

Morgan Stanley Institutional Fund Trust

Strategic Income Portfolio

Morningstar Category: Multisector Bond

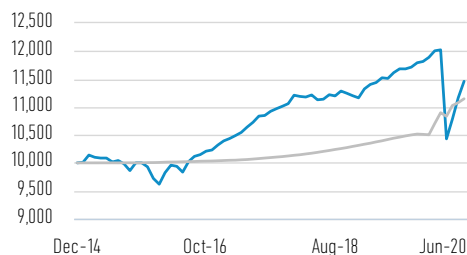
Lipper Category: Alternative Credit Focus

Investment Objective: Seeks to maximize current income that is consistent with the preservation of capital.

Investment Approach: The Strategic Income Portfolio actively invests across a spectrum of fixed income asset classes including high yield bonds, investment-grade bonds, loans, securitized assets, and developed market and emerging market government bonds. The fund seeks the best income-producing ideas through an investment process that relies heavily on ESG factors.¹

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

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



— Class I Shares
— Blended Index

Investment Performance (% net of fees) in USD

	Cumulative (%)			Annualized (% p.a.)			
	2Q20	YTD	1 YR	3 YR	5 YR	10 YR	INCEPTION
Class I Shares	9.88	-3.61	-1.33	2.23	2.73	--	2.51
Bloomberg Barclays U.S. Aggregate Index	2.90	6.14	8.74	5.32	4.30	--	3.90
Blended Index	2.90	6.14	6.76	3.45	2.19	--	1.99
ICE BofAML 3-Month U.S. Treasury Bill Index	0.02	0.60	1.63	1.77	1.19	--	1.09

Calendar Year Returns (%)

	2019	2018	2017	2016	2015	2014	2013
Class I Shares	6.49	0.94	7.17	3.92	-0.71	--	--
Bloomberg Barclays U.S. Aggregate Index	8.72	0.01	3.54	2.65	0.55	--	--

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 June 30, 2020, 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	MSADX	617455605	4.74	0.95
Class C	MSPDX	617455738	10.70	1.70
Class I	MSIDX	617455506	24.18	0.60
Class IS	MSTCX	617455860	2.98	0.57

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.

⁽¹⁾ Effective October 1, 2019, the Fund's investment objective and strategies, among other things have been amended. The benchmark index for the fund was changed from ICE BofA ML 3-Month T-bill index to Bloomberg Barclays U.S. Aggregate Index. Please refer to the fund's prospectus for further information on these changes.

Morningstar Rankings - Class I

	PERCENTILE	RANK/TOTAL IN CATEGORY
1 YR	75	245/321
3 YR	66	191/283
5 YR	68	168/235

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

Fund Facts

Inception date	December 30, 2014
Total net assets	\$ 25.31 million
Primary Benchmark ²	Bloomberg Barclays U.S. Aggregate Index
Custom benchmark ³	Blended Index
Former benchmark ⁴	ICE BofAML 3-Month U.S. Treasury Bill Index
Distribution frequency ⁵	Monthly

⁽⁵⁾ Effective July 1, 2019, distributions for the fund have moved from quarterly to monthly.

Statistics (3 Year Annualized)⁶

	CLASS I
Beta (vs. benchmark)	0.51
Information ratio	-0.36
R squared	0.04
Sharpe ratio	0.06
Standard deviation (%)	8.64

Characteristics

	FUND
Number of holdings	230
Duration (years)	2.94
Turnover (%) [*]	97

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

Quality Distribution (% of Total Net Assets)[#]

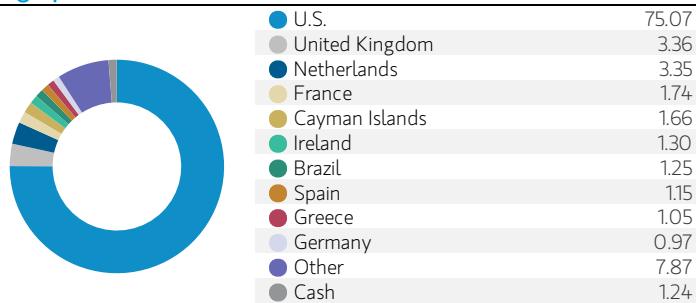
	FUND
AAA	2.03
AA	2.38
A	12.29
BBB	31.06
BB	11.25
B or Below	17.44
Not Rated	23.54

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

	FUND
Investment Grade Corporates	31.89
RMBS	21.90
ABS	16.32
CMBS	11.97
High Yield Corporates/Bank Loans	9.80
Emerging Market Debt	5.98
Developed Markets Sovereign	0.78
Cash & equivalents	1.36

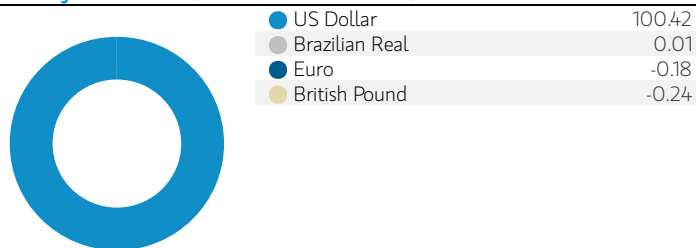
Geographic Allocation (% of Total Net Assets)#

FUND



Currency Allocation (% of Total Net Assets)#

FUND



May not sum to 100% due to rounding.

This 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: **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. **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. **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: (2) The **Bloomberg Barclays U.S. Aggregate Index** tracks the performance of all U.S. government agency and Treasury securities, investment-grade corporate debt securities, agency mortgage-backed securities, asset-backed securities and commercial mortgage-backed securities.

(3) **Blended Index** performance shown is calculated using the ICE BofAML 3-Month U.S. Treasury Bill Index from inception through 9/30/2019 and the Bloomberg Barclays U.S. Aggregate Index thereafter.

(4) The **ICE BofAML 3-Month T-Bill Index** is an unmanaged market index of U.S. Treasury securities maturing in 90 days that assumes reinvestment of all income. 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. 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. **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. The risks of investing in **emerging market countries** are greater than risks associated with investments in foreign developed markets. **Sovereign debt securities** are subject to default risk. The use of leverage may increase volatility in the Portfolio. **Derivative instruments** can be illiquid, may disproportionately increase losses and may have a potentially large negative impact on the portfolio's performance. **Illiquid securities** may be more difficult to sell and value than publicly traded securities (liquidity risk). **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. 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. **ESG** Strategies that incorporate impact investing and/or Environmental, Social and Governance (ESG) factors could result in relative investment performance deviating from other strategies or broad market benchmarks, depending on whether such sectors or investments are in or out of favor in the market. As a result, there is no assurance ESG strategies could result in more favorable investment performance.

Morningstar: Rankings and/or ratings as of June 30, 2020. **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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OTHER CONSIDERATIONS: (6) Statistics shown are calculated versus the Blended Index when an Index is used in the calculation.

Effective February 29, 2020, the Morningstar Category for Strategic Income Portfolio (MSIFT) is revised from Nontraditional Bond category into Multisector Bond category. **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.