

Morgan Stanley Institutional Fund Multi-Asset Portfolio

4Q18
FACTSHEET

Investment Approach

Using a top-down, unconstrained approach, the Global Multi-Asset team focuses on global macro and thematic investments across equities, fixed income, FX and commodities. The team invests in opportunities at the asset class, country, sector and thematic levels, rather than concentrating on individual security selection.

Objective

Seeks total return with an emphasis on positive absolute return and controlling downside portfolio risk.

Lipper Category

Alternative Global Macro

Morningstar Category

Multialternative

Portfolio Managers

	Joined Firm	Years of Investment Experience
Cyril Moullé-Berteaux, Managing Director	(Rejoined) 2011	28
Sergei Parmenov, Managing Director	(Rejoined) 2011	23
Mark Bavoso, Managing Director	1986	36

Investment Performance - Class I (% net of fees)

% Average Annual Total Returns	1 Year	3 Year	5 Year	10 Year	Inception
Fund	-0.32	-1.27	-2.81	–	1.06
ICE BofA/Merrill Lynch U.S. Dollar 1-Month LIBID Average Index ¹	1.91	1.08	0.68	–	0.55
Blended Index	-6.00	5.02	2.58	–	5.14
Lipper Category Average	-5.82	2.79	0.71	–	–
Morningstar Category Average	-4.03	1.30	0.67	–	–

% Calendar Year Returns	4Q18	YTD	2018	2017	2016	2015	2014
Fund	1.89	-0.32	-0.32	-0.72	-2.75	-10.60	0.77
ICE BofA/Merrill Lynch U.S. Dollar 1-Month LIBID Average Index	0.56	1.91	1.91	0.98	0.36	0.10	0.08
Blended Index	-7.27	-6.00	-6.00	16.45	5.81	-3.51	1.62
Lipper Category Average	-5.66	-5.82	-5.82	10.09	4.47	-5.37	0.87
Morningstar Category Average	-4.42	-4.03	-4.03	5.14	1.38	-2.58	1.81

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.

The Blended Index performance is a performance-linked benchmark of the old and new benchmark of the Portfolio, the old represented by 60% MSCI All-Country World Index, 30% Bloomberg Barclays Global Aggregate Bond Index, 5% S&P GSCI Light Energy Index and 5% ICE BofA Merrill Lynch US Dollar 1-Month LIBID Average Index from inception through May 31, 2017, and the new Blended Index which consists of 60% MSCI All-Country World Index and 40% Bloomberg Barclays Global Aggregate Bond Index for periods thereafter.

Expense Ratios	Symbol	Cusip	Gross (%)	Net
Class A	MMPPX	61760X851	1.80	1.49
Class C	MSMEX	61760X349	3.71	2.24
Class I	MMPIX	61760X877	1.48	1.14
Class IS	MSPMX	61760X257	22.92	1.11

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.

Morningstar Rankings - Class I Multialternative Category

	Percentile	Rank/ Total in Category
1 Year	16	45/371
3 Year	89	251/290
5 Year	99	177/179

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	June 22, 2012
Total net assets (\$MM)	\$ 44.1
Primary Benchmark	ICE BofA/Merrill Lynch U.S. Dollar 1-Month LIBID Average Index
Custom Benchmark ²	Blended Index

Risk/Return Statistics (3 Year)

	Fund
Return (Annualized)	-1.27
Volatility (%)	5.46
Beta to global equities ³	0.15
Sharpe ratio	-0.41

Asset Allocation (%)

	Net Exposure ⁴	Gross Exposure ⁵
Global Equity (Incl. beta-adj. equity volatility)⁶	0.76	52.65
Global Equity	5.76	57.65
Developed Markets	-0.54	44.98
U.S. & Canada	-4.76	25.04
Europe	-0.06	15.60
Japan	4.15	4.21
Asia ex-Japan	0.13	0.13
Emerging Markets	6.29	12.67
Global Fixed Income	34.15	67.90
Developed Markets	20.29	54.04
U.S. & Canada	33.31	33.31
Europe	-13.02	20.73
Emerging Markets	13.86	13.86
Commodities	4.08	4.08
Volatility	1.25	1.25
Total Exposure (Net of Cash)	45.25	130.88

Currency Exposure (%)

	Fund
Developed Markets	121.96
U.S. & Canada	108.10
Europe	9.57
Japan	4.11
Asia ex-Japan	0.18
Emerging Markets	-21.96

Top Thematic Equity Pairs (%)

	Gross Long	Gross Short	Net
Short Canadian Banks / Long Global Equities	6.75	-6.75	0.00
Short Luxury Goods Manufacturers / Long Global Equities	6.43	-6.43	0.00
Long Global Equities (ex-U.S.) / Short U.S. Equities	5.51	-5.51	0.00
Long Emerging Market Equities (ex-China) / Short U.S. Equities	4.60	-4.60	0.00
Long U.S. Housing Equities / Short U.S. Equities	3.23	-3.23	0.00
Long U.S. Consumer Finance / Short U.S. Banks	2.65	-2.65	0.00
Long Polish Banks / Short Global Equities	2.25	-2.25	0.00
Short U.S. Cyclical / Long U.S. Defensive Equities	1.90	-1.90	0.00
Long U.S. MLPs / Short U.S. Equities	1.90	-1.90	0.00
Short Chinese Equities / Long Global Equities (ex-U.S.)	1.78	-1.78	0.00
Total Exposure	37.00	-37.00	0.00

Top Holdings - Fixed Income

	Rating	Gross Long	Gross Short	Net
Long U.S. 10-Year TIPS	AA+	19.99	0.00	19.99
Long U.S. 10-Year Treasuries / Short German 10-Year Bunds	NR / NR	6.31	-6.31	0.00
Long South Africa 10-Year Swap (Receiver)	NR	5.66	0.00	5.66
Long U.S. 30-Year Treasuries	NR	4.44	0.00	4.44
Long U.S. 10-Year Treasuries	NR	3.24	0.00	3.24
Long Greece 10-Year Bonds / Short France, Italy and Spain 10-Year Bonds	B+ / NR	3.20	-3.20	0.00
Long Greek 10-Year Bonds / Short Italy 10-Year Bunds	B+ / NR	2.46	-2.46	0.00
Long Portugal 10-Year Bonds / Short German 10-Year Bunds	BB+ / NR	1.97	-1.97	0.00
Long Portugal 10-Year Bonds / Short Italy 10-Year Bunds	BB+ / NR	1.96	-1.96	0.00
Long Argentina 10-Year Bonds	B	1.64	0.00	1.64
Total Exposure (Gross)	-	50.87	-15.90	34.97

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RISK/RETURN DEFINITIONS: Beta is a measure of the relative volatility of a security or portfolio to the market's upward or downward movements. Sharperatio is a risk-adjusted measure calculated as the ratio of excess return to standard deviation. The Sharpe ratio determines reward per unit of risk. Volatility is a statistical measure of the dispersion of returns for a given security or market 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 portfolio. Please be aware that this portfolio may be subject to certain additional risks. In general, equity securities values also fluctuate in response to activities specific to a company. 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. 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. **Mortgage- and asset-backed securities (MBS and ABS)** 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. Certain **U.S. government securities** purchased by the Portfolio, such as those issued by Fannie Mae and Freddie Mac, are not backed by the full faith and credit of the United States. It is possible that these issuers will not have the funds to meet their payment obligations in the future. **Sovereign debt securities.** The issuer or governmental authority that controls the repayment of sovereign debt may not be willing or able to repay the principal and/or pay interest when due in accordance with the terms of such obligations. 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 risks associated with investments in foreign developed countries. **Real estate investment trusts** 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. **Restricted and illiquid securities** may be more difficult to sell and value than publicly traded securities (liquidity risk). **Exchange traded funds (ETFs)** shares have many of the same risks as direct investments in common stocks or bonds and their market value will fluctuate as the value of the underlying index does. As a shareholder in an ETF, the Portfolio would bear its ratable share of that entity's expenses while continuing to pay its own fees and expenses. As a result, the Portfolio and its shareholders will be absorbing duplicate levels of fees. **Derivative instruments** can be illiquid, may disproportionately increase losses and may have a potentially large negative impact on the Portfolio's performance. Trading in, and investment exposure to, the **commodities** markets may involve substantial risks and subject the Portfolio to greater volatility. **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.

By investing in **investment company securities**, the portfolio is subject to the underlying risks of that investment company's portfolio securities. In addition to the Portfolio's fees and expenses, the Portfolio generally would bear its share of the investment company's fees and expenses. **Subsidiary and Tax Risk** The Portfolio may seek to gain exposure to the commodity markets through investments in the Subsidiary or commodity index-linked structured notes. The Subsidiary is not registered under the 1940 Act and is not subject to all the investor protections of the 1940 Act. Historically, the Internal Revenue Service ("IRS") has issued private letter rulings in which the IRS

specifically concluded that income and gains from investments in commodity index-linked structured notes or a wholly-owned foreign subsidiary that invests in commodity-linked instruments are "qualifying income" for purposes of compliance with Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"). The Portfolio has not received such a private letter ruling, and is not able to rely on private letter rulings issued to other taxpayers. If the Portfolio failed to qualify as a regulated investment company, it would be subject to federal and state income tax on all of its taxable income at regular corporate tax rates with no deduction for any distributions paid to shareholders, which would significantly adversely affect the returns to, and could cause substantial losses for, Portfolio shareholders.

Morningstar: Rankings 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 ICE BofA/Merrill Lynch U.S. Dollar 1-Month LIBID Average Index tracks the performance of a basket of synthetic assets paying LIBID to a stated maturity.

² Effective May 31, 2017 - The composition of the Customized Morgan Stanley Investment Management ("MSIM") Global Allocation Index, the secondary benchmark index of the Portfolio, has changed from 60% MSCI All Country World Index, 30% Bloomberg Barclays Global Aggregate Bond Index, 5% S&P GSCI Light Energy Index and 5% ICE BofA/Merrill Lynch U.S. Dollar 1-Month LIBID Average Index to 60% MSCI All Country World Index and 40% Bloomberg Barclays Global Aggregate Bond Index.

The indexes are unmanaged and do not include any expenses, fees or sales charges. Such costs would lower performance. It is not possible to invest directly in an index.

³ Global equities is represented by the MSCI All Country World Index

⁴ Net exposure % calculated as [(MV of long cash security and derivative positions)-(absolute value of MV in short derivative positions)]/(portfolio MV)

⁵ Gross exposure % calculated as [(MV of long cash security and derivative positions)+(absolute value of MV in short derivative positions)]/(portfolio MV)

⁶ The portfolio holds a 1.3% position in U.S. equity volatility (VIX) futures, beta-hedged with a 5.0% position in U.S. equities. The total net equity exposure of the portfolio including the beta-adjusted VIX position is 0.6%.

Fixed income net and gross exposure is duration adjusted (U.S. Treasury 10-Year equivalents)

Security ratings disclosed above have been obtained from Standard & Poor's Ratings Group ("S&P"). S&P's credit ratings express its opinion about the ability and willingness of an issuer to meet its financial obligations in full and on time. 'AAA' is the highest rating. Any rating below 'BBB-' rating is considered non-investment grade. Ratings are relative and subjective and are not absolute standards of quality. Ratings apply only to the underlying holdings of the portfolio and does not remove market risk. 'NR' or 'Not Rated' indicates that no rating has been requested, that there is insufficient information on which to base a rating, or that S&P does not rate a particular obligation as a matter of policy. Futures are not rated.

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.