



Morgan Stanley

INVESTMENT MANAGEMENT

May 2017

InFocus

FAQ: Addition of ESG Factors Language to the Morgan Stanley Institutional Fund, Inc. Emerging Markets Leaders Portfolio's Investment Process

At the April 26-27, 2017 Board meeting, the Board of Directors of Morgan Stanley Institutional Funds, Inc. ("MSIF") approved a proposal to add clarifying language describing the investment process currently used by the Global Emerging Markets Team (the "Team") to the MSIF Emerging Markets Leaders Portfolio (the "Portfolio").

Below is the clarifying language that will be included in the Portfolio's prospectus under its Principal Investment Strategies section and to other sections of the prospectus and/or SAI, if necessary:

The investment process integrates analysis of sustainability with respect to financial strength, environmental and social factors and governance (also referred to as ESG).

The Team responsible for the management of the Portfolio, believes this prospectus disclosure provides further transparency around its current investment process which incorporates consideration of ESG factors.

Below is a table of ticker symbols and CUSIPs of the Portfolio:

PORTFOLIO	SHARE CLASS	TICKER SYMBOL	CUSIP
MSIF Emerging Markets Leaders Portfolio	A	MELAX	61760X596
	C	MEMLX	61760X273
	I	MELIX	61760X612
	IS	MELSX	61760X570

IF YOU HAVE ANY QUESTIONS

Shareholders

Please contact your financial professional

Financial Professionals

Please contact our Morgan Stanley Investment Management Sales desk at 1.855.332.5306

RIA & Bank Trust

Please contact our Morgan Stanley Investment Management RIA & Bank Trust Sales desk at 1.855.332.5307

Consultants/Institutions/ Intermediary Managers Research

Please contact your Morgan Stanley Investment Management relationship manager

Frequently Asked Questions

What is ESG/What are ESG Factors?

Environmental, social and governance (ESG) refers to both environmental and social factors which could impact a company and its stakeholders, as well as corporate governance policies that may impact the Team's investment thesis.

Why is the Team including ESG language?

The consideration of ESG factors is part of the Team's investment process, and the new disclosure further highlights and adds detail to the description of the current investment process.

As part of the Team's investment process, it reviews environmental and social factors, which the Team believes are important to a company's business model. The team also places a heavy emphasis on high quality management teams and corporate governance.

Has the Team changed its investment process?

No. The investment process of the Portfolio has not changed as a result of the inclusion of this language – consideration of ESG is within the current investment framework of the Team. The additional disclosure is intended to provide both existing and prospective investors with further insight into the Team's investment philosophy and process.

A core aspect of the Team's investment process is that it seeks companies that can grow in a sustainable manner. The Team analyzes and engages with companies to understand the environmental, social and governance issues impacting their business.

For more information on the Portfolio, please visit our website morganstanley.com/im to view the Portfolio's related prospectus.

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. Accordingly, you can lose money investing. 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 the risks generally associated with investments in foreign developed countries. 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. **Derivative instruments** can be illiquid, may disproportionately increase losses and may have a potentially large negative impact on the Portfolio's performance. **Illiquid securities** may be more difficult to sell and value than public traded securities (liquidity risk). **Nondiversified 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.

Please consider the investment objective, risks, charges and expenses of the Portfolio 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 is the asset management division of Morgan Stanley.

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

Explore our new site at **www.morganstanley.com/im**