Morgan Stanley

INVESTMENT MANAGEMENT

★★★

Morningstar Overall Rating

CLASS I SHARES – SYMBOL: MPBAX

Out of 377 Funds; Based on Risk Adjusted Returns

Morningstar Category: Global Allocation

Data as of August 31, 2023

MORGAN STANLEY INSTITUTIONAL FUND TRUST (MSIFT)

Global Strategist Portfolio

SOLUTIONS & MULTI ASSET | GLOBAL MULTI-ASSET TEAM | BI–WEEKLY FUND ANALYSIS | SEPTEMBER 30, 2023

Commentary as of September 30, 2023

- On the heels of a narrow trading range in the first half of September, global stock markets fell in the second half of the month (MSCI ACWI -3.5%) as investors faced the increasing possibility that central banks are likely to keep interest rates higher for longer. Bond markets also posted losses (JPM GBI -1.4% in USD) as long-term government bond yields spiked higher around the world, with the U.S. 10-year yield rising 24 bps, while German and UK 10-year yields rose 16 and 8 bps, respectively. Ending the period at 4.57%, the U.S. 10-year yield now stands at its highest level since 2007. Higher rates hurt stock prices as well despite positive signals from the August PCE price index and improving sentiment data from the UMich consumer survey. Disappointing PMI data continued to weigh on equities as the latest DM flash PMI did not indicate a recovery in the sluggish manufacturing sector. Meanwhile, the U.S. Congress passed a last-minute bill to extend government funding through mid-November to avoid a government shutdown.
- Inflation cooled in the U.S. as the PCE price index, the Fed's preferred inflation measure, rose 0.4% in August, while core prices saw their weakest monthly increase of 0.1% since 2020. Both headline and core prices came in 0.1% below expectations. Over the past three months through August, core prices have risen at an annualized rate of 2.2%, very close to the Fed's 2% target. At its September meeting, the FOMC acknowledged that inflation has been progressing toward target levels and announced its decision to hold rates steady at 5.5%. However, Fed officials maintained a hawkish tone by continuing to project expectations of one more rate hike this year. The FOMC also increased its rate expectations for year-end 2024 and 2025 by 50 bps each, driving the narrative of higher rates for longer. In the eurozone, headline inflation rose 0.3% in September, 0.2% below expectations, providing some room for the ECB to keep rates on hold in 2023.
- All equity sectors fell during the period, weighed down by the prospect of higher rates. The consumer discretionary sector fell the most (MSCI ACWI Consumer Discretionary -5.9%) due to its large exposure to long-duration tech stocks. The energy sector outperformed all sectors, supported by higher oil prices (MSCI ACWI Energy Sector -1.2% in USD). Within factors, Growth underperformed Value as higher rates compressed valuations of richly valued Growth stocks (MSCI ACWI Growth and Value -3.9% and -3.1%, respectively, in USD).
- Commodities fell -1.2% (S&P GSCI), led by a decline of -4.2% in agriculture prices (S&P GSCI Agriculture) and -3.9% in precious metals (S&P GSCI Precious Metals). Gold and silver fell -3.9% and -3.7%, respectively. Oil prices provided the only relief for the broader commodity index as Brent oil rose +1.2% to $95.3/bbl, its highest level since late 2022.
- In the last two weeks of the month, MSIFT Global Strategist Portfolio fund outperformed its multi-asset index by +2bps. Contributors to performance included overweights in value stocks vs. anti-value stocks in the U.S., Europe, Japan, and Korea. Underweights in global luxury stocks vs. global equities and in U.S. cyclical ex-Tech stocks vs. defensive stocks also contributed, as did overweights in U.S. exploration and producer stocks vs. U.S. equities and in EMU bank stocks vs. EMU equities. Detractors from performance included overweights in Australia 10-Year bonds vs. Japan 10-Year bonds and in Brazil and Mexico bonds vs. U.S. 5-Year treasuries. A directional overweight in U.S. 10-Year TIPS also detracted.
- During the second half of September, in line with our stop-loss policy, we also closed an overweight position in Mexico 5-Year bonds vs. U.S. 5-Year treasuries and a directional overweight in U.S. 10-Year TIPS.

Morningstar Rankings[1] - Class I as of August 31, 2023

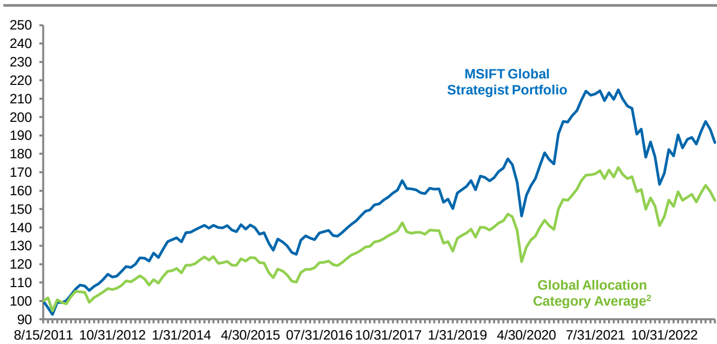
	Percentile	Rank/Total In Category
1 Yr	30	126/393
3 Yr	68	258/377
5 Yr	40	167/349
10 Yr	45	124/255

Source: Morningstar, Inc. Rankings are based on total returns, are historical and do not guarantee future results. For additional Morningstar information, refer to the disclosures on the next page.

Investment Performance (% Net of Fees: Annualized Total Returns) As of September 30, 2023

	MTD	QTD	YTD	Since Team Change[2]	Since Inception
MSIFT - Global Strategist Portfolio - I (Net)	**-3.6**	**-3.3**	**3.9**	**5.7**	**6.5**
Morningstar Global Allocation (Average)[1]	-3.0	-2.6	2.3	3.6	6.2
Global Multi-Asset Index[3]	-3.7	-3.5	5.1	5.7	6.8

MSIFT Global Strategist Portfolio I Shares (Net) vs. Morningstar Category (Average)[2] as of September 30, 2023



Asset Allocation[4] (%) as of September 30, 2023

	Net Portfolio (%)	Benchmark (%)	Active Weight (%)
GLOBAL EQUITY	**59.5**	**60.0**	**-0.5**
Developed Markets	**52.8**	**53.6**	**-0.8**
U.S. & Canada	40.1	39.2	0.9
Europe	7.7	9.4	-1.7
Japan	3.9	3.3	0.6
Asia ex-Japan	1.1	1.7	-0.6
Emerging Markets	**6.7**	**6.4**	**0.3**
GLOBAL FIXED INCOME[5]	**42.9**	**40.0**	**2.9**
Developed Markets	**25.4**	**34.3**	**-8.9**
U.S. & Canada	20.8	16.4	4.4
Europe	7.1	10.8	-3.7
Japan	-6.5	6.3	-12.8
Asia ex-Japan	4.0	0.8	3.2
Emerging Markets	**17.5**	**5.7**	**11.8**
COMMODITIES	**1.2**	**0.0**	**1.2**
Crude Oil	1.2	0.0	1.2
CASH	**-3.6**	**0.0**	**-3.6**

Past performance is not indicative of future results. Growth of Investment illustration is based on an initial investment of $100, assumes reinvestment of dividends and capital gains and application of fees. Results are hypothetical. Tables may not sum to 100%. Information shown is subject to change daily, is provided for informational purposes only and should not be deemed as a recommendation to buy or sell any security. Asset allocation does not eliminate the risk of loss. The views, opinions, forecasts and estimates expressed are those of the Global Multi-Asset Team and are subject to change based on economic or market conditions, and may not necessarily come to pass. These comments are not representative of the opinions and views of the firm as a whole.

Contribution to Gross Excess Return (%) as of September, 2023

	MTD	QTD	YTD	Since Team Change[2]
Equity	0.4	0.6	-0.1	-0.1
Fixed Income	-0.4	-0.3	0.1	0.4
Commodities	0.1	0.2	0.1	0.3
Cash / Currency	-0.1	0.0	-0.3	0.2

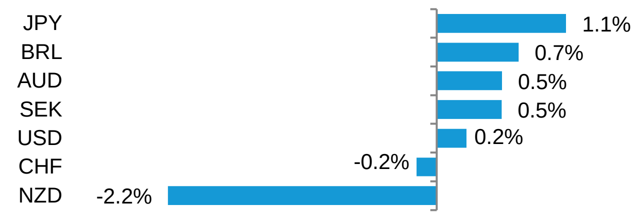
Top Thematic Equity Positions (%) as of September 30, 2023

	Gross OW [6]	Gross UW [6]	Net [7]
OW U.S. Value Stocks / UW U.S. Anti-Value Stocks	7.0	-7.0	0.0
OW IMI Eurozone Value Stocks / UW IMI Eurozone Anti-Value Stocks	4.1	-4.1	0.0
UW U.S. Cyclical ex-Tech+ Stocks / OW Defensive Stocks	3.5	-3.5	0.0
UW Luxury Stocks / OW Global Equities	2.6	-2.6	0.0
OW Japan & Korea Value Stocks / UW Anti-Value Stocks	2.0	-2.0	0.0
OW World Tobacco Stocks / UW Staples	1.1	-1.1	0.0
OW Eurozone Bank Stocks / UW Eurozone Equities	1.0	-1.0	0.0
OW U.S. Exploration & Producer Stocks / UW U.S. Equities	0.7	-0.7	0.0
UW Macau Gaming Stocks / OW Global Equities	0.6	-0.6	0.0
TOTAL EXPOSURE	**22.6**	**-22.6**	**0.0**

Top Fixed Income Positions[2] (%) as of September 30, 2023

	Rating [8]	Gross OW [6]	Gross UW [6]	Net [7]
UW Japan 10-Year Bonds / OW U.S. 10-Year Treasuries	NR / NR	8.5	-8.5	0.0
OW China 10-Year Bonds	NR	4.5	0.0	4.5
OW China 5-Year Swap	NR	4.1	0.0	4.1
OW Greece 10-Year Bonds / UW Italy 10-Year Bonds	B+ / NR	2.6	-2.6	0.0
OW Australia 10-Year Bonds / UW Japan 10-Year Bonds	AAA/A+	2.4	-2.4	0.0
OW Brazil 4-Year Bonds / UW U.S. 5-Year Treasuries	NR / NR	2.1	-2.1	0.0
UW U.S. Stocks / OW U.S. 30-Year Treasuries	NR/NR	0.8	-0.8	0.0
TOTAL EXPOSURE		**25.0**	**-16.4**	**8.6**

Top Currency Active Weights[7],[9] as of September 30, 2023



Performance (%) as of September 30, 2023 (Class I Shares at NAV)*

	MTD	QTD	YTD	1 YEAR	5 YEAR	10 YEAR	SINCE INCEPTION 12/31/1992
MSIFT Global Strategist Portfolio	-3.64	-3.28	3.93	13.72	2.93	3.81	6.54
MSCI All Country World Index[10]	-4.21	-3.40	9.39	20.16	6.09	7.39	NA
Global Multi-Asset Index[3]	-3.65	-3.46	5.05	13.18	3.44	4.21	6.83

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.

The gross expense ratio is 0.84%. The net expense ratio is 0.74% for the Class I shares. The net expense ratio is lower than the gross expense ratio because 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 $1,000,000.

Table / Chart Footnotes:

*Returns are net of fees and assume the reinvestment of all dividends and income. They are compared to an unmanaged market index. Returns for less than one year are cumulative (not annualized). The returns are reported for Class I shares. Performance for other share classes will vary.

1. Category Average : Morningstar Global Allocation. Fund Ratings out of 5 Stars: 3 Yrs. 3 Stars (377 funds rated); 5 Yrs. 3 Stars (349 funds rated); 10 Yrs.3 Stars (255 funds rated). Ratings as of August 31, 2023. 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. 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. Ratings do not take into account sales loads. **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. Please visit morganstanley.com/im for the latest month-end Morningstar information.

2. Since Investment team change on August 15, 2011, when current portfolio management team took over management of this strategy.
3. Global Multi-Asset 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 U.S. Dollar 1-Month LIBID Average Index prior to 5/31/2017 and the new Blended Index which consists of 60% MSCI All-Country World Index and 40% Bloomberg Global Aggregate Bond Index for periods thereafter. The composition of the Customized MSIM Global Allocation Index (Blended Index), the secondary benchmark index of the Global Strategist Portfolio, has been changed effective May 31, 2017. The investment team manages the Portfolio relative to this Blended Index. It is not possible to invest directly in an index.
4. Holdings and weightings are subject to change daily. Portfolio compositions may change depending on market conditions and objectives. Provided for informational purposes only and should not be deemed as a recommendation to buy or sell securities in the regions or asset classes referenced.
5. Fixed income net and gross exposure is duration adjusted into benchmark duration equivalent exposures; the duration of the portfolio benchmark as of 09/30/2023 is approximately 6.4 years. Cash has been adjusted to reflect the impact of duration-adjusting the fixed income positions.
6. Gross exposure % calculated as [(MV of overweight cash security and derivative positions)+(absolute value of MV in underweight derivative positions)]/(portfolio MV). Fixed income gross exposure has been duration adjusted (10-Year U.S. Treasury equivalents).

7. Net exposure % calculated as [(MV of overweigh cash security and derivative positions)-(absolute value of MV in an underweight derivative positions)]/(portfolio MV). Fixed income net exposure has been duration adjusted (10-Year U.S. Treasury equivalents).
8. Ratings for cash bonds have been obtained from Standard & Poor's Ratings Group. S&P's credit ratings express its opinion about the ability and willingness of an issuer to meet its financial obligations in full and on time. 'AAA' is the highest rating. Any rating below 'BBB-' rating is considered non-investment grade. Ratings are relative and subjective and are not absolute standards of quality. Ratings apply only to the underlying holdings of the portfolio and does not remove market risk. "NR" or "Not Rated" indicates that no rating has been requested, that there is insufficient information on which to base a rating, or that S&P does not rate a particular obligation as a matter of policy. Futures, swaps, and credit default swaps (CDS/CDX) are not rated (NR).
9. Currency exposure is relative to the Portfolio's base currency (USD).
10. The MSCI All Country World Index is a free float-adjusted market capitalization weighted index designed to measure developed and emerging equity market performance. 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.

Commentary Footnotes:

All performance figures are for the two-week period ending Sep 30, 2023. Source: Bloomberg; the indices are unmanaged and do not include any expenses, fees or sales charges. It is not possible to invest directly in an index. **Basis Point** One basis point = 0.01%

The **Bloomberg Global Aggregate Index (LEGATRUU)** is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

The **EURO STOXX 50 Index (SX5E)**, Europe's leading blue-chip index for the Eurozone, provides a blue-chip representation of super sector leaders in the region. The index covers 50 stocks from 11 Eurozone countries.

The **JPMorgan Emerging Market Currency Index (EMCI)** is a tradable benchmark for emerging market currencies vs. the U.S. dollar. The index is comprised of 10 currencies: BRL, CLP, CNH, HUF, INR, MXN, RUB, SGD, TRY and ZAR.

The **MSCI All Country World Index (MSCI ACWI)** is a free-float, market-capitalization weighted index designed to measure the equity market performance of emerging and developed world 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 **MSCI Emerging Markets (MXEF)** is a free-float weighted equity index that captures large and mid-cap representation across emerging market countries.

The **S&P GSCI Light Energy Index (SPGSLE)**, a sub-index of the S&P GSCI. It contains the same Designated Contracts as the S&P GSCI, but its Contract Production Weights (CPWs) in the energy sector are divided by four, increasing the relative weights of non-energy S&P GSCI constituents and thereby providing a diversified benchmark of broad commodity market performance. Therefore, the index offers a commodity exposure that is more evenly weighted across the five major commodity sectors: energy, industrial metals, precious metals, agriculture, and livestock.

The **S&P GSCI Industrial Metals Index (SPGSIN)** provides investors with a publicly available benchmark for investment performance in the industrial metals market.

The **S&P GSCI Precious Metals Index (SPGSPMTR**) provides investors with a publicly available benchmark for investment performance in the precious metals market.

The **S&P 500 Index (SPX)** is widely regarded as the best single gauge of large-cap U.S. equities. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

The **U.S. Dollar Index (DXY)** is an index of the value of the U.S. dollar relative to a basket of foreign currencies. The Index goes up when the U.S. dollar gains "strength" (value) when compared to other currencies.

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. Stocks **of small-and medium-capitalization companies** entail special risks, such as limited product lines, markets and financial resources, and greater market volatility than securities of larger, more established companies. **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. **Longer-term securities** may be more sensitive to interest rate changes. In a declining interest-rate environment, the portfolio may generate less income. **Mortgage- and asset-backed securities (MBS and ABS)** are sensitive t 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 the United States. It is possible that these issuers will not have the funds to meet their payment obligations in the future. **Sovereign debt securities**. The issuer or governmental authority that controls the repayment of **sovereign debt** may not be willing or able to repay the principal and/ or pay interest when due in accordance with the terms of such obligations. 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**. 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. **Restricted and illiquid securities** may be more difficult to sell and value than publicly traded securities (liquidity risk). **Derivative instruments** can be illiquid, may disproportionately increase losses and may have a potentially large negative impact on the Portfolio's performance. Trading in, and investment exposure to, the **commodities** markets may involve substantial risks and subject the Portfolio to greater volatility. **Non--diversified portfolios** often invest in a more limited number of issuers. As such, changes in the financial condition or market value of a single issuer may cause greater volatility. 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.

LIBOR Discontinuance or Unavailability Risk. The regulatory authority that oversees financial services firms and financial markets in the U.K. has announced that, after the end of 2021, it would no longer persuade or compel contributing banks to make rate submissions for purposes of determining the LIBOR rate. As a result, it is possible that commencing in 2022 , LIBOR may no longer be available or no longer deemed an appropriate reference rate upon which to determine the interest rate on or impacting certain derivatives and other instruments or investments comprising some of the Fund's portfolio.

Portfolio Turnover. Consistent with its investment policies, the Fund will purchase and sell securities without regard to the effect on portfolio turnover. Higher portfolio turnover will cause the Fund to incur additional transaction costs.

Please consider the investment objective, risks, charges and expenses of the portfolio carefully before investing. The prospectus contains this and other information about the portfolio. To obtain a prospectus, download one at morganstanley.com/im or call 1-800-548-7786. Please read the prospectus carefully before you invest or send money.

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