

Morgan Stanley

INVESTMENT MANAGEMENT

MORGAN STANLEY

# Global Strategist Portfolio

GLOBAL MULTI-ASSET TEAM  
INVESTMENT IDEA  
JUNE 30, 2021



**OVERALL MORNINGSTAR RATING™ FOR CLASS I**

Out of 415 World Allocation Funds!  
Based on Risk Adjusted Return as of June 30, 2021 - 3 Year: 4 stars out of 415 funds, 5 Year: 4 Stars out of 362 funds, 10 Year: 5 Stars out of 229 funds. See next page for more information.

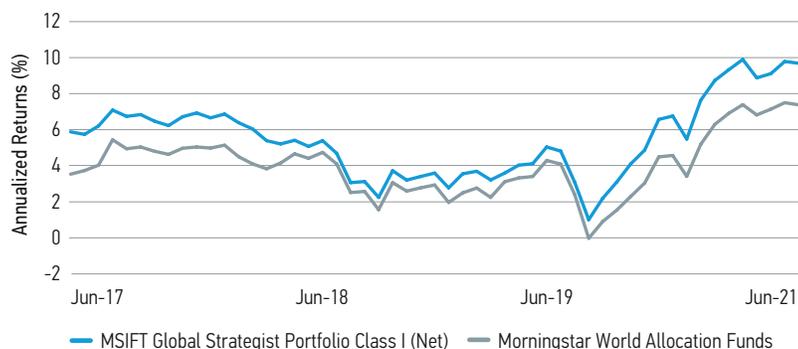
**SYMBOLS**

Class A	MBAAX
Class C	MSSOX
Class I	MPBAX
Class IS	MGPOX

To identify mispricings across global asset classes—including stocks, bonds, commodities and currencies—the Global Multi-Asset team employs a combination of fundamental analysis and quantitative techniques. In the Global Strategist Portfolio, they aim to capture and exploit inefficiencies between markets, regions and sectors, focusing on trades clustered around themes. This top-down global macro portfolio seeks an above-average total return over a market cycle of three to five years.

## Proven outperformance: Global Strategist versus Morningstar World Allocation Funds

5-year rolling average annual returns, computed monthly



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. Please see next page for complete standardized returns.

All performance herein is as of June 30, 2021 and since inception of investment team change on August 15, 2011. Chart performance reflects 5-year rolling average annual returns, computed monthly, from June 2012 through June 2021. All performance is historical and does not guarantee future results.

## 1 Proven outperformance with better risk-adjusted returns

The Fund's I shares have:

- Outperformed the Morningstar peer group on a rolling 5-year basis since March 2012.<sup>1</sup>
- Delivered a higher Sharpe ratio than the Morningstar World Allocation Funds category average for the 3-year period ending June 30, 2021.<sup>1</sup>

## 2 Long-standing portfolio management and research team

The Global Multi-Asset team has managed the GTAA Strategy that the Fund is based upon since the mid-1980s and has maintained a consistent philosophy and process, utilizing a fundamentally-driven, discretionary approach supported by quantitative research to identify thematic opportunities across global asset classes.

## 3 Well-suited for a variety of investment environments

Our experience and flexible approach to markets and asset classes enables the GMA team to respond quickly to changing capital markets environments, and create a portfolio that can deliver potential excess returns as well as seeking downside mitigation in volatile markets.

<sup>1</sup> Source: Morningstar as of June 30, 2021. See next page for more information.



**CYRIL MOULLE-BERTEAUX**  
Managing Director  
30 years of investment experience



**MARK BAVOSO**  
Managing Director  
38 years of investment experience

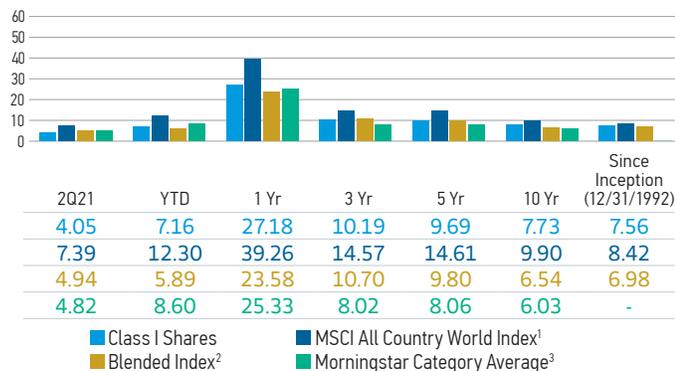


**SERGEI PARMENOV**  
Managing Director  
25 years of investment experience

Team members may change, without notice, from time to time.

## Investment Performance

Average Annual Total Return – Class I – % Net of Fees\*  
(Periods Ending June 30, 2021)



Source: Morgan Stanley Investment Management, Barclays.

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.

The gross expense ratio is 0.84% for Class I shares and the net expense ratio is 0.74%. 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.

\* Returns are net of fees and assume the reinvestment of all dividends and income. Returns for less than one year are cumulative (unannualized). Performance of other share classes will vary.

<sup>1</sup> Returns are calculated using the MSCI All Country World Index (gross dividends) prior to December 31, 2000 and the MSCI All Country World Index (net dividends) after December 31, 2000. The MSCI All Country World Index is a free float-adjusted market-capitalization-weighted index designed to measure the equity market performance of developed and emerging markets. 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 Index is unmanaged and does not include any expenses, fees or sales charges. It is not possible to invest directly in an Index.

<sup>2</sup> 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 Global Aggregate Bond Index, 5% S&P GSCI Light Energy Index and 5% ICE BofAML US Dollar 1-Month LIBID Average Index to 60% MSCI All Country World Index and 40% Bloomberg Global Aggregate Bond Index.

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 Global Aggregate Bond Index, 5% S&P GSCI Light Energy Index and 5% ICE BofAML 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 Global Aggregate Bond Index for periods thereafter. It is not possible to invest directly in an index.

<sup>3</sup> Morningstar World Allocation Funds Category.

**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. In general, equity securities' values also fluctuate in response to activities specific to a company. 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. 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. 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

## EXPENSES – CLASS I (%) MANAGEMENT FEE NET EXPENSE RATIO

Global Strategist Portfolio	0.45	0.74
Morningstar Category Average <sup>3</sup>	0.58	1.17

## ASSET ALLOCATION\* PORTFOLIO ACTIVE WT

Global Equities	59.51	-0.49
Global Fixed Income	44.50	4.50
Commodities	1.48	1.48
Cash	-5.49	-5.49

## 3 YEAR RISK & RETURN STATISTICS (ANNUALIZED) – CLASS I (%)

Global Strategist Portfolio Standard Deviation	12.96
Morningstar Category Average Standard Deviation	12.46
Global Strategist Portfolio Sharpe Ratio	0.72
Morningstar Category Average Sharpe Ratio	0.53

Source: Morningstar and MSIM as of June 30, 2021. **Sharpe ratio** is a risk-adjusted measure calculated as the ratio of excess return to standard deviation. Sharpe ratio determines reward per unit of risk. The higher the Sharpe ratio, the better the historical risk-adjusted performance. **Standard deviation** shows how much variation or dispersion from the average exists. In finance, standard deviation is applied to the annual rate of return of an investment to measure the investment's volatility. Standard deviation is also known as historical volatility and is used by investors as a gauge for the amount of expected volatility.

\* May not sum to 100% due to rounding. Fund information is provided for informational purposes only and should not be deemed as a recommendation to buy or sell any securities in the sectors presented.

the United States. It is possible that these issuers will not have the funds to meet their payment obligations in the future. **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. **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**). 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:** Ratings as of June 30, 2021. **Ratings:** The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life sub-accounts, 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 visit [morganstanley.com/im](http://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 a prospectus, download one at [morganstanley.com/im](http://morganstanley.com/im) or call 1-800-548-7786. Please read the prospectus carefully before investing.**

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