

Quarterly Global Opportunity Spotlight

GLOBAL OPPORTUNITY TEAM | SPOTLIGHT | MARCH 31, 2022

TEAM OVERVIEW: Kristian Heugh is the lead investor of the Morgan Stanley Institutional Funds (MSIF) Opportunity portfolios. With a long-term ownership mindset that emphasizes perspective and insight, supported by fundamental bottom-up analysis, the portfolios invest in high quality companies that the investment team believes are undervalued at the time of purchase.

| PRODUCT | MSIF ASIA OPPORTUNITY PORTFOLIO | | MSIF DEVELOPING OPPORTUNITY PORTFOLIO | | MS EUROPE OPPORTUNITY | |
|--|--|--------------|---------------------------------------|--------------|---|--------------|
| Share Class: Ticker | I: MSAQX A: MSAUX C: MSAWX R6: MSAYX | | I: MDOEX | | I: EUGDX | |
| Inception Dates: Fund Strategy | December 29, 2015 December 31, 2015 | | February 14, 2020 December 31, 2017 | | July 28, 1997 April 30, 2020 ⁴ | |
| Index | MSCI All Country Asia ex-Japan Net Index | | MSCI Emerging Markets Net Index | | MSCI Europe Index | |
| Investment Universe | Asia ex-Japan | | Emerging Markets | | Europe | |
| Turnover Range¹ | Typically 20-50% annually | | Typically 20-50% annually | | Typically 20-50% annually | |
| Regional Focus² | Asia ex Japan | | Emerging Markets | | Europe | |
| Total Assets: Fund Strategy | \$339.82 Mn \$5.8 Bn | | \$163.87 Mn \$1.0 Bn | | \$239.23 Mn €1.6 Bn | |
| Expense Ratio³ | Gross 1.08% Net 1.08% | | Gross 1.42% Net 1.15% | | Gross 1.16% Net 1.05% | |
| Advisory Fee | 0.80% | | 0.90% | | 0.87% | |
| Morningstar Category | Pacific/Asia ex-Japan Stk | | Diversified Emerging Mkts | | Europe Stock | |
| Morningstar Overall Rating™ (# of funds)* | ★★★★ (Out of 52 Funds) | | N/A | | ★★★★★ (Out of 91 Funds) | |
| Investment Performance (% net of fees) | Class I Shares | Index | Class I Shares | Index | Class I Shares | Index |
| 3 Months | -18.81 | -7.99 | -18.91 | -6.97 | -26.18 | -7.37 |
| YTD | -18.81 | -7.99 | -18.91 | -6.97 | -26.18 | -7.37 |
| 1 YR | -36.25 | -14.64 | -32.82 | -11.37 | -14.95 | 3.51 |
| 3 YR | 4.44 | 5.14 | -- | -- | 14.77 | 8.23 |
| 5 YR | 12.88 | 6.75 | -- | -- | 10.92 | 6.92 |
| 10 YR | -- | -- | -- | -- | 7.52 | 6.27 |
| INCEPTION** | 13.04 | 8.38 | -2.09 | 3.70 | 5.83 | 5.28 |
| Statistics (3 Year annualised) | Class I Shares | Index | Class I Shares | Index | Class I Shares | Index |
| Beta (vs. benchmark) | 1.02 | 1.00 | -- | -- | 0.89 | 1.00 |
| Sharpe ratio | 0.17 | 0.25 | -- | -- | 0.65 | 0.39 |
| Standard deviation (%) | 21.60 | 17.40 | -- | -- | 21.42 | 19.19 |
| Tracking error (%) | 12.30 | -- | -- | -- | 13.04 | -- |
| Characteristics | Fund | Index | Fund | Index | Fund | Index |
| Active share (%) | 86.21 | -- | 90.08 | -- | 93.00 | -- |
| Return on invested capital (%) | 32.46 | 19.95 | 39.53 | 19.87 | 44.50 | 22.98 |
| Return on assets (%) | 4.51 | 4.59 | 5.20 | 4.81 | 7.43 | 4.93 |
| 5 year free cash flow growth (%) | 15.20 | 9.75 | 17.57 | 9.77 | 27.26 | 10.12 |
| 5 year sales growth (%) | 15.57 | 11.86 | 19.01 | 11.19 | 13.41 | 3.52 |
| Net cash to equity (%) | 43 | -14 | 24 | -18 | 11 | -39 |
| Weighted average market capitalization (\$B) | 89.07 | 91.52 | 77.32 | 80.22 | 47.07 | 84.78 |

** Since fund inception

[For our Sales Desk, contact 1-855-332-5306.](mailto:sales@morganstanley.com)

Source: FactSet Research Systems Inc.; Morgan Stanley Investment Management

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.

Performance, ratings and characteristics may differ for other share classes. Please refer to page 3 and 4 for standardized ratings and additional expense ratio information. Net of fees returns assume the reinvestment of all dividends and income. Returns for less than one year are cumulative (unannualized). Returns should not be a sole factor in an investment decision. An investor should review the fund's prospectus. 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.

| PRODUCT | MSIF GLOBAL OPPORTUNITY PORTFOLIO | | MSIF INTERNATIONAL ADVANTAGE PORTFOLIO | | MSIF INTERNATIONAL OPPORTUNITY PORTFOLIO | |
|--|--------------------------------------|--------------|--|--------------|--|--------------|
| Share Class: Ticker | I: MGGIX A: MGGPX C: MSOPX R6: MGTSX | | I: MFAIX A: MFAPX C: MSIAX | | I: MIOIX A: MIOPX C: MSOCX R6: MNOPX | |
| Inception Dates: Fund Strategy | May 30, 2008 December 31, 2007 | | December 28, 2010 December 31, 2010 | | March 31, 2010 March 31, 2010 | |
| Index | MSCI All Country World Net Index | | MSCI All Country World ex USA Index | | MSCI All Country World ex USA Index | |
| Investment Universe | Global | | International | | International | |
| Turnover Range¹ | Typically 20-50% annually | | Typically 20-50% annually | | Typically 20-50% annually | |
| Regional Focus² | Global | | International (ex USA) | | International (ex USA) | |
| Total Assets: Fund Strategy | \$51 Bn \$30.8 Bn | | \$5.4 Bn \$6.1 Bn | | \$2.8 Bn \$2.9 Bn | |
| Expense Ratio³ | Gross 0.93% Net 0.93% | | Gross 0.99% Net 0.99% | | Gross 0.98% Net 0.98% | |
| Advisory Fee | 0.72% | | 0.77% | | 0.77% | |
| Morningstar Category | World Large-Stock Growth | | Foreign Large Growth | | Foreign Large Growth | |
| Morningstar Overall Rating™ (# of funds)* | ★★★★ (Out of 306 Funds) | | ★★★★★ (Out of 389 Funds) | | ★★★★★ (Out of 389 Funds) | |
| Investment Performance (% net of fees) | Class I Shares | Index | Class I Shares | Index | Class I Shares | Index |
| 3 Months | -20.29 | -5.36 | -19.21 | -5.44 | -26.33 | -5.44 |
| YTD | -20.29 | -5.36 | -19.21 | -5.44 | -26.33 | -5.44 |
| 1 YR | -19.14 | 7.28 | -9.45 | -1.48 | -30.25 | -1.48 |
| 3 YR | 12.40 | 13.75 | 10.70 | 7.51 | 6.25 | 7.51 |
| 5 YR | 15.40 | 11.64 | 13.50 | 6.76 | 11.21 | 6.76 |
| 10 YR | 15.29 | 10.00 | 11.73 | 5.55 | 10.73 | 5.55 |
| INCEPTION** | 12.77 | 6.60 | 11.41 | 4.64 | 10.74 | 5.04 |
| Statistics (3 Year annualised) | Class I Shares | Index | Class I Shares | Index | Class I Shares | Index |
| Beta (vs. benchmark) | 0.98 | 1.00 | 0.76 | 1.00 | 0.96 | 1.00 |
| Sharpe ratio | 0.58 | 0.75 | 0.62 | 0.40 | 0.26 | 0.40 |
| Standard deviation (%) | 20.02 | 17.22 | 16.06 | 16.88 | 21.42 | 16.88 |
| Tracking error (%) | 10.79 | -- | 10.55 | -- | 14.07 | -- |
| Characteristics | Fund | Index | Fund | Index | Fund | Index |
| Active share (%) | 93.09 | -- | 93.63 | -- | 93.40 | -- |
| Return on invested capital (%) | 62.63 | 20.72 | 46.29 | 18.36 | 54.46 | 18.36 |
| Return on assets (%) | 2.36 | 4.87 | 8.15 | 4.59 | 6.00 | 4.59 |
| 5 year free cash flow growth (%) | 25.97 | 10.34 | 22.81 | 9.77 | 26.54 | 9.77 |
| 5 year sales growth (%) | 21.93 | 7.50 | 14.59 | 7.50 | 23.63 | 7.50 |
| Net cash to equity (%) | 22 | -28 | 5 | -24 | 37 | -24 |
| Weighted average market capitalization (\$B) | 204.17 | 366.73 | 92.58 | 73.15 | 73.59 | 73.15 |

** Since fund inception

[For our Sales Desk, contact 1-855-332-5306.](#)

Source: FactSet Research Systems Inc.; Morgan Stanley Investment Management

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.

Performance, ratings and characteristics may differ for other share classes. Please refer to page 3 and 4 for standardized ratings and additional expense ratio information. Net of fees returns assume the reinvestment of all dividends and income. Returns for less than one year are cumulative (unannualized). Returns should not be a sole factor in an investment decision. An investor should review the fund's prospectus. 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.

¹ Information provided represents a typical range, not a maximum number. The portfolio may exceed this from time to time due to market conditions and outstanding trades.

² The information presented represents how the investment team generally applies their investment processes under normal market conditions. There can be no guarantee that any strategy will achieve its investment objectives or that a portfolio consisting of the team's "best ideas" will experience positive performance. The team applies what they believe to be investment principles similar to those of Warren Buffett. No representation is being made that the team's investment results will be similar to those produced by investment portfolios managed by Warren Buffett.

³ **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. The minimum initial investment is \$1,000 for Class A shares. The minimum initial investment is \$1,000 for Class C shares. The minimum initial investment is \$10,000,000 for Class IS shares.**

Effective April 29, 2022, the minimum initial investment for Class I shares will be reduced from \$5,000,000 to \$1,000,000, and for Class R6 shares (formerly Class IS) it will be reduced from \$10,000,000 to \$5,000,000. The minimum initial investment may be waived in certain situations. Please see the Fund's prospectus for additional information.

⁴ The team inception date of the MS Europe Opportunity Fund is April 21, 2020. The inception date of the MS Europe Opportunity Fund is July 28, 1997. Effective April 14th, 2020, the Morgan Stanley European Equity Fund Inc. is renamed to Morgan Stanley Europe Opportunity Fund, Inc., the portfolio management team has changed, and the investment approach is revised. Prior to this date, the investment approach was "Seeks capital appreciation by investing in European companies that the investment team believes possess a prominent and sustainable position in their field, potentially enabling superior profitability and investment returns. The investment team combines quantitative filters with rigorous qualitative analysis to create a concentrated, high conviction portfolio.

The Global Opportunity Portfolio closed to new investors effective December 31, 2020, to preserve the ability of the investment team to manage the Portfolio effectively for current shareholders. For more details, please visit:
https://www.morganstanley.com/im/publication/mutualfund/material/notice_mf_globalopportunity.pdf

This material is a general communication, which is not impartial and all information provided has been prepared solely for informational and educational purposes and does not constitute an offer or a recommendation to buy or sell any particular security or to adopt any specific investment strategy. The information herein has not been based on a consideration of any individual investor circumstances and is not investment advice, nor should it be construed in any way as tax, accounting, legal or regulatory advice. To that end, investors should seek independent legal and financial advice, including advice as to tax consequences, before making any investment decision.

DEFINITIONS: **Active share** is the fraction of the portfolio or fund that is invested differently than its benchmark. 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. **Beta** is a measure of the relative volatility of a security or portfolio to the market's upward or downward movements. **5-Year EPS Growth Rate** is the compound annual growth rate of Earnings Per Share Excluding Extraordinary Items and Discontinued Operations over the last 5 years. **Net cash to equity** is the ratio of a company's cash on hand against the total net worth of the company. **Return On Assets (ROA)** indicates how profitable a company is relative to its total assets. It is calculated by dividing a company's annual earnings by its total assets. **Return On Invested Capital (ROIC)** represents the rate of return a company makes on the cash it invests in its business. **5 year free cash flow growth** is the percentage increase in free cash flow over a 5 year period. **5 year sales growth** is the percentage increase in sales over a 5-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. **Weighted Average Market Capitalization** represents a stock market index weighted by the market capitalization of each stock in the index. The **MSCI All Country World Net Index (ACWI)** is a free float-adjusted market capitalization weighted index designed to measure the equity market performance of developed and emerging markets. The **MSCI All Country Asia ex Japan Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of Asia, excluding Japan. The **MSCI All Country World ex USA Index** is a free float-adjusted market capitalization weighted index designed to measure the equity market performance of developed and emerging markets, excluding the U.S.

The **MSCI Emerging Markets Net Index** is a free float-adjusted market capitalization weighted index that is designed to measure equity market performance of emerging markets. The Index currently consists of 24 emerging markets countries. The index is listed in U.S. dollars and assumes reinvestment of net dividends. The **MSCI Europe Index** is a free float-adjusted market capitalization index that is designed to measure developed market equity performance in Europe. 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 indexes are listed in U.S. dollars and assumes reinvestment of net dividends. All indices referenced are unmanaged and should not be considered an investment. It is not possible to invest directly in an index.

RISK CONSIDERATIONS: There is no assurance that portfolios will achieve their investment objectives. 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 these portfolios. Please be aware that these portfolios may be subject to certain additional risks. **Asia market** entails liquidity risk due to the small markets and low trading volume in many countries. In addition, companies in the region tend to be volatile and there is a significant possibility of loss. Furthermore, because the strategy concentrates in a single region of the world, performance may be more volatile than a global strategy. 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. Exchange traded funds (ETFs) shares have many of the same risks as direct investments in common stocks or bonds and their market value will fluctuate as the value of the underlying index does. By investing in exchange traded funds (ETFs), the portfolio absorbs both its own expenses and those of the ETFs it invests in. Supply and demand for ETFs may not be correlated to that of the underlying securities. The risks of investing in **emerging market countries** are greater than the risks generally associated with investments in foreign developed countries. The risks of investing in **frontier emerging markets** are greater than risks associated with investments in other foreign or U.S. issuers and they are often considered highly speculative in nature. **European investments risk.** Adverse political, social or economic developments in Europe, or in a particular European country, could cause a substantial decline in the value of the Portfolio. In addition, because investments are concentrated in Europe, performance may be more volatile than a more geographically diversified set of investments. If one or more countries leave the European Union ("EU") or the EU dissolves, the world's securities markets likely will be significantly disrupted. The financial instability of some countries in the EU together with the risk of such instability impacting other more stable countries may increase the economic risk of investing in companies in Europe. The strategy may invest in **restricted and illiquid securities**, which may be difficult for the strategy to sell at a reasonable price (**Liquidity Risk**). **Derivative instruments** may disproportionately increase losses and have a significant impact on performance. They also may be subject to counterparty, liquidity, valuation, and 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). **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. **China Risk.** Investments in China involve risk of a total loss due to government action or inaction. Additionally, the Chinese economy is export-driven and highly reliant on trade. Adverse changes to the economic conditions of its primary trading partners, such as the United States, Japan and South Korea, would adversely impact the Chinese economy and the Fund's investments. Moreover, a slowdown in other significant economies of the world, such as the United States, the European Union and certain Asian countries, may adversely affect economic growth in China. An economic downturn in China would adversely impact the Portfolio's investments. **Risks of Investing through Stock Connect.** Any investments in A-shares listed and traded through Stock Connect, or on such other stock exchanges in China which participate in Stock Connect is subject to a number of restrictions that may affect the Portfolio's investments and returns. Moreover, Stock Connect A shares generally may not be sold, purchased or otherwise transferred other than through Stock Connect in accordance with applicable rules. The Stock Connect program may be subject to further interpretation and guidance. There can be no assurance as to the program's continued existence or whether future developments regarding the program may restrict or adversely affect the Portfolio's investments or returns. There is no assurance strategies that incorporate **ESG factors** will result in more favorable investment performance.

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](https://www.morganstanley.com/im) or call 1-800-548-7786. Please read the prospectus carefully before investing.

Morgan Stanley Investment Management is the asset management division of Morgan Stanley. **Morgan Stanley Institutional Fund, Inc.** (MSIF) is a mutual fund offering various active portfolios, including

equity, fixed-income, international, emerging markets, real estate and growth portfolios. Fund advisor MSIF is managed by Morgan Stanley Investment Management, Inc.

***Asia Opportunity Portfolio:** Class I Shares 3 year 2 Stars out of 52 funds, 5 year 5 Stars out of 46 funds.

Europe Opportunity: Class I Shares 3 year 5 Stars out of 91 funds, 5 year 5 Stars out of 79 funds, 10 year 4 Stars out of 50 funds. **Global Opportunity:** Class I Shares 3 year 2 Stars out of 306 funds, 5 year 4 Stars out of 265 funds, 10 year 5 Stars out of 167 funds. **International Advantage:** Class I Shares 3 year 3 Stars out of 389 funds, 5 year 5 Stars out of 339 funds, 10 year 5 Stars out of 224 funds. **International Opportunity:** Class I Shares 3 year 1 Stars out of 389 funds, 5 year 4 Stars out of 339 funds, 10 year 5 Stars out of 224 funds.

Morningstar: Ratings as March 31, 2022. World Large Stock Foreign Large Growth and Pacific/Asia ex-Japan Categories. 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.

© 2022 Morningstar. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. **Past performance is no guarantee of future results.** Morningstar information is based on quarter-end data. Please visit morganstanley.com/im for the latest month-end Morningstar information.

NOT FDIC INSURED | OFFER NO BANK GUARANTEE | MAY LOSE VALUE | NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY | NOT A DEPOSIT