

# Morgan Stanley

## INFORMATION STATEMENT

**MORGAN STANLEY PATHWAY FUNDS**  
**2000 Westchester Avenue**  
**Purchase, New York 10577**

### **CORE FIXED INCOME FUND**

Dear Shareholder:

At the December 16, 2024 meeting (the “December Meeting”) of the Board of Trustees (the “Board”) of Morgan Stanley Pathway Funds (the “Trust,” and each series thereof, a “Fund,” and collectively, the “Funds”), the Board (i) approved a new investment advisory agreement (the “Advisory Agreement”) with J.P. Morgan Investment Management Inc. (“JPMIM” or “New Sub-Adviser”) as an additional sub-adviser to the Core Fixed Income Fund and (ii) terminated Western Asset Management Company as a sub-adviser to the Core Fixed Income Fund. As was previously communicated to you in a supplement dated February 7, 2025, to the Trust’s Prospectus, JPMIM began managing its respective allocated portion of the Core Fixed Income Fund’s investment portfolio on March 28, 2025.

The Trust received an exemption from the U.S. Securities and Exchange Commission (the “SEC”) issued on August 23, 1995, permitting the Consulting Group, a division of Consulting Group Advisory Services LLC (the “Manager”), the investment manager of the Funds (or a person controlling, controlled by or under common control with the Manager), to enter into or change investment advisory agreements with sub-advisers with Board approval, but without obtaining formal shareholder approval. Accordingly, the Advisory Agreement does not require a shareholder vote.

However, the SEC exemption requires that, among other things, the Trust provide an informational letter to you as a Core Fixed Income Fund shareholder whenever a new sub-adviser is selected or an investment advisory agreement is materially changed for the Core Fixed Income Fund. Set forth below is a description of JPMIM and the Advisory Agreement approved by the Board.

**We are not asking you for a proxy and you are not requested to send us a proxy.**

## CORE FIXED INCOME FUND

### Introduction

At the December Meeting, the Manager recommended and the Board, including all of the Trustees who are not “interested persons” (as defined in the Investment Company Act of 1940, as amended (“1940 Act”)) of the Trust or any party to the Trust’s investment advisory agreements (“Independent Trustees”), approved the Advisory Agreement between the Manager, with respect to the Core Fixed Income Fund, and JPMIM, pursuant to which JPMIM would provide day-to-day management of the portion of the Core Fixed Income Fund’s portfolio allocated to it by the Manager. JPMIM began managing its allocated portion of the assets of the Core Fixed Income Fund effective March 28, 2025. The Core Fixed Income Fund’s assets currently are allocated among three sub-advisers, including JPMIM.

### Manager’s Recommendation and the Board’s Consideration

At the December Meeting, the Manager recommended the New Sub-adviser based on, among other factors, the Manager’s evaluation of the New Sub-adviser’s performance during various time periods and market cycles, the New Sub-adviser’s reputation, experience, investment philosophy and policies, and the Manager’s analysis that the New Sub-adviser’s investment strategies are complementary to the investment strategies of the Core Fixed Income Fund’s other sub-advisers.

- **JPMIM** – JPMIM’s investment philosophy is that bond portfolios managed by a globally integrated fixed income team, within a disciplined risk-controlled framework, will help produce strong risk-adjusted returns. JPMIM believes inefficiencies in the fixed income market are pervasive and will continue and that it can identify inefficiencies through a combination of active investment management and disciplined risk control. JPMIM aims to deliver a ballast to portfolios while providing a disciplined yield advantage relative to the benchmark in order to deliver strong risk adjusted returns. JPMIM targets diversified sources of portfolio returns and does not rely on any single strategy or market directionality. JPMIM’s investment process includes utilizing bottom-up research with top-down macro positioning to select high quality investment grade securities across multiple sectors of the U.S. fixed income market. JPMIM draws on diversified sources of alpha and seeks to deliver positive excess returns over a full market cycle, drawing returns from sector allocation, security selection, and duration and yield curve positioning. The percentage of the Fund’s assets allocated to JPMIM is targeted at 30%.

At the December Meeting, the Board, including all of the Independent Trustees, considered and approved the Advisory Agreement with the New Sub-adviser. In determining whether to approve the Advisory Agreement, the Board considered the due diligence materials prepared by the Manager and other information, which included copies of the Advisory Agreement which set forth the sub-investment advisory fees to be paid to the New Sub-adviser by the Manager, and information regarding: (i) the process by which the Manager selected and recommended the New Sub-adviser for Board approval; (ii) the nature, extent and quality of the services expected to be provided by the New Sub-adviser to the Core Fixed Income Fund; and (iii) the New Sub-adviser’s (A) investment management business, personnel, and operations, (B) trading policies and practices, (C) compliance programs, (D) historical performance returns managing investment mandates similar to the Core Fixed Income Fund’s investment mandate, with such performance compared to a relevant index, and (E) financial condition. The Independent Trustees considered the Manager’s favorable assessment of the nature and quality of the sub-advisory services expected to be provided to the Core Fixed Income Fund by the New Sub-adviser. The Independent Trustees also discussed the acceptability of the terms of the Advisory Agreement, noting the substantial similarity to the terms of the investment advisory agreements with the Trust’s other sub-advisers. The Independent Trustees also considered whether there were any ancillary benefits that may accrue to the New Sub-adviser as a result of its relationship with the Core Fixed Income Fund. The materials and information were provided in advance of and at the December Meeting. Representatives from the New Sub-adviser also made a presentation to and responded to questions from the Board. The Independent Trustees were assisted in their review by Fund counsel and independent legal counsel and met with independent legal counsel in executive sessions separate from representatives of the Manager and the New Sub-adviser.

As to the New Sub-adviser, the Independent Trustees concluded that the nature, extent and quality of the sub-investment advisory services expected to be provided by the New Sub-adviser were adequate and appropriate in light of (i) the New Sub-adviser’s expertise and the qualifications of its investment personnel in providing portfolio management services to other investment portfolios with an investment mandate similar to that of the Core Fixed Income Fund and the performance history of those portfolios, (ii) the New Sub-adviser’s portfolio management and research resources to be applied in managing the portion of the Core Fixed Income Fund’s assets allocated to it, (iii) how the New Sub-adviser’s investment strategy would complement that of the Core Fixed Income Fund’s existing sub-advisers, (iv) the New Sub-adviser’s compliance programs, and (v) the Manager’s recommendation to engage the New Sub-adviser, and supported a decision to approve the Advisory Agreement with the New Sub-adviser.

Because the New Sub-adviser was a newly-appointed sub-adviser for the Core Fixed Income Fund, the Independent Trustees could not consider its investment performance in managing a portion of the Core Fixed Income Fund's portfolio as a factor in evaluating the Advisory Agreement during the December Meeting. The Independent Trustees discussed with representatives of the Manager the investment strategy to be employed by the New Sub-adviser in the management of its allocated portion of the Core Fixed Income Fund's assets. The Independent Trustees noted the historical performance returns of the New Sub-adviser in managing investment mandates similar to the Core Fixed Income Fund's investment mandate, with such performance compared to a relevant index, and the Manager's experience and reputation in selecting, evaluating, and overseeing investment sub-advisers. Based on its consideration and review of the foregoing information, the Board concluded that these factors supported a decision to approve the Advisory Agreement with the New Sub-adviser.

The Independent Trustees reviewed and considered the sub-advisory fee payable under the Advisory Agreement. The Independent Trustees noted that the proposed fee payable to the New Sub-adviser would be paid by the Manager, and not the Core Fixed Income Fund, and, thus, would not impact the fees paid by the Core Fixed Income Fund. The Independent Trustees concluded that the proposed sub-advisory fee payable to the New Sub-adviser by the Manager with respect to the Core Fixed Income Fund's assets to be allocated to the New Sub-adviser was reasonable and appropriate.

The Independent Trustees recognized that, because the New Sub-adviser's fee would be paid by the Manager, and not the Core Fixed Income Fund, an analysis of profitability was more appropriate in the context of the Board's consideration of the management agreement between the Trust and the Manager. The Board considered the effect on the profitability of the Manager with respect to the New Sub-adviser as an additional sub-adviser for the Core Fixed Income Fund and determined that the Manager's profitability was not excessive in light of the nature, extent and quality of the services to be provided to the Core Fixed Income Fund by the Manager and the New Sub-adviser. Similarly, the Independent Trustees recognized that, because the New Sub-adviser's fee would be paid by the Manager, and not the Core Fixed Income Fund, an analysis of economies of scale in connection with the engagement of the New Sub-adviser was more appropriate in the context of the Board's consideration of the management agreement between the Trust and the Manager. Accordingly, consideration of economies of scale was not relevant to the Independent Trustees' determination to approve the Advisory Agreement with the New Sub-adviser. The Independent Trustees also concluded that any benefits that were expected to accrue to the New Sub-adviser by virtue of their relationship with the Core Fixed Income Fund were reasonable.

After full consideration of the factors discussed above, with no single factor identified as being of paramount importance, the Board, including the Independent Trustees, with the assistance of Fund counsel and independent legal counsel, concluded that the approval of the Advisory Agreement with the New Sub-adviser was in the best interests of the Core Fixed Income Fund, and approved the Advisory Agreement with the New Sub-adviser.

The Manager entered into the Advisory Agreement with JPMIM, pursuant to which JPMIM began managing the assets of the Core Fixed Income Fund allocated to it by the Manager on March 28, 2025. The Manager determined that the target percentages of the Core Fixed Income Fund's assets to be allocated to the New Sub-adviser and the Fund's other sub-advisers would be approximately as follows: 30% to JPMIM; 40% to Allspring Global Investments; and 30% to BlackRock Financial Management, Inc., such allocations having been previously approved by the Board.

## **The Advisory Agreement**

The terms of the Advisory Agreement are similar in all material respects to the agreements between the Manager and the Trust's other sub-advisers. The Advisory Agreement provides that, subject to the supervision of the Board and the Manager, the New Sub-adviser shall manage the investments of the portion of the Core Fixed Income Fund's assets allocated to it in accordance with the Fund's investment objective, policies and restrictions, and in compliance with the requirements applicable to registered investment companies and such other limitations as the Manager may institute. The Advisory Agreement provides that the New Sub-adviser will exercise its best judgment in rendering services to the Core Fixed Income Fund and, except as may otherwise be required by the 1940 Act or the rules thereunder or other applicable law, will not be liable for any error of judgment or mistake of law or for any loss suffered by the Core Fixed Income Fund or the Manager in connection with the matters to which the Advisory Agreement relates, except a loss resulting from the New Sub-adviser's willful misfeasance, bad faith or gross negligence in the performance of its duties or from reckless disregard by the New Sub-adviser of its obligations and duties under the Advisory Agreement. The Advisory Agreement sets forth information about the terms of the Advisory Agreement and the fees to be paid to the New Sub-adviser by the Manager thereunder.

The Core Fixed Income Fund has agreed to pay the Manager a management fee at the annual rate of 0.40% of the value of the Core Fixed Income Fund's average daily net assets, from which the Manager will pay the Core Fixed Income Fund's sub-advisers. Effective January 1, 2025, the Manager has contractually agreed to waive fees and reimburse expenses for a period of one year in

order to keep the Core Fixed Income Fund's management fee from exceeding the total amount of sub-advisory fees paid by the Manager to the Core Fixed Income Fund's sub-advisers plus 0.20% based on average net assets. This contractual waiver and reimbursement will only apply if the Core Fixed Income Fund's total management fees exceed the total amount of sub-advisory fees paid by the Manager plus 0.20%, and will not affect the Fund's total management fees if they are less than such amount. This fee waiver and reimbursement agreement will remain in effect until January 1, 2026.

### **Additional Information about JPMIM**

JPMIM's offices are located at 383 Madison Avenue, New York, New York 10179. JPMIM is registered with the SEC as an investment adviser.

Listed below are the names and principal occupations of the senior personnel of JPMIM responsible for the day-to-day management of the portion of the Core Fixed Income Fund's assets allocated to JPMIM. The principal business address of each person, as it relates to their duties at JPMIM, is the same as that of JPMIM.

Name	Position with JPMIM	Years with JPMIM
Kay Herr, CFA	Managing Director, GFICC U.S. Chief Investment Officer, Portfolio Manager	30
Andrew Norelli	Managing Director, Portfolio Manager	23
Priya Misra	Managing Director, Portfolio Manager	23
Richard Figuly	Managing Director, Portfolio Manager	31
Lisa Coleman, CFA	Managing Director, Portfolio Manager	44
Thomas Hauser, CFA	Managing Director, Portfolio Manager	31

### **Comparable Funds**

JPMIM currently manages other accounts or funds having similar investment objectives and strategies to the Core Fixed Income Fund.

### **Payments of Commissions to Affiliated Brokers**

During the fiscal year ended August 31, 2024, the Core Fixed Income Fund paid aggregate brokerage commissions of \$0 to Morgan Stanley & Co.

### **Purchases of Securities by Trustees**

None of the Trustees of the Trust owns any securities issued by JPMIM.

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### **FUND-LEVEL OWNERSHIP/SHARES OUTSTANDING**

Fund	Total Net Assets as of August 31, 2024	Shares Outstanding as August 31, 2024
Core Fixed Income Fund	\$1,865,221,539	269,719,471

To the knowledge of the Manager, as of August 31, 2024, the Board members and officers of the Trust, as a group, owned of record less than 1% of the outstanding shares of the Core Fixed Income Fund.

### **Beneficial Share Ownership**

As of August 31, 2024, there were no shareholders who owned beneficially 5% or more of the shares of the Core Fixed Income Fund.

## **OTHER INFORMATION**

### **Manager**

Consulting Group Advisory Services LLC, a business of Morgan Stanley Smith Barney Holdings LLC, serves as the investment adviser for the Core Fixed Income Fund and is located at 2000 Westchester Avenue, Purchase, NY 10577. The Manager selects and oversees professional money managers (the sub-advisers) who are responsible for investing the assets of the Core Fixed Income Fund.

### **Distributor**

The Trust's distributor, Morgan Stanley Smith Barney LLC, is located at 2000 Westchester Avenue, Purchase, NY 10577.

### **Administrator**

Brown Brothers Harriman & Co. serves as the administrator to the Trust and is located at 50 Post Office Square, Boston, MA 02110.

### **Householding**

Only one copy of this informational letter is mailed to households, even if more than one person in a household is a Fund shareholder of record, unless the Fund has received instructions to the contrary. If you need additional copies of this informational letter, or if you do not want the mailing of an informational letter to be combined with those for other members of your household in the future, or if you are receiving multiple copies and would rather receive just one copy for the household, please contact the Trust by calling 1-888-454-3965 or by writing to the Trust at 2000 Westchester Avenue, Purchase, NY 10577.

### **Annual/Semi-Annual Reports**

Shareholders can obtain a copy of the Trust's most recent Annual Report and any Semi-Annual Report following the Annual Report, without charge, by calling 1-888-454-3965 or by writing to the Trust at 2000 Westchester Avenue, Purchase, NY 10577.

ON BEHALF OF THE BOARD OF TRUSTEES OF  
MORGAN STANLEY PATHWAY FUNDS

/s/ Eric Metallo

Eric Metallo

*Secretary*

April 14, 2025