

# Morgan Stanley Institutional Fund Global Advantage Portfolio

**3Q17**  
FACTSHEET

## Investment Approach

We seek high-quality established companies with strong brand recognition, sustainable competitive advantages, strong current 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.

## Objective

Seeks long-term capital appreciation.

## Lipper Category

Global Multi-Cap Growth

## Morningstar Category

World Large Stock

## Investment Team

	Joined Firm	Years of Investment Experience
Dennis Lynch, Managing Director	1998	22
David Cohen, Managing Director	1993	28
Sam Chainani, Managing Director	1996	20
Alexander Norton, Executive Director	2000	21
Jason Yeung, Managing Director	2002	19
Armistead Nash, Managing Director	2002	16

## Investment Performance - Class I (% net of fees)

% Average Annual Total Returns	1 Year	3 Year	5 Year	10 Year	Inception†
Fund	24.47	11.02	13.24	-	12.26
MSCI All Country World Index <sup>1</sup>	18.65	7.43	10.20	-	8.27
Lipper Category Average	18.72	8.18	11.21	-	-
Morningstar Category Average	17.50	7.21	10.39	-	-

  

% Calendar Year Returns	3Q17	YTD	2016	2015	2014	2013	2012
Fund	5.84	30.12	0.21	3.85	0.83	29.71	22.83
MSCI All Country World Index	5.18	17.25	7.86	(2.36)	4.16	22.80	16.13
Lipper Category Average	5.46	22.10	1.61	0.59	2.22	26.03	15.52
Morningstar Category Average	4.71	17.60	5.54	(1.69)	2.79	25.19	15.84

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.

† Inception returns reflect the inception date of the fund.

Performance and fund information is as of September 30, 2017, 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.

Please keep in mind that 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	MIGPX	61756E578	4.09	1.45
Class C	MSPTX	61760X489	6.12	2.20
Class I	MIGIX	61756E594	3.82	1.10

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.

Effective May 1, 2017, the World Stock U.S. Morningstar category split into the World Large Stock and World Small/Mid Stock categories.

## Morningstar Overall Rating

### Class I shares



Out of 703 Funds. Based on Risk Adjusted Return.

Class I Shares Fund ratings out of 5 Stars: 3 Yrs. 5 Stars; 5 Yrs. 5 Stars.

### Morningstar Rankings - Class I World Large Stock Category

	Percentile	Rank/ Total in Category
1 Year	8	64/842
3 Year	7	36/703
5 Year	10	42/583

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

### Fund Facts

Inception date	December 28, 2010
Team inception date	December 28, 2010
Total net assets (\$MM)	\$ 10.6
Benchmark	MSCI All Country World Index
Distribution frequency	At least annually

### Portfolio Characteristics

	Fund	Index
Number of holdings	42	2491
Return on capital (%)	9.84	9.38
5 year EPS growth (%)	14.63	4.51
Sales growth (%)	16.75	3.48
Weighted median market capitalization (\$B)	57.82	46.19
D/E weighted median (%)	59.01	74.64
Turnover (%)*	90	-

### Risk/Return Statistics (3 Year)

	Fund	Index
Active share (%)	93.07	-
Alpha (%)	3.59	-
Beta (vs. benchmark)	1.02	1.00
Information ratio	0.60	-
R squared	0.76	1.00
Sharpe ratio	0.87	0.68
Standard deviation (%)	12.39	10.57
Tracking error (%)	6.02	-

### Top Countries (% of Total Net Assets)

	Fund	Index
United States	57.59	52.06
United Kingdom	12.49	5.91
France	9.09	3.57
China	7.73	3.42
Germany	3.98	3.24
Italy	2.98	0.82
Switzerland	1.43	2.74
Spain	0.97	1.15

**Sector Allocation (% of Total Net Assets)**

	Fund	Index
Consumer Discretionary	36.81	11.90
Information Technology	24.44	17.55
Industrials	14.97	10.82
Financials	8.49	18.73
Materials	4.43	5.34
Consumer Staples	4.22	8.78
Cash	3.47	–
Health Care	2.85	11.17

**Top Holdings (% of Total Net Assets)**

	Fund	Index
Christian Dior S.A.	7.75	–
Amazon.com Inc	5.56	0.90
Whitbread Plc	4.86	0.02
Tencent Holdings Ltd	4.44	0.56
Facebook Inc	3.59	0.93
United Technologies Corp	3.56	0.20
Berkshire Hathaway	3.55	0.53
S&P Global Inc	3.47	0.09
BBA Aviation	3.42	–
Starbucks Corp	3.38	0.18
<b>Total</b>	<b>43.58</b>	<b>–</b>

**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 presented.

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

**PORTFOLIO CHARACTERISTICS DEFINITIONS**

**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. **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. **Weighted median market capitalization** is the point at which half of the market value of a portfolio is invested in stocks with a greater market cap, and consequently the other half is invested in stocks with a lower market cap. **Debt/equity (D/E)** is a measure of a company's financial leverage calculated by dividing its total liabilities by stockholders' equity. **Sales growth** is the increase in sales over a specific period of time, often but not necessarily annually.

**RISK/RETURN 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. **Alpha** is the excess return or value added (positive or negative) of the portfolio's return relative to the return of the 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. **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. **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.

**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. **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:** Rankings and ratings as of September 30, 2017. **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 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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**OTHER CONSIDERATIONS**

<sup>1</sup> The MSCI All Country World Index (ACWI) 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 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.

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

**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.**

Morgan Stanley Investment Management (MSIM) is the asset management division of Morgan Stanley.