

Morgan Stanley Institutional Fund Trust High Yield Portfolio

4Q18
FACTSHEET

Investment Approach

We focus on middle market credits, or credits with less than \$1 billion of total debt outstanding, using a value-oriented fixed income approach. In our experience, middle market issues relative to larger peers can provide superior yields, higher coupons, shorter maturities and lower volatility, with default rates that are generally in line with the broader market.

Objective

Seeks total return.

Lipper Category

High Yield

Morningstar Category

High Yield Bond

Portfolio Managers

	Joined Firm	Years of Investment Experience
Richard Lindquist, Managing Director	2011	37
Jack Cimarosa, Executive Director	2012	14

Investment Performance - Class I (% net of fees)

% Average Annual Total Returns	1 Year	3 Year	5 Year	10 Year	Inception
Fund	-2.20	6.85	3.93	-	6.98
Bloomberg Barclays U.S. Corporate High Yield Index ¹	-2.08	7.23	3.83	-	5.49
Lipper Category Average	-2.84	5.49	2.65	-	-
Morningstar Category Average	-2.59	5.58	2.71	-	-

% Calendar Year Returns	4Q18	YTD	2018	2017	2016	2015	2014
Fund	-5.50	-2.20	-2.20	8.02	15.49	-1.71	1.11
Bloomberg Barclays U.S. Corporate High Yield Index	-4.53	-2.08	-2.08	7.50	17.13	-4.47	2.45
Lipper Category Average	-4.54	-2.84	-2.84	6.58	13.27	-4.09	1.00
Morningstar Category Average	-4.34	-2.59	-2.59	6.47	13.30	-4.01	1.11

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	MSYPX	617440219	1.34	1.00
Class C	MSHDX	617455761	2.09	1.75
Class I	MSYIX	617440235	1.06	0.65
Class IS	MSHYX	617455407	0.99	0.62

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 Trustees 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.

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 presented.

¹The Bloomberg Barclays U.S. Corporate High Yield Index measures the market of USD-denominated, non-investment grade, fixed-rate, taxable corporate bonds. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below. The index excludes emerging market debt. The index is unmanaged and does not include any expenses, fees or sales charges. It is not possible to invest directly in an index.

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.



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UNITED STATES

Morgan Stanley Investment
Management, Inc.

BEST GROUP OVER 3 YEARS
FIXED INCOME LARGE COMPANY

2018 Best Fixed Income Large Company Group over 3 years

Lipper Fund Awards are based upon risk adjusted return. For additional information refer to the disclosures on page 2.

Morningstar Overall Rating

Class I shares



Out of 603 Funds. Based on Risk Adjusted Return. Class I Shares Fund ratings out of 5 Stars: 3 Yrs. 4 Stars; 5 Yrs. 5 Stars.

Morningstar Rankings - Class I High Yield Bond Category

	Percentile	Rank/ Total in Category
1 Year	38	212/692
3 Year	16	81/603
5 Year	8	31/507

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

Fund Facts

Inception date	February 07, 2012
Total net assets (\$MM)	\$ 168.0
Benchmark	Bloomberg Barclays U.S. Corporate High Yield Index
Distribution frequency	Monthly

Portfolio Characteristics

	Fund
Number of holdings	282
Duration (years)	3.56
Average maturity	5.02
Average price	93.43
SEC 30-day yield (class I) subsidized (%)	7.85
SEC 30-day yield (class I) unsubsidized (%)	7.60
Turnover (%)*	39

Risk/Return Statistics (3 Year)

	Fund
Excess Return (%)	-0.38
Alpha (%)	0.03
Beta (vs. benchmark)	0.94
R squared	0.93
Sharpe ratio	1.30
Standard deviation (%)	4.52
Tracking error (%)	1.25

Sector Allocation (% of Total Net Assets)

	Fund
High Yield Corporates	88.94
Industrial	80.62
Basic Industry	5.06
Capital Goods	14.52
Communications	7.11
Consumer Cyclical	16.40
Consumer Non-Cyclical	10.86
Energy	15.25
Technology	3.33
Transportation	3.51
Industrial Other	4.59
Utility	0.40

Sector Allocation (% of Total Net Assets)

	Fund
Financial Institutions	7.91
Banking	0.22
Brokerage/Asset Managers/ Exchanges	0.86
Finance Companies	2.51
Insurance	1.90
REITs	1.70
Financial Other	0.73
Bank Loans	7.95
NR Corporates	0.43
Equity	0.24
Cash	2.02

Quality Distribution (% of Total Net Assets)

	Fund
BBB	1.57
BB	31.70
B	49.81
CCC	13.85
CC	0.10
NR	0.95
Cash	2.02

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RISK/RETURN DEFINITIONS: **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.

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. **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 the current rising interest-rate environment, bond prices may fall and may result in periods of volatility and increased portfolio redemptions. Longer-term securities may be more sensitive to interest rate changes. In a declining interest-rate environment, the portfolio may generate less income. **High yield securities ("junk bonds")** are lower rated securities that may have a higher degree of credit and liquidity risk. **Public bank loans** are subject to liquidity risk and the credit risks of lower rated securities. **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. **Distressed and defaulted securities** are speculative and involve

substantial risks in addition to the risks of investing in junk bonds. The Portfolio will generally not receive interest payments on the distressed securities and the principal may also be at risk. These securities may present a substantial risk of default or may be in default at the time of investment, requiring the portfolio to incur additional costs. **Preferred securities** are subject to interest rate risk and generally decreases in value if interest rates rise and increase in value if interest rates fall. **Mezzanine investments** are subordinated debt securities, thus they carry the risk that the issuer will not be able to meet its obligations and they may lose value. **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. In general, **equity securities'** values also fluctuate in response to activities specific to a company. The strategy may invest in restricted and illiquid securities, which may be difficult for the strategy to sell at a reasonable price. **(Liquidity Risk)**.

Lipper Fund Awards. Source: Lipper Inc. Lipper awards are not intended to predict future results. The Thomson Reuters Lipper Fund Awards, granted annually, highlight funds and fund companies that have excelled in delivering consistently strong risk-adjusted performance relative to their peers. For more information, see www.lipperfundawards.com. The Asset Class fund groups with at least five equity, five bond, or three mixed-asset portfolios in the respective asset classes are eligible for a group award. The lowest average decile rank of the three years' Consistent Return measure of the eligible funds per asset class and group will determine the asset class group award winner over the three-year period. In cases of identical results, the lower average percentile rank will determine the winner. Although Lipper makes reasonable efforts to ensure the accuracy and reliability of the data contained herein, the accuracy is not guaranteed by Lipper. Other share classes may have different performance and expense characteristics.

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. Ratings do not take into account sales loads.

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

Morgan Stanley Investment Management (MSIM) is the asset management division of Morgan Stanley.

Morningstar information is based on quarter-end data. Please visit morganstanley.com/im for the latest month-end Morningstar information.