

## INVESTMENT MANAGEMENT

Morgan Stanley Institutional Fund Trust

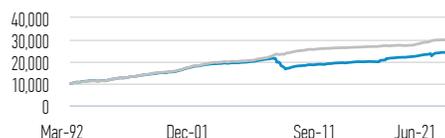
## Short Duration Income Portfolio

**Investment Objective:** Seeks above-average total return over a market cycle of three to five years.

**Investment Approach:** The Short Duration Income Portfolio combines our top-down macro and asset allocation views with rigorous bottom-up fundamental and quantitative analysis to guide our active management decisions.

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

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



— Class I Shares  
— Bloomberg Barclays 1-3 Year U.S. Government/Credit Index

Investment Team	JOINED FIRM	INVESTMENT EXPERIENCE
Neil Stone	1995	36 Years
Eric Jesionowski	1997	25 Years
Matthew C. Dunning	2014**	27 Years

Team members may be subject to change at any time without notice.

\*\* Date rejoined.

### Investment Performance (% net of fees) in USD

	Cumulative (%)			Annualized (% p.a.)			
	2Q21	YTD	1 YR	3 YR	5 YR	10 YR	INCEPTION
Class I Shares	0.44	0.41	2.20	3.07	3.26	2.61	3.08
Bloomberg Barclays 1-3 Year U.S. Government/Credit Index	0.04	0.00	0.44	2.96	1.88	1.49	3.82
ICE BofAML 1-Year U.S. Treasury Note Index	0.02	0.09	0.22	2.01	1.47	0.90	--

### Calendar Year Returns (%)

	2020	2019	2018	2017	2016	2015	2014
Class I Shares	3.40	4.07	2.11	1.94	8.37	-0.08	1.37
Bloomberg Barclays 1-3 Year U.S. Government/Credit Index	3.33	4.03	1.60	0.84	1.28	0.65	0.77
ICE BofAML 1-Year U.S. Treasury Note Index	1.82	2.93	1.86	0.57	0.76	0.15	0.18

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](http://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](http://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 June 30, 2021, 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	MLDAX	617440359	0.77	0.55
Class C	MSLDX	617455753	7.65	1.30
Class I	MPLDX	617440862	0.53	0.30
Class IS	MSDSX	617455712	12.15	0.25

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.

Effective August 1, 2019, the Fund's primary benchmark index changed to the Bloomberg Barclays 1-3 Year U.S. Government/Credit Index. In addition, the Fund's average duration target changed from 1 year or less to 3 years or less. See prospectus for details.



Morningstar Overall Rating

CLASS I SHARES

Out of 524 Funds. Based on Risk Adjusted Return. Class I Shares: 3yr. rating 2 Stars; 5yr. rating 5 Stars; 10yr. rating 4 Stars.

Morningstar Category: Short-Term Bond

Lipper Category: Short Investment Grade Debt

### Morningstar Rankings - Class I

	PERCENTILE	RANK/TOTAL IN CATEGORY
1 YR	42	258/579
3 YR	69	338/524
5 YR	10	42/462
10 YR	17	40/303

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

### Fund Facts

Inception date	March 31, 1992
Total net assets	\$ 543.75 million
Primary benchmark <sup>1</sup>	Bloomberg Barclays 1-3 Year U.S. Government/Credit Index
Former benchmark <sup>2</sup>	ICE BofAML 1-Year U.S. Treasury Note Index
Distribution frequency	Monthly

### Statistics (3 Year Annualized)<sup>3</sup>

	CLASS I
Alpha (%)	0.49
Beta (vs. benchmark)	0.77
Excess return (%)	0.11
Information ratio	0.04
R squared	0.05
Sharpe ratio	0.55
Standard deviation (%)	3.21

### Characteristics

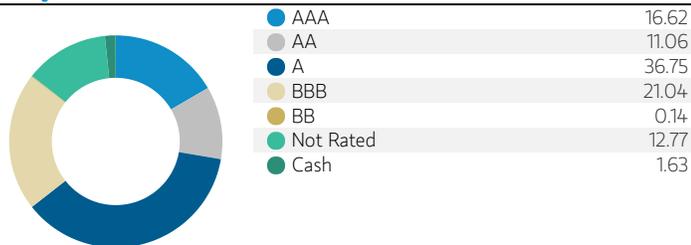
	FUND
Number of holdings	394
Duration (years)	1.71
SEC 30-day yield subsidized (%) Class I	0.99
SEC 30-day yield unsubsidized (%) Class I	0.82
Turnover (%) <sup>*</sup>	74

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

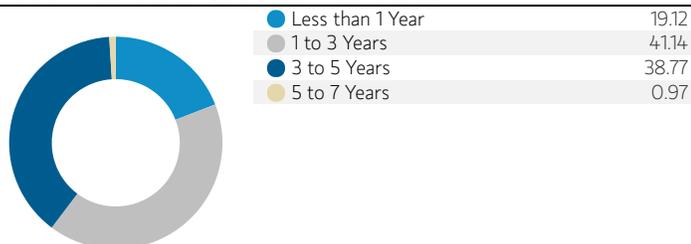
### Sector Allocation

(% of Total Net Assets) <sup>#</sup>	PORTFOLIO
<b>Corporates</b>	<b>61.93</b>
Industrial	27.09
Utility	4.55
Financial Institutions	30.29
<b>Securitized</b>	<b>30.18</b>
RMBS	12.62
CMBS	3.71
ABS	13.85
<b>Governments</b>	<b>1.86</b>
<b>CLO</b>	<b>0.32</b>
<b>Cash &amp; equivalents</b>	<b>5.71</b>

Quality Distribution (% of Total Net Assets)#



Duration Distribution (% of Total Net Assets)#



# 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. **Quality distribution** refers to the rating given by a Nationally Recognized Statistical Rating Organization ("NRSRO") and is the rating firms' subjective opinion concerning the ability and willingness of an issuer to meet its financial obligations in full and on time. Ratings apply only to portfolio holdings and do not remove the Fund's market risk. Quality distribution data for securities is sourced from Fitch, Moody's and S&P. Where the credit ratings for individual securities differ between the three ratings agencies, the 'highest' rating is applied. The rating of credit default swaps is based on the 'highest' rating of the underlying reference bond. 'Cash' includes investments in short term instruments, including investments in Morgan Stanley liquidity funds. **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 Barclays 1-3 Year U.S. Government/Credit Index** tracks the securities in the 1-3 year maturity range of the Barclays U.S. Government/Credit Index which tracks investment-grade (BBB-/Baa3) or higher publicly traded fixed rate U.S. government, U.S. agency, and corporate issues.

(2) **ICE BofAML 1-Year U.S. Treasury Note Index** is an unmanaged index tracking U.S. government securities.

Indexes are unmanaged and do 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. 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 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 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. **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. **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. **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 publicly traded securities (liquidity risk). 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.

**Morningstar:** Rankings and/or ratings as of June 30, 2021. **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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**OTHER CONSIDERATIONS:** (3) Statistics shown are calculated versus the Bloomberg Barclays 1-3 Year U.S. Government/Credit Index when an Index is used in the calculation.

**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](https://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.