

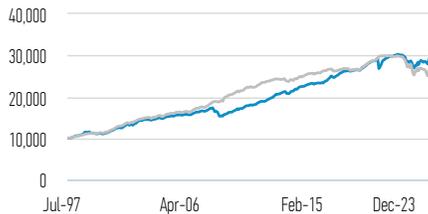
Morgan Stanley Mortgage Securities Trust

Investment Objective: Seeks a high level of current income.

Investment Approach: Our investment approach is structured around five principal risk factors: prepayment, convexity, volatility, spread, and interest rate. The compensation for bearing these risks varies over time, reflecting the market's expectation of the future. As value investors, when the market's expectation of the future is extreme, we structure portfolios to benefit should the future evolve closer to historical precedent than to these extreme forecasts. When using proprietary models, we endeavor to understand and adjust for their weaknesses. This process ensures that our final valuation of securities is forward looking and not limited to historical relationships.

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

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



— Class I Shares
— Bloomberg U.S. Mortgage Backed Securities (MBS) Index

Investment Team	JOINED FIRM	INDUSTRY EXPERIENCE
Gregory A. Finck	2014	32 Years
Matthew T. Buckley	2005	19 Years

Team members may be subject to change at any time without notice. Effective December 16, 2022, Matthew Buckley was added as Portfolio Manager on the Portfolio and Neil Stone is no longer serving as Portfolio Manager on the Portfolio.

Investment Performance (% net of fees) in USD

	Cumulative (%)			Annualized (% p.a.)			
	4Q23	YTD	1 YR	3 YR	5 YR	10 YR	INCEPTION
Class I Shares	6.21	8.77	8.77	0.21	2.14	3.43	4.23
Bloomberg U.S. Mortgage Backed Securities (MBS) Index	7.48	5.05	5.05	-2.86	0.25	1.38	3.90

Calendar Year Returns (%)

	2023	2022	2021	2020	2019	2018	2017
Class I Shares	8.77	-8.44	1.06	3.54	6.70	2.12	6.76
Bloomberg U.S. Mortgage Backed Securities (MBS) Index	5.05	-11.81	-1.04	3.87	6.35	0.99	2.47

The fund has received proceeds related to certain non-recurring litigation settlements. If these monies were not received, any period returns which include these settlement monies would have been lower. These were one-time settlements, and as a result, the impact on the net asset value and consequently the performance will not likely be repeated in the future. Rankings for the fund were more favorable due to these settlements and ratings may also have been positively impacted. Please visit www.morganstanley.com/im for additional details.

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, 2023, 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.

Expense Ratios

	SYMBOL	CUSIP	GROSS (%)	NET (%)
Class A	MTGAX	616962106	1.19	1.00
Class C	MSMTX	616962502	1.98	1.80
Class I	MTGDX	616962403	0.91	0.70
Class R6	MORGX	616962700	20.23	0.65

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 \$1,000,000 for Class I shares.

SECURITIZED TEAM



Best U.S. Mortgage Fund 2017-2023

Class I Shares. Based on risk adjusted performance among 28 funds (10yr) in 2023, 27 funds (10yr) in 2022, 31 (5yr) and 25 funds (10yr) in 2021, 24 funds (10yr) in 2020, 29 funds (5yr) in 2019, 28 funds (5 yr) in 2018 and among 29 funds (3yr and 5yr) in 2017. Calculation periods are through the end of November of the respective evaluation year.

Past performance is no guarantee of future results. For more information see disclosures on page 2.

★★★★★ Morningstar Overall Rating

Out of 568 Funds. Based on Risk Adjusted Return. Class I Shares: 3yr. rating 5 Stars; 5yr. rating 4 Stars; 10yr. rating 5 Stars.

Morningstar Rankings - Class I

	PERCENTILE	RANK/TOTAL IN CATEGORY
1 YR	3	9/632
3 YR	1	4/568
5 YR	18	78/536
10 YR	2	5/375

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

Fund Facts

Inception date	July 28, 1997
Total net assets	\$ 299.67 million
Benchmark ¹	Bloomberg U.S. Mortgage Backed Securities (MBS) Index
Distribution frequency	Monthly

Statistics (3 Year Annualized)

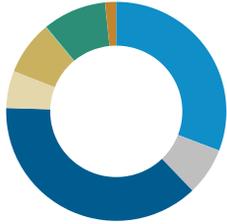
	CLASS I
Alpha (%)	1.38
Beta (vs. benchmark)	0.67
Excess return (%)	3.07
Information ratio	1.00
R squared	0.91
Sharpe ratio	-0.37
Standard deviation (%)	5.44

Characteristics

	FUND
Number of holdings	550
Duration (years)	4.03
SEC 30-day yield subsidized (%) Class I	6.30
SEC 30-day yield unsubsidized (%) Class I	6.22
Turnover (%) [*]	334

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

Sector Allocation (% of Total Net Assets)[#]



	FUND
US Agency Passthroughs	30.85
US Agency CMOs	7.02
US Non-Agency RMBS	37.64
Non-US RMBS	5.49
US Non-Agency CMBS	7.95
Non-US CMBS	0.09
US ABS	9.34
Non-US ABS	1.63

#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: **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. **Duration** is a measure of the sensitivity of the price (the value of principal) of a fixed income investment to a change in interest rates. Duration is expressed as a number of years. Rising interest rates mean falling bond prices, while declining interest rates mean rising bond prices. **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. **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. **SEC yield** is a measure of the income generated by the portfolio's underlying asset over the trailing 30 days, relative to the asset base of the portfolio itself. The **SEC 30-day yield subsidized** reflects current fee waivers in effect. Absent such fee waivers, the yield would have been lower. The **SEC 30-day yield unsubsidized** does not reflect the fee waivers currently in effect. **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.

INDEX INFORMATION: (1) The **Bloomberg U.S. Mortgage Backed Securities (MBS) Index** (formerly listed as Barclays Mortgage Index) tracks agency mortgage backed pass-through securities (both fixed-rate and hybrid ARM) guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC). This Index is the Mortgage Backed Securities Fixed Rate component of the Bloomberg U.S. Aggregate Index.

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The index is unmanaged and does not include any expenses, fees or sales charges. It is not possible to invest directly in an index. Any index referred to herein is the intellectual property (including registered trademarks) of the applicable licensor.

RISK CONSIDERATIONS: There is no assurance that a mutual fund will achieve its investment objective. Funds are subject to market risk, which is the possibility that the market values of securities owned by the fund will decline and that the value of fund 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 fund. Please be aware that this fund 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 a rising interest-rate environment, bond prices may fall and may result in periods of volatility and increased portfolio redemptions. In a declining interest-rate environment, the portfolio may generate less income. Longer-term securities may be more sensitive to interest rate changes. Certain **U.S. government securities** purchased by the Strategy, such as those issued by Fannie Mae and Freddie Mac, are not backed by the full faith and credit of the U.S. It is possible that these issuers will not have the funds to meet their payment obligations in the future.

Mortgage and asset-backed securities are sensitive to early prepayment risk and a higher risk of default and may be hard to value and difficult to sell (liquidity risk). They are also subject to credit, market and interest rate risks. **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. Due to the possibility that prepayments will alter the cash flows on **Collateralized mortgage obligations (CMOs)**, it is

not possible to determine in advance their final maturity date or average life. In addition, if the collateral securing the CMOs or any third party guarantees are insufficient to make payments, the strategy could sustain a loss. **High yield securities ("junk bonds")** are lower rated securities that may have a higher degree of credit and liquidity risk. **Foreign securities** are subject to currency, political, economic and market risks. **Illiquid securities** may be more difficult to sell and value than publicly traded securities (liquidity risk). **Inverse floaters** are sensitive to early prepayment risk and interest rate changes and are more volatile than most other fixed-income securities. **Portfolio Turnover.** Consistent with its investment policies, the Fund will purchase and sell securities without regard to the effect on portfolio turnover. Higher portfolio turnover will cause the Fund to incur additional transaction costs. **LIBOR Discontinuance or Unavailability Risk.** The regulatory authority that oversees financial services firms and financial markets in the U.K. has announced that, after the end of 2021, it would no longer persuade or compel contributing banks to make rate submissions for purposes of determining the LIBOR rate. As a result, it is possible that commencing in 2022, LIBOR may no longer be available or no longer deemed an appropriate reference rate upon which to determine the interest rate on or impacting certain derivatives and other instruments or investments comprising some of the Fund's portfolio.

Lipper Fund Awards. Source: **Lipper Inc.** The Refinitiv Lipper Fund Awards, granted annually, highlight funds and fund companies that have excelled in delivering consistently strong risk-adjusted performance relative to their peers. The Refinitiv Lipper Fund Awards are based on the Lipper Leader for Consistent Return rating, which is a risk-adjusted performance measure calculated over 36, 60 and 120 months. The fund with the highest Lipper Leader for Consistent Return (Effective Return) value in each eligible classification wins the Refinitiv Lipper Fund Award. For more information, see www.lipperfundawards.com. Although Refinitiv 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. From Refinitiv Lipper Awards, © 2023 Refinitiv. All rights reserved. Used by permission and protected by the Copyright Laws of the United States. The printing, copying, redistribution, or retransmission of this Content without express written permission is prohibited.

Morningstar: As of December 31, 2023. **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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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 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.