

Morgan Stanley

INVESTMENT MANAGEMENT

MORGAN STANLEY INSTITUTIONAL FUND (MSIF)

Asia Opportunity Portfolio

ACTIVE FUNDAMENTAL EQUITY
GLOBAL OPPORTUNITY TEAM
INVESTMENT IDEA
JUNE 2020

SYMBOLS

Class A	MSAUX
Class I	MSAQX



**OVERALL MORNINGSTAR™
RATING FOR CLASS I**

Out of 69 Pacific/Asia ex Japan Stock category funds based on risk-adjusted returns. Out of 5 Stars: 3 Yrs., 5 Stars.

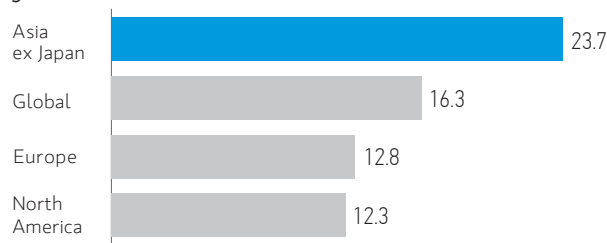
Kristian Heugh, portfolio manager for the MSIF Asia Opportunity Portfolio, says the region is rich with companies that meet his team's strict criteria for quality. Asia ex Japan accounts for nearly 3/5 of the world's population¹ and has benefited from GDP growth outpacing the rest of the world.² Consumption growth has been driven by the emerging middle classes across Asia trading up to higher quality consumable products and internet, healthcare and education services. The Hong Kong-based investment team couple regional perspective with a long-term ownership mindset to identify high quality companies.

MSIF Asia Opportunity Portfolio

- 1 High conviction, concentrated approach**
The team creates a concentrated portfolio of its best ideas³ located in Asia, weighted by conviction. Active share is typically 80% or higher, and the top 10 holdings generally account for over 50% of assets.⁴
- 2 Focus on undervalued, high quality businesses**
The team seeks companies characterized by competitive advantages and long-term growth while incorporating sustainability with respect to disruptive change, ESG and financial strength.
- 3 Global perspective applied to Asia (ex Japan)**
The Hong Kong-based Global Opportunity team manages over \$42 billion in client portfolios, including over \$10 billion in Asia ex Japan equities.⁵ The team's unique culture fosters collaboration and diversity of perspective.

Asia ex Japan is rich with high quality companies . . .

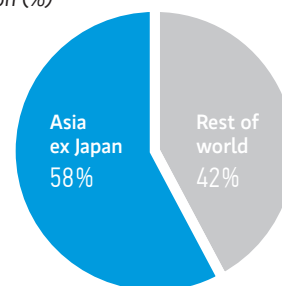
Percentage of stocks > \$1 billion market cap meeting criteria for growth and ROIC⁶



Source: FactSet, MSIM. Data as of January 13, 2020. Dataset is 6,141 non-financial companies above US \$1 billion market cap.

. . . and accounts for over half of the world's population

Global population (%)



Source: U.N. Population Division. Data as of July 1, 2019.

¹ U.N. Population Division. Data as of July 1, 2019.

² World Bank. Data as of October 31, 2018.

³ There can be no guarantee that a portfolio consisting of the team's "best ideas" will experience positive performance.

⁴ The number of holdings provided is a typical range, not a maximum number. The portfolio may exceed this from time to time due to market conditions and outstanding trades.

⁵ As of June 30, 2020.

⁶ ROIC is return on invested capital. High quality screen is defined by 1) historical three year revenue CAGR above 15% and 2) ROIC above 15%. While representative, regional domicile is not the same as economic exposure in revenue terms. High quality companies typically have a higher % of sales from outside their home country than the index.

Please see page 2 for definitions and important disclosures.

Active approach results in high conviction portfolios

All data is as of June 30, 2020

Top countries (% of total net assets)#	FUND	INDEX
China	58.56	45.77
India	13.24	8.96
Taiwan	8.67	13.72
South Korea	5.38	12.98
Hong Kong	5.15	8.65
Cash	9.13	—

May not sum to 100% due to the exclusion of other assets and liabilities.

All data as of 06/30/2020 unless otherwise noted. 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. Returns are net of fees and assume the reinvestment of all dividends and income. Please keep in mind that high double-digit returns are highly unusual and cannot be sustained as they were primarily achieved during favorable market conditions. Performance for other share classes will vary.

The gross expense ratio is 1.28% for Class I shares. The net expense ratio is 1.10% for Class I shares. 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, \$10,000,000 for Class IS, and \$1,000 for Class A. Class A shares have a 5.25% maximum sales charge.

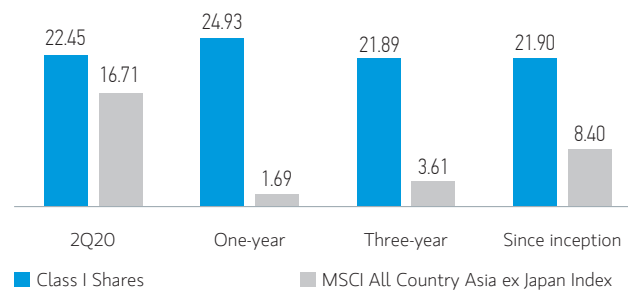
RISK CONSIDERATIONS: There is no assurance that a portfolio will achieve its investment objective. Portfolios are subject to market risk, which is the possibility that the market values of securities owned by the portfolio will decline and that the value of portfolio shares may therefore be less than 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. **Asia market** entails liquidity risk due to the small markets and low trading volume in many countries. In addition, companies in the region tend to be volatile and there is a significant possibility of loss. Furthermore, because the strategy concentrates in a single region of the world, performance may be more volatile than a global strategy. In general, **equities securities** values also fluctuate in response to activities specific to a company. Investments in foreign markets entail special risks such as currency, political, economic, market and liquidity risks. The risks of investing in **emerging market countries** are greater than risks associated with investments in foreign developed countries. **Focused investing** To the extent that the Fund invests in a limited number of issuers, the Fund will be more susceptible to negative events affecting those issuers and a decline in the value of a particular instrument may cause the Fund's overall value to decline to a greater degree than if the Fund were invested more widely. **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. **Privately placed and restricted securities** may be subject to resale restrictions as well as a lack of publicly available information, which will increase their illiquidity and could adversely affect the ability to value and sell them (**liquidity risk**). **China Risk.** Investments in China involve risk of a total loss due to government action or inaction. Additionally, the Chinese economy is export-driven and highly reliant on trade. Adverse changes to the economic conditions of its primary trading partners, such as the United States, Japan and South Korea, would adversely impact the Chinese economy and the Fund's investments. Moreover, a slowdown in other significant economies of the world, such as the United States, the European Union and certain Asian countries, may adversely affect economic growth in China. An economic downturn in China would adversely impact the Portfolio's investments. **Risks of Investing through Stock Connect.** Any investments in A-shares listed and traded through Stock Connect, or on such other stock exchanges in China which participate in Stock Connect is subject to a number of restrictions that may affect the Portfolio's investments and returns. Moreover, Stock Connect A shares generally may not be sold, purchased or otherwise transferred other than through Stock Connect in accordance with applicable rules. The Stock Connect program may be subject to further interpretation and guidance. There can be no assurance as to the program's continued existence or whether future developments regarding.

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 countries presented. The index data displayed under top countries are calculated using MSIM and other third-party methodologies and may differ from data published by the vendor.

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Performance has surpassed the index—Class I (% net of fees)

Average annual returns net of fees (%); inception date: December 29, 2015



DEFINITIONS: **Active share** is the fraction of the portfolio or fund that is invested differently than its benchmark as of the last day of the reporting period. A portfolio with a high degree of Active share does not assure a fund's relative outperformance. **Active Share** calculation may consolidate holdings with the same economic exposure. **Return on Invested Capital (ROIC)** represents the performance ratio measuring a company's percentage return on its invested capital. Income statement items as of latest reported fiscal period, and Balance Sheet items from one period earlier. ROIC is calculated by dividing Net Income by (Property, Plant & Equipment + Working Capital + Short Term Debt - Cash & Equivalents). ROIC has a cap of 200% and a floor of 0%, ex Financials and Real Estate Sectors.

INDEX INFORMATION: The **MSCI All Country Asia Ex Japan Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of Asia, excluding Japan. The term "free float" represents the portion of shares outstanding that are deemed to be available for purchase in the public equity markets by investors. The performance of the Index is listed in U.S. dollars and assumes reinvestment of net dividends. The index is unmanaged and does not include any expenses, fees or sales charges. It is not possible to invest directly in an index.

Morningstar: Ratings as of June 30, 2020. 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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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.

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