject to risks similar to those associated with the direct ownership of real estate and are sensitive to such factors as management skills and changes in tax laws. Stocks of small- and medium-capitalization companies entail specific risks, such as limited product lines, markets and financial resources, and greater market volatility than securities of larger, more established companies. When investing in value securities (those believed to be undervalued in comparison to their peers), the market may not have the same value assessment as the manager, and therefore, the performance of the securities may decline.

Morningstar: Rankings and/or ratings as of December 31, 2019. 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.

© 2020 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.

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.