

Morgan Stanley

INVESTMENT MANAGEMENT

Morgan Stanley Institutional Fund

Growth Portfolio

Investment Objective: Seeks long-term capital appreciation by investing primarily in growth-oriented equity securities of large capitalization companies.

Investment Approach: We seek to invest primarily in high-quality established and emerging companies with sustainable competitive advantages, strong free-cash-flow yields and favorable returns on invested capital trends. We focus on long-term growth rather than short-term events, with our stock selection informed by rigorous fundamental analysis.

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

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



— Class I Shares
— Russell 1000 Growth Index

Investment Performance (% net of fees) in USD

	Cumulative (%)			Annualized (% p.a.)			
	2Q19	YTD	1 YR	3 YR	5 YR	10 YR	INCEPTION ¹
Class I Shares	7.24	28.12	15.45	26.56	17.65	19.96	11.68
Russell 1000 Growth Index	4.64	21.49	11.56	18.07	13.39	16.28	9.50

Calendar Year Returns (%)

	2018	2017	2016	2015	2014	2013	2012
Class I Shares	7.66	43.83	-1.91	11.91	6.42	48.60	15.66
Russell 1000 Growth Index	-1.51	30.21	7.08	5.67	13.05	33.48	15.26

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.

⁽¹⁾ Inception returns reflect the inception date of the fund.

Performance and fund information is as of June 30, 2019, 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.

Please keep in mind that high 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.

Expense Ratios

	SYMBOL	CUSIP	GROSS (%)	NET (%)
Class A	MSEGX	61744J564	0.85	0.85
Class C	MSGUX	61760X414	1.58	1.58
Class I	MSEQX	61744J861	0.59	0.59
Class IS	MGRPX	61760X711	0.50	0.50

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.

ACTIVE FUNDAMENTAL EQUITY FACTSHEET | 2Q19



Morningstar Overall Rating

CLASS I SHARES

Out of 1235 Funds. Based on Risk Adjusted Return.
Class I Shares: 3yr. rating 5 Stars; 5yr. rating 5 Stars;
10yr. rating 5 Stars.

Morningstar Category: Large Growth

Lipper Category: Multi-Cap Growth



Morningstar Analyst Rating™

Morningstar Analysts have rated the fund a bronze medal (effective 4/18/2019). Fewer than 18% of the U.S. Open End funds have a medalist rating (effective 2/28/19).^A

Morningstar Rankings - Class I

	PERCENTILE	RANK/TOTAL IN CATEGORY
1 YR	9	134/1383
3 YR	2	21/1235
5 YR	1	7/1100
10 YR	1	3/812

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

Fund Facts

Inception date	April 02, 1991
Team inception date	August 05, 2004
Total net assets	\$ 7.5 billion
Benchmark ²	Russell 1000 Growth Index
Distribution frequency	Annually

Statistics

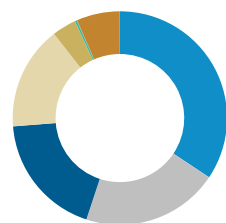
(3 Year Annualized)	CLASS I	INDEX
Alpha (%)	7.27	--
Beta (vs. benchmark)	1.07	1.00
Excess return (%)	8.49	--
Information ratio	1.03	--
R squared	0.75	1.00
Sharpe ratio	1.52	1.25
Standard deviation (%)	16.56	13.40
Tracking error (%)	8.27	--
Up-capture ratio (%)	119.25	100.00
Down-capture ratio (%)	79.54	100.00

Characteristics

	FUND	INDEX
Active share (%)	85.21	--
Number of holdings	39	546
Return on capital (%)	1.83	22.02
5 year EPS growth (%)	31.16	18.06
Sales growth (%)	32.38	15.67
Weighted median market capitalization (\$B)	29.77	108.99
D/E weighted median (%)	43.74	91.02
Turnover (%) [*]	41	--

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

Sector Allocation (% of Total Net Assets)#



	FUND	INDEX
Information Technology	34.38	33.55
Health Care	20.68	12.62
Communication Services	18.70	11.99
Consumer Discretionary	15.70	15.22
Industrials	3.64	11.52
Materials	0.31	1.86
Other	0.04	--
Cash & equivalents	6.55	--
Total	100.00	--

Top Holdings (% of Total Net Assets)

	FUND	INDEX
Amazon.com Inc	7.63	5.60
Illumina Inc	5.35	0.39
Intuitive Surgical Inc	4.95	0.43
Twilio Inc	4.74	0.09
Shopify Inc.	4.61	--
Veeva Systems Inc	4.60	0.15
Spotify Technology S.A.	4.59	--
Twitter Inc	4.22	0.18
Uber Technologies Inc	3.64	--
ServiceNow Inc	3.47	0.35
Total	47.80	--

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: 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. **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. A beta greater than 1.0 identifies an issue or fund that will move more than the market, while a beta less than 1.0 identifies an issue or fund that will move less than the market. The beta of the market is always equal to 1. **Earnings per share (EPS) growth** is the weighted average of earnings per share growth for all securities in the portfolio projected for the past five fiscal years. Earnings per share for a company is defined as total earnings divided by shares outstanding. **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. **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. **Return on capital** is a measure of a company's efficiency at allocating the capital under its control to profitable investments, calculated by dividing net income minus dividends by total capital. **Sales growth** is the percentage increase in sales over a 1-year period. **Sharpe ratio** is a risk-adjusted measure calculated as the ratio of excess return to standard deviation. The Sharpe ratio determines reward per unit of risk. The higher the Sharpe ratio, the better the historical risk-adjusted performance. **Standard deviation** measures how widely individual performance returns, within a performance series, are dispersed from the average or mean value. **Tracking error** is the amount by which the performance of the portfolio differs from that of the benchmark. **Upside/downside market capture** measures annualized performance in up/down markets relative to the market benchmark. **Weighted median Debt to Equity ratio** is the point at which half of the market value of a portfolio or index is invested in stocks with a greater Debt to Equity ratio, while the other half of the market value is invested in stocks with a lower Debt to Equity ratio. Debt/equity (D/E) is a measure of a company's financial leverage calculated by dividing its total liabilities by stockholders' equity. **Weighted median market capitalization** is the point at which half of the market value of a portfolio or index is invested in stocks with a greater market capitalization, and consequently the other half of the market value is invested in stocks with a lower market capitalization.

INDEX INFORMATION: (2) The **Russell 1000® Growth Index** measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000® Index companies with higher price-to-book ratios and higher forecasted growth values. The Russell 1000® Index is an index of approximately 1,000

of the largest U.S. companies based on a combination of market capitalization and current index membership.

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. Accordingly, you can lose money investing in this Portfolio. Please be aware that this Portfolio may be subject to certain additional risks. 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. **Illiquid securities** may be more difficult to sell and value than publicly traded securities (liquidity risk). **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).

Morningstar Analyst Ratings: A high rating should not be construed as a guarantee for relatively strong performance. The Morningstar Analyst Rating is not a credit or risk rating. It is a subjective evaluation performed by Morningstar's Manager Research Group ("MRG"). The MRG evaluates funds based on five key pillars, which are process, performance, people, parent, and price. The MRG uses this five pillar evaluation to determine how they believe funds are likely to perform relative to a benchmark over the long term on a risk-adjusted basis. They consider quantitative and qualitative factors in their research, and the weight of each pillar may vary. The Analyst Rating scale is Gold, Silver, Bronze, Neutral, and Negative. A Morningstar Analyst Rating of Gold, Silver, or Bronze reflects the MRG's conviction in a fund's prospects for outperformance. Analyst Ratings ultimately reflect the MRG's overall assessment, are overseen by an Analyst Rating Committee, and are continuously monitored and reevaluated at least every 14 months. For more detailed information about Morningstar's Analyst Rating, including its methodology, please go to global.morningstar.com/manager-disclosures/. The Morningstar Analyst Rating (i) should not be used as the sole basis in evaluating a fund, (ii) involves unknown risks and uncertainties which may cause Analyst expectations not to occur or to differ significantly from what they expected, and (iii) should not be considered an offer or solicitation to buy or sell the fund.

Morningstar: Rankings and/or ratings as of June 30, 2019. **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 opened 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.