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Financial Officer*
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Independent Registered Public Accounting Firm

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For additional Fund information, including the Fund's net asset value per share and information regarding the investments comprising the Fund's portfolio, please call toll free 1 (800) 231-2608 or visit our website at www.morganstanley.com/im. All investments involve risks, including the possible loss of principal.

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Morgan Stanley

INVESTMENT MANAGEMENT

Morgan Stanley
Investment Management Inc.
Adviser

Morgan Stanley
Emerging Markets
Fund, Inc.
NYSE: MSF

Annual Report
December 31, 2016



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December 31, 2016

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December 31, 2016

Letter to Stockholders (unaudited)

Performance

For the year ended December 31, 2016, the Morgan Stanley Emerging Markets Fund, Inc. (the “Fund”) had total returns of 6.53%, based on net asset value, and 3.26% based on market value per share (including reinvestment of distributions), compared to its benchmark, the MSCI Emerging Markets Net Index (the “Index”)*, which returned 11.19%. On December 31, 2016, the closing price of the Fund’s shares on the New York Stock Exchange was \$13.18, representing a 12.8% discount to the Fund’s net asset value per share. Past performance is no guarantee of future results.

Factors Affecting Performance

- Emerging markets (EM) equities outperformed developed market equities in 2016, with the Index returning +11.19% versus the MSCI World Index’s return of +7.51%.¹ Emerging markets were boosted by a combination of both domestic and external factors, contributing to improved investor sentiment: China’s growth in such areas as car and residential sales, and industrial production came in better than expected; India passed important tax reform; Brazil’s senate voted to impeach former President Dilma Rousseff, creating optimism that Acting President Michel Temer may be able to accomplish critical reform. Externally, the European Central Bank kept policy rates unchanged, the Bank of Japan committed to expanding its monetary base and the U.S. Federal Reserve maintained its dovish monetary policy.
- Positive contributors to the Fund’s performance during the period included our stock selection and underweight allocation to China and our stock selection and overweight allocation to Peru. Stock selection in Pakistan also contributed, as did the Fund’s zero allocation to Malaysia. Stock selection in India added value, though it was partially offset by an unfavorable overweight allocation. Stock selection in Panama and Turkey also contributed.
- Key detractors from performance included the Fund’s stock selection and underweight allocation to Taiwan and Russia, as well as stock selection and a neutral allocation to Brazil. Stock selection in Korea, Indonesia and South Africa also hampered returns.
- From a sector perspective, stock selection in and underweight allocations to health care and telecommunications contributed to returns. Stock selection in consumer staples and information technology also added to results but gains were partially offset by the negative impact of an overweight to consumer staples and underweight to information technology. Stock selection in and an underweight allocation to the energy sector detracted from results, as did stock selection in financials.

Management Strategies

- The outlook for emerging markets overall finally began improving in 2016 after five previously disappointing years. In a world facing lower economic growth from a combination of demographic pressure, lower trade volumes and a huge increase in debt, we own what we call a “post-China world” portfolio, seeking those pockets of growth in countries where we believe domestic consumer demand is strong and credit growth is in healthy early stages — and far from the excess as it has been in China, Brazil and Turkey.

December 31, 2016

Letter to Stockholders (unaudited) (cont'd)

- In our view, the building blocks are in place for recovery in many EM countries. Markets may still experience some turbulence from the potential for disappointment with China's growth or any depreciation of China's currency and uncertainty about the course of the U.S. presidential election, economic outlook and precise path of the Federal Reserve.
- From a thematic perspective, we continue to own and seek companies benefiting from healthy domestic demand and the growth of the aging population, where demand is high for health care and consumer experiences and services, including travel and leisure activities. We also see demand for financial services in countries with low credit penetration. We are seeking to minimize the Fund's exposure to countries highly dependent on trade and where credit growth has greatly exceeded the pace of economic growth over the past five years. With global trade declining as protectionism is becoming more politically appealing and geopolitical tension rising in such areas as the South China Sea and the Middle East, we are also focused on identifying innovative companies benefiting from domestic infrastructure projects and defense spending.
- We still consider Central and Eastern Europe an attractive investment opportunity. Growth in the region remains healthy, mostly driven by strong consumption, which has been boosted by rising employment, growing real wages and increasingly more affordable credit. After years of tightening, fiscal policy is set to loosen, but budget deficits should remain below the 3% level. Investment lagged in 2016 due to less absorption of European Union funds, but absorption should accelerate in 2017, driving up public fixed investment spending and further supporting growth.
- As we have for many years, we remain underweight China and countries with decelerating growth or heavy dependence on exports such as Russia, Taiwan and Korea in the portfolio. Debt levels in China continue to rise to unprecedented levels and ongoing overcapacity issues and the continued property downturn will likely lead to further weakness in industrial production and related investment.
- We also remain positive on the Philippines. In our view, the Philippines continues to deliver some of the most attractive well-rounded growth with the business process outsourcing sector performing well, keeping overall consumption fairly strong. Growth in Pakistan continues to pick up with strong consumer demand and increasing investment, though exports are weak. We remain overweight Mexico, although we are closely monitoring what policies the upcoming Trump administration will implement. There is positive sentiment surrounding the energy sector and Pemex with the successful bidding of deepwater auctions in the early December round, which will boost foreign direct investment and oil production in the medium term. It finally seems like the tide is turning and oil production in Mexico should begin to recover in 2018.

December 31, 2016

Letter to Stockholders (unaudited) (cont'd)

- In Indonesia, we increased our overweight during the third quarter on the improving growth outlook and reform momentum under the Jokowi administration. Turning the economy from externally focused on commodities revenues inward to domestic demand takes time and requires reform, but Indonesia is slowly heading in that direction. We believe that reform in Brazil is finally moving in the right direction. The deep recession of the past three years is finally fading and gross domestic growth projections for 2017 are expected to turn positive on the face of improving consumer and business confidence.

Sincerely,



John H. Gernon
President and Principal Executive Officer

January 2017

*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 MSCI Emerging Markets Net Index currently consists of 23 emerging market country indices. The performance of the Index is listed in U.S. dollars and assumes reinvestment of net dividends. It is not possible to invest directly in an index.

ⁱ Source: FactSet and Morgan Stanley Investment Management. Emerging markets and developed markets are represented by the MSCI Emerging Markets Index and MSCI World Index, respectively.

December 31, 2016

Portfolio of Investments

	Shares	Value (000)
COMMON STOCKS (98.4%)		
Argentina (0.9%)		
Banks		
Banco Macro SA ADR	14,490	\$ 932
Grupo Financiero Galicia SA ADR	36,209	975
		1,907
Austria (0.9%)		
Banks		
Erste Group Bank AG (a)	67,677	1,982
Brazil (9.0%)		
Banks		
Banco Bradesco SA (Preference)	380,361	3,389
Itau Unibanco Holding SA (Preference)	361,372	3,758
		7,147
Food & Staples Retailing		
Raia Drogasil SA	117,559	2,210
Food Products		
BRF SA	187,644	2,782
Internet Software & Services		
MercadoLibre, Inc. (b)	15,502	2,420
Multi-line Retail		
Lojas Renner SA	232,270	1,654
Oil, Gas & Consumable Fuels		
Petroleo Brasileiro SA (a)	290,814	1,514
Petroleo Brasileiro SA (Preference) (a)	384,548	1,757
		3,271
		19,484
Chile (0.7%)		
Multi-line Retail		
SACI Falabella	181,969	1,445
China (17.6%)		
Automobiles		
Chongqing Changan Automobile Co., Ltd. B Shares	181,500	260
Banks		
Bank of China Ltd. H Shares (c)	8,342,000	3,701
China Construction Bank Corp. H Shares (c)	5,416,810	4,170
		7,871

	Shares	Value (000)
Construction & Engineering		
China Machinery Engineering Corp. H Shares (c)	558,000	\$ 354
Diversified Consumer Services		
New Oriental Education & Technology Group, Inc. ADR (a)	16,113	678
TAL Education Group ADR (a)	12,757	895
		1,573
Diversified Telecommunication Services		
China Unicom Hong Kong Ltd. (c)	844,000	983
Food Products		
China Mengniu Dairy Co., Ltd. (c)	419,000	807
Hotels, Restaurants & Leisure		
Shanghai Jin Jiang International Hotels Group Co., Ltd. H Shares (c)	850,000	225
Independent Power and Renewable Electricity Producer		
Huadian Power International Corp., Ltd. H Shares (c)	862,000	390
Insurance		
China Pacific Insurance Group Co., Ltd. H Shares (c)	504,000	1,758
Internet & Direct Marketing Retail		
JD.com, Inc. ADR (a)	53,884	1,371
Internet Software & Services		
Alibaba Group Holding Ltd. ADR (a)	35,378	3,107
NetEase, Inc. ADR	3,410	734
Tencent Holdings Ltd. (c)	403,500	9,871
		13,712
Machinery		
CRCC High-Tech Equipment Corp., Ltd. H Shares (c)	896,000	359
Oil, Gas & Consumable Fuels		
PetroChina Co., Ltd. H Shares (c)	1,324,000	987
Pharmaceuticals		
CSPC Pharmaceutical Group Ltd. (c)	816,000	871
Real Estate Management & Development		
China Overseas Land & Investment Ltd. (c)	188,000	498
Textiles, Apparel & Luxury Goods		
Shenzhou International Group Holdings Ltd. (b)(c)	203,000	1,284

December 31, 2016

Portfolio of Investments (cont'd)

	Shares	Value (000)		Shares	Value (000)
China (cont'd)			Construction & Engineering		
Transportation Infrastructure			Larsen & Toubro Ltd.		
Shenzhen International Holdings Ltd. (c)	326,000	\$ 475		22,571	\$ 449
Wireless Telecommunication Services			Construction Materials		
China Mobile Ltd. (c)	432,500	4,585		10,592	2,299
		38,363	Consumer Finance		
Colombia (0.8%)			Bharat Financial Inclusion Ltd. (a)		
Construction Materials				91,092	789
Cemex Latam Holdings SA (a)	142,066	535	Shriram Transport Finance Co., Ltd.		
Diversified Financial Services				96,896	1,218
Grupo de Inversiones Suramericana SA	45,700	582			2,007
Grupo de Inversiones Suramericana SA (Preference)	41,643	513	Machinery		
		1,095	Ashok Leyland Ltd.		
		1,630		1,870,273	2,207
Czech Republic (0.9%)			Media		
Banks			Zee Entertainment Enterprises Ltd.		
Komerčni Banka AS	57,472	1,981		311,442	2,079
Egypt (0.5%)			Oil, Gas & Consumable Fuels		
Banks			Bharat Petroleum Corp., Ltd.		
Commercial International Bank				200,762	1,880
Egypt SAE	281,505	1,134	Personal Products		
Germany (0.7%)			Marico Ltd.		
Textiles, Apparel & Luxury Goods				308,841	1,185
Adidas AG	10,156	1,605			17,162
Hong Kong (2.5%)			Indonesia (5.4%)		
Insurance			Automobiles		
AIA Group Ltd.	438,600	2,474	Astra International Tbk PT		
Textiles, Apparel & Luxury Goods				2,303,300	1,415
Samsonite International SA	1,069,500	3,055	Banks		
		5,529	Bank Mandiri Persero Tbk PT		
Hungary (0.5%)				2,448,900	2,104
Banks			Bank Negara Indonesia		
OTP Bank PLC	37,370	1,069		2,884,700	1,183
India (7.9%)					3,287
Automobiles			Construction Materials		
Maruti Suzuki India Ltd.	17,017	1,334	Semen Indonesia Persero Tbk PT		
Banks				2,126,900	1,449
HDFC Bank Ltd.	79,475	1,549	Diversified Telecommunication Services		
IndusInd Bank Ltd.	133,103	2,173	Link Net Tbk PT		
		3,722		2,565,000	980
			Telekomunikasi Indonesia		
				6,749,200	1,994
					2,974
			Multi-line Retail		
			Matahari Department Store Tbk PT		
				539,800	606
			Real Estate Management & Development		
			Bumi Serpong Damai Tbk PT		
				8,421,100	1,097
			Wireless Telecommunication Services		
			XL Axiata Tbk PT (a)		
				5,414,550	928
					11,756

December 31, 2016

Portfolio of Investments (cont'd)

	Shares	Value (000)
Korea, Republic of (11.2%)		
Aerospace & Defense		
Hanwha Techwin Co., Ltd.	17,970	\$ 646
Korea Aerospace Industries Ltd.	20,617	1,144
		1,790
Auto Components		
Hyundai Wia Corp.	4,659	281
Mando Corp.	4,953	962
		1,243
Automobiles		
Hyundai Motor Co.	6,156	744
Biotechnology		
Hugel, Inc. (a)	3,513	934
Construction & Engineering		
Hyundai Development Co-Engineering & Construction	40,304	1,500
Household Durables		
Coway Co., Ltd.	15,587	1,140
Industrial Conglomerates		
CJ Corp.	7,606	1,178
SK Holdings Co., Ltd.	5,006	951
		2,129
Internet Software & Services		
NAVER Corp.	2,977	1,910
Media		
Innocean Worldwide, Inc.	10,988	520
Personal Products		
Amorepacific Corp.	4,373	1,164
Cosmax, Inc.	5,911	585
		1,749
Software		
Nexon Co., Ltd.	78,200	1,133
Tech Hardware, Storage & Peripherals		
Samsung Electronics Co., Ltd.	4,989	7,443
Samsung Electronics Co., Ltd. (Preference)	1,780	2,112
		9,555
		24,347

	Shares	Value (000)
Mexico (5.8%)		
Banks		
Grupo Financiero Banorte SAB de CV Series O	659,584	\$ 3,249
Grupo Financiero Santander Mexico SAB de CV ADR	121,254	872
		4,121
Beverages		
Fomento Economico Mexicano SAB de CV ADR	36,465	2,779
Chemicals		
Mexichem SAB de CV	505,307	1,146
Construction Materials		
Cemex SAB de CV ADR (a)(b)	348,632	2,800
Hotels, Restaurants & Leisure		
Alesea SAB de CV	330,779	945
Industrial Conglomerates		
Alfa SAB de CV	666,813	825
		12,616
Pakistan (1.7%)		
Banks		
United Bank Ltd.	849,400	1,941
Construction Materials		
Lucky Cement Ltd.	205,900	1,704
		3,645
Panama (0.6%)		
Airlines		
Copa Holdings SA, Class A	15,064	1,368
Peru (2.2%)		
Banks		
Credicorp Ltd.	23,354	3,687
Metals & Mining		
Cia de Minas Buenaventura SA ADR	105,462	1,189
		4,876
Philippines (3.7%)		
Banks		
BDO Unibank, Inc.	385,290	869
Metropolitan Bank & Trust Co.	1,036,658	1,514
		2,383

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Portfolio of Investments (cont'd)

	Shares	Value (000)		Shares	Value (000)
Philippines (cont'd)					
Diversified Financial Services					
Ayala Corp.	69,670	\$ 1,024			
Metro Pacific Investments Corp.	8,635,000	1,157			
		2,181			
Industrial Conglomerates					
DMCI Holdings, Inc.	3,605,300	962			
SM Investments Corp.	128,073	1,687			
		2,649			
Transportation Infrastructure					
International Container Terminal Services, Inc.	531,580	769			
		7,982			
Poland (3.9%)					
Banks					
Bank Pekao SA	32,042	963			
Bank Zachodni WBK SA	15,433	1,166			
Powszechna Kasa Oszczednosci Bank Polski SA (a)	243,690	1,639			
		3,768			
Food & Staples Retailing					
Eurocash SA	84,939	799			
Jeronimo Martins SGPS SA	99,665	1,546			
		2,345			
Textiles, Apparel & Luxury Goods					
CCC SA	31,430	1,529			
LPP SA	662	897			
		2,426			
		8,539			
Russia (3.2%)					
Food & Staples Retailing					
X5 Retail Group N.V. GDR (a)	35,489	1,152			
Internet Software & Services					
Mail.ru Group Ltd. GDR (a)	57,632	1,058			
Yandex N.V., Class A (a)	56,647	1,140			
		2,198			
Metals & Mining					
MMC Norilsk Nickel PJSC ADR	63,822	1,072			
Oil, Gas & Consumable Fuels					
Gazprom PJSC ADR	520,112	2,626			
		7,048			
			South Africa (5.5%)		
			Food & Staples Retailing		
			Clicks Group Ltd.	115,308	\$ 970
			Food Products		
			AVI Ltd.	142,785	950
			Household Durables		
			Steinhoff International Holdings N.V. H Shares (b)	440,641	2,287
			Media		
			Naspers Ltd., Class N	27,444	4,025
			Paper & Forest Products		
			Mondi PLC	94,227	1,912
			Wireless Telecommunication Services		
			Vodacom Group Ltd.	168,526	1,870
					12,014
			Taiwan (8.7%)		
			Banks		
			E.Sun Financial Holding Co., Ltd.	1,374,900	783
			Diversified Financial Services		
			Fubon Financial Holding Co., Ltd.	259,000	410
			Electronic Equipment, Instruments & Components		
			Delta Electronics, Inc.	235,758	1,167
			Hon Hai Precision Industry Co., Ltd.	634,405	1,657
			Largan Precision Co., Ltd.	11,000	1,293
					4,117
			Food & Staples Retailing		
			President Chain Store Corp.	74,000	530
			Food Products		
			Uni-President Enterprises Corp.	837,070	1,387
			Internet Software & Services		
			PChome Online, Inc.	56,123	493
			Metals & Mining		
			Yeong Guan Energy Technology Group Co., Ltd.	57,000	182
			Semiconductors & Semiconductor Equipment		
			Advanced Semiconductor Engineering, Inc.	1,246,000	1,278
			Taiwan Semiconductor Manufacturing Co., Ltd.	1,081,455	6,090
					7,368

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Portfolio of Investments (cont'd)

	Shares	Value (000)
Taiwan (cont'd)		
Tech Hardware, Storage & Peripherals		
Catcher Technology Co., Ltd.	180,000	\$ 1,251
Pegatron Corp.	413,000	987
		2,238
Textiles, Apparel & Luxury Goods		
Eclat Textile Co., Ltd.	57,758	605
Wireless Telecommunication Services		
Taiwan Mobile Co., Ltd.	233,000	752
		18,865
Thailand (2.9%)		
Banks		
Kasikornbank PCL (Foreign)	234,000	1,160
Kasikornbank PCL NVDR	6,800	34
		1,194
Construction & Engineering		
Sino-Thai Engineering & Construction PCL (Foreign)	1,369,300	1,061
Health Care Providers & Services		
Bangkok Dusit Medical Services PCL (Foreign)	1,953,500	1,260
Hotels, Restaurants & Leisure		
Minor International PCL (Foreign)	650,320	649
Professional Services		
DKSH Holding AG	22,076	1,516
Real Estate Management & Development		
Central Pattana PCL (Foreign)	430,900	683
		6,363
Turkey (0.3%)		
Food Products		
Ulker Biskuvi Sanayi AS	30,811	141
Household Durables		
Arcelik AS	84,318	507
		648
United States (0.4%)		
Household Durables		
Nien Made Enterprise Co., Ltd.	93,000	960
TOTAL COMMON STOCKS (Cost \$187,984)		214,318

	Shares	Value (000)
SHORT-TERM INVESTMENTS (3.5%)		
Securities held as Collateral on Loaned Securities (1.6%)		
Investment Company (1.6%)		
Morgan Stanley Institutional Liquidity Funds — Government Portfolio — Institutional Class (See Note E) (Cost \$3,444)	3,444,195	\$ 3,444
INVESTMENT COMPANY (1.9%)		
Morgan Stanley Institutional Liquidity Funds — Government Portfolio — Institutional Class (See Note E) (Cost \$4,229)	4,228,513	4,229
TOTAL SHORT-TERM INVESTMENTS (Cost \$7,673)		7,673
TOTAL INVESTMENTS (101.9%) (Cost \$195,657)		221,991
Including \$7,363 of Securities Loaned (d)(e)		(4,114)
LIABILITIES IN EXCESS OF OTHER ASSETS (-1.9%)		
NET ASSETS (100.0%)		
		\$217,877

Country assignments and aggregations are based generally on third party vendor classifications and information, and may be different from the assignments and aggregations under the policies set forth in the Fund's prospectus and/or statement of additional information relating to geographic classifications.

- (a) Non-income producing security.
 - (b) All or a portion of this security was on loan at December 31, 2016.
 - (c) Security trades on the Hong Kong exchange.
 - (d) Securities are available for collateral in connection with an open foreign currency forward exchange contract.
 - (e) At December 31, 2016, the aggregate cost for federal income tax purposes is approximately \$194,481,000. The aggregate gross unrealized appreciation is approximately \$41,655,000 and the aggregate gross unrealized depreciation is approximately \$14,145,000, resulting in net unrealized appreciation of approximately \$27,510,000.
- ADR American Depositary Receipt.
GDR Global Depositary Receipt.
NVDR Non-Voting Depositary Receipt.
PJSC Public Joint Stock Company.

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Portfolio of Investments (cont'd)

Foreign Currency Forward Exchange Contract:

The Fund had the following foreign currency forward exchange contract open at December 31, 2016:

Counterparty	Contracts to Deliver (000)	In Exchange For (000)	Delivery Date	Unrealized Appreciation (000)
UBS AG	EUR 4,355	\$4,650	1/19/17	<u>\$61</u>

EUR — Euro

Portfolio Composition *

Classification	Percentage of Total Investments
Other**	63.1%
Banks	22.0
Internet Software & Services	9.5
Tech Hardware, Storage & Peripherals	5.4
Total Investments	<u>100.0%**</u>

* Percentages indicated are based upon total investments (excluding Securities held as Collateral on Loaned Securities) as of December 31, 2016.

** Industries and/or investment types representing less than 5% of total investments.

*** Does not include an open foreign currency forward exchange contract with unrealized appreciation of approximately \$61,000.

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Financial Statements

Statement of Assets and Liabilities

December 31, 2016
(000)
Assets:

Investments in Securities of Unaffiliated Issuers, at Value(1) (Cost \$187,984)	\$214,318
Investment in Security of Affiliated Issuer, at Value (Cost \$7,673)	7,673
Total Investments in Securities, at Value (Cost \$195,657)	221,991
Foreign Currency, at Value (Cost \$187)	187
Receivable for Investments Sold	895
Dividends Receivable	265
Unrealized Appreciation on Foreign Currency Forward Exchange Contracts	61
Tax Reclaim Receivable	57
Receivable from Affiliate	1
Other Assets	23
Total Assets	223,480

Liabilities:

Collateral on Securities Loaned, at Value	3,444
Dividends Declared	950
Payable for Investments Purchased	641
Payable for Advisory Fees	230
Deferred Capital Gain Country Tax	132
Payable for Custodian Fees	101
Payable for Professional Fees	70
Payable for Administration Fees	7
Payable for Stockholder Servicing Agent Fees	1
Other Liabilities	27
Total Liabilities	5,603

Net Assets

Applicable to 14,412,023 Issued and Outstanding \$0.01 Par Value Shares (100,000,000 Shares Authorized)	\$217,877
Net Asset Value Per Share	\$ 15.12

Net Assets Consist of:

Common Stock	\$ 144
Paid-in-Capital	222,310
Accumulated Undistributed Net Investment Income	287
Accumulated Net Realized Loss	(32,584)
Unrealized Appreciation (Depreciation) on:	
Investments (Net of \$132 of Deferred Capital Gain Country Tax)	27,667
Foreign Currency Forward Exchange Contracts	61
Foreign Currency Translations	(8)

Net Assets	\$217,877
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(1) Including:

Securities on Loan, at Value:	\$ 7,363
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December 31, 2016

Financial Statements (cont'd)

	Year Ended December 31, 2016 (000)
Statement of Operations	
Investment Income:	
Dividends from Securities of Unaffiliated Issuers (Net of \$594 of Foreign Taxes Withheld)	\$ 4,312
Income from Securities Loaned — Net	41
Dividends from Securities of Affiliated Issuer (Note E)	12
Total Investment Income	4,365
Expenses:	
Advisory Fees (Note B)	2,717
Custodian Fees (Note D)	298
Administration Fees (Note C)	174
Professional Fees	150
Stockholder Reporting Expenses	39
Stockholder Servicing Agent Fees	8
Directors' Fees and Expenses	7
Other Expenses	66
Total Expenses	3,459
Waiver of Administration Fees (Note C)	(97)
Rebate from Morgan Stanley Affiliate (Note E)	(5)
Reimbursement of Custodian Fees (Note D)	(202)
Net Expenses	3,155
Net Investment Income	1,210
Realized Gain (Loss):	
Investments Sold (Net of \$1 of Capital Gain Country Tax)	(8,553)
Foreign Currency Forward Exchange Contracts	163
Foreign Currency Transactions	(97)
Net Realized Loss	(8,487)
Change in Unrealized Appreciation (Depreciation):	
Investments (Net of Increase in Deferred Capital Gain Country Tax of \$132)	20,485
Foreign Currency Forward Exchange Contracts	30
Foreign Currency Translations	1
Net Change in Unrealized Appreciation (Depreciation)	20,516
Net Realized Loss and Change in Unrealized Appreciation (Depreciation)	12,029
Net Increase in Net Assets Resulting from Operations	\$13,239

December 31, 2016

Financial Statements (cont'd)

Statements of Changes in Net Assets	Year Ended December 31, 2016 (000)	Year Ended December 31, 2015 (000)
Increase (Decrease) in Net Assets:		
Operations:		
Net Investment Income	\$ 1,210	\$ 661
Net Realized Loss	(8,487)	(12,413)
Net Change in Unrealized Appreciation (Depreciation)	20,516	(13,219)
Net Increase (Decrease) in Net Assets Resulting from Operations	13,239	(24,971)
Distributions from and/or in Excess of:		
Net Investment Income	(1,351)	(722)
Capital Share Transactions:		
Repurchase of Shares (88,353 and 51,376 shares)	(1,207)	(725)
Net Decrease in Net Assets Resulting from Capital Share Transactions	(1,207)	(725)
Total Increase (Decrease)	10,681	(26,418)
Net Assets:		
Beginning of Period	207,196	233,614
End of Period (Including Accumulated Undistributed Net Investment Income and Distributions in Excess of Net Investment Income of \$287 and \$(419), respectively)	\$217,877	\$207,196

December 31, 2016

Financial Highlights

Selected Per Share Data and Ratios

	Year Ended December 31,				
	2016(1)	2015	2014	2013	2012
Net Asset Value, Beginning of Period	\$ 14.29	\$ 16.05	\$ 16.95	\$ 17.17	\$ 14.40
Net Investment Income(2)	0.08	0.05	0.07	0.09	0.09
Net Realized and Unrealized Gain (Loss)	0.83	(1.77)	(0.85)	(0.27)	2.72
Total from Investment Operations	0.91	(1.72)	(0.78)	(0.18)	2.81
Distributions from and/or in excess of:					
Net Investment Income	(0.09)	(0.05)	(0.12)	(0.05)	(0.08)
Anti-Dilutive Effect of Share Repurchase Program	0.01	0.01	—	0.01	0.00(3)
Anti-Dilutive Effect of Tender Offer	—	—	—	—	0.04
Net Asset Value, End of Period	\$ 15.12	\$ 14.29	\$ 16.05	\$ 16.95	\$ 17.17
Per Share Market Value, End of Period	\$ 13.18	\$ 12.85	\$ 14.55	\$ 15.48	\$ 15.50
TOTAL INVESTMENT RETURN(4):					
Market Value	3.26%	(11.37)%	(5.30)%	0.22%	20.59%
Net Asset Value	6.53%	(10.64)%	(4.60)%	(0.93)%	19.85%
RATIOS, SUPPLEMENTAL DATA:					
Net Assets, End of Period (Thousands)	\$217,877	\$207,196	\$233,614	\$246,595	\$250,935
Ratio of Expenses to Average Net Assets(7)	1.45%(5)	1.54%(5)	1.55%(5)	1.56%(5)	1.57%(5)
Ratio of Net Investment Income to Average Net Assets(7)	0.56%(5)	0.29%(5)	0.40%(5)	0.50%(5)	0.54%(5)
Ratio of Rebate from Morgan Stanley Affiliates to Average Net Assets	0.00%(6)	0.00%(6)	0.00%(6)	0.01%	0.01%
Portfolio Turnover Rate	35%	38%	41%	52%	47%
(7) Supplemental Information on the Ratios to Average Net Assets:					
Ratios Before Expenses Waived by Administrator					
Ratio of Expenses to Average Net Assets	1.59%	1.59%	1.60%	1.62%	1.63%
Ratio of Net Investment Income to Average Net Assets	0.42%	0.24%	0.35%	0.44%	0.48%

(1) Refer to Note D in the Notes to Financial Statements for discussion of prior period custodian out-of-pocket expenses that were reimbursed in the current period. The amount of the reimbursement was immaterial on a per share basis and did not impact the total return of the Fund. The Ratio of Expenses to Average Net Assets would have been 0.09% higher and the Ratio of Net Investment Income to Average Net Assets would have been 0.09% lower had the custodian not reimbursed the Fund.

(2) Per share amount is based on average shares outstanding.

(3) Amount is less than \$0.005 per share.

(4) Total investment return based on net asset value per share reflects the effects of changes in net asset value on the performance of the Fund during each period, and assumes dividends and distributions, if any, were reinvested. This percentage is not an indication of the performance of a stockholder's investment in the Fund based on market value due to differences between the market price of the stock and the net asset value per share of the Fund. Total returns are based upon the market value and net asset value on the last business day of each period.

(5) The Ratios of Expenses and Net Investment Income reflect the rebate of certain Fund expenses in connection with the investments in Morgan Stanley affiliates during the period. The effect of the rebate on the ratios is disclosed in the above table as "Ratio of Rebate from Morgan Stanley Affiliates to Average Net Assets."

(6) Amount is less than 0.005%.

December 31, 2016

Notes to Financial Statements

The Morgan Stanley Emerging Markets Fund, Inc. (the “Fund”) was incorporated on August 27, 1991 and is registered as a diversified, closed-end management investment company under the Investment Company Act of 1940, as amended (the “Act”). The Fund applies investment company accounting and reporting guidance. The Fund’s investment objective is long-term capital appreciation through investments primarily in emerging country equity securities. To the extent that the Fund invests in derivative instruments that the adviser, Morgan Stanley Investment Management Inc. (the “Adviser”) and the sub-adviser, Morgan Stanley Investment Management Company (“MSIM Company”) (the “Sub-Adviser”), believe have economic characteristics similar to emerging markets equity securities, such investments will be counted for purposes of meeting the Fund’s investment objective. To the extent the Fund makes such investments, the Fund will be subject to the risks of such derivative instruments as described herein.

Effective June 30, 2016, Morgan Stanley Investment Management Limited is no longer a Sub-Adviser to the Fund.

A. Significant Accounting Policies: The following significant accounting policies are in conformity with U.S. generally accepted accounting principles (“GAAP”). Such policies are consistently followed by the Fund in the preparation of its financial statements. GAAP may require management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results may differ from those estimates.

1. Security Valuation: (1) An equity portfolio security listed or traded on an exchange is valued at its latest reported sales price (or at the exchange official closing price if such exchange reports an official closing price), and if there were no sales on a given day and if there is no official exchange closing price for that day, the security is valued at the mean between the last reported bid and asked prices if such bid and asked prices are available on the relevant

exchanges; (2) all other equity portfolio securities for which over-the-counter (“OTC”) market quotations are readily available are valued at the latest reported sales price (or at the market official closing price if such market reports an official closing price), and if there was no trading in the security on a given day and if there is no official closing price from relevant markets for that day, the security is valued at the mean between the last reported bid and asked prices if such bid and asked prices are available on the relevant markets. Listed equity securities not traded on the valuation date with no reported bid and asked prices available on the exchange are valued at the mean between the current bid and asked prices obtained from one or more reputable brokers or dealers. An unlisted equity security that does not trade on the valuation date and for which bid and asked prices from the relevant markets are unavailable is valued at the mean between the current bid and asked prices obtained from one or more reputable brokers or dealers. In cases where a security is traded on more than one exchange, the security is valued on the exchange designated as the primary market; (3) certain portfolio securities may be valued by an outside pricing service/vendor approved by the Fund’s Board of Directors (the “Directors”). The pricing service/vendor may employ a pricing model that takes into account, among other things, bids, yield spreads, and/or other market data and specific security characteristics. Alternatively, if a valuation is not available from an outside pricing service/vendor, and the security trades on an exchange, the security may be valued at its latest reported sale price (or at the exchange official closing price if such exchange reports an official closing price), prior to the time when assets are valued. If there are no sales on a given day and if there is no official exchange closing price for that day, the security is valued at the mean between the last reported bid and asked prices if such bid and asked prices are available in the relevant exchanges;

December 31, 2016

Notes to Financial Statements (cont'd)

(4) when market quotations are not readily available, including circumstances under which the Adviser or Sub-Advisers determines that the closing price, last sale price or the mean between the last reported bid and asked prices are not reflective of a security's market value, portfolio securities are valued at their fair value as determined in good faith under procedures established by and under the general supervision of the Directors. Occasionally, developments affecting the closing prices of securities and other assets may occur between the times at which valuations of such securities are determined (that is, close of the foreign market on which the securities trade) and the close of business of the New York Stock Exchange ("NYSE"). If developments occur during such periods that are expected to materially affect the value of such securities, such valuations may be adjusted to reflect the estimated fair value of such securities as of the close of the NYSE, as determined in good faith by the Directors or by the Adviser using a pricing service and/or procedures approved by the Directors; (5) quotations of foreign portfolio securities, other assets and liabilities and forward contracts stated in foreign currency are translated into U.S. dollar equivalents at the prevailing market rates prior to the close of the NYSE; and (6) investments in mutual funds, including the Morgan Stanley Institutional Liquidity Funds, are valued at the net asset value ("NAV") as of the close of each business day.

The Directors have responsibility for determining in good faith the fair value of the investments, and the Directors may appoint others, such as the Fund's Adviser or a valuation committee, to assist the Directors in determining fair value and to make the actual calculations pursuant to the fair valuation methodologies previously approved by the Directors. Under procedures approved by the Directors, the Fund's Adviser has formed a Valuation Committee whose members are approved by the Directors. The Valuation Committee provides administration and

oversight of the Fund's valuation policies and procedures, which are reviewed at least annually by the Directors. These procedures allow the Fund to utilize independent pricing services, quotations from securities and financial instrument dealers, and other market sources to determine fair value.

The Fund has procedures to determine the fair value of securities and other financial instruments for which market prices are not readily available. Under these procedures, the Valuation Committee convenes on a regular and ad hoc basis to review such securities and considers a number of factors, including valuation methodologies and significant unobservable valuation inputs, when arriving at fair value. The Valuation Committee may employ a market-based approach which may use related or comparable assets or liabilities, recent transactions, market multiples, book values, and other relevant information for the investment to determine the fair value of the investment. An income-based valuation approach may also be used in which the anticipated future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments. Due to the inherent uncertainty of valuations of such investments, the fair values may differ significantly from the values that would have been used had an active market existed. The Valuation Committee employs various methods for calibrating these valuation approaches including a regular review of valuation methodologies, key inputs and assumptions, transactional back-testing or disposition analysis, and reviews of any related market activity.

2. **Fair Value Measurement:** Financial Accounting Standards Board ("FASB") Accounting Standards Codification™ ("ASC") 820, "Fair Value Measurement" ("ASC 820"), defines fair value as the value that the Fund

December 31, 2016

Notes to Financial Statements (cont'd)

would receive to sell an investment or pay to transfer a liability in a timely transaction with an independent buyer in the principal market, or in the absence of a principal market, the most advantageous market for the investment or liability. ASC 820 establishes a three-tier hierarchy to distinguish between (1) inputs that reflect the assumptions market participants would use in valuing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in valuing an asset or liability developed based on the best information available in the circumstances (unobservable inputs) and to establish classification of fair value measurements for disclosure purposes. Various inputs are used in determining the value of the Fund's investments. The inputs are summarized in the three broad levels listed below.

- Level 1 – unadjusted quoted prices in active markets for identical investments
- Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – significant unobservable inputs including the Fund's own assumptions in determining the fair value of investments. Factors considered in making this determination may include, but are not limited to, information obtained by contacting the issuer, analysts, or the appropriate stock exchange (for exchange-traded securities), analysis of the issuer's financial statements or other available documents and, if necessary, available information concerning other securities in similar circumstances

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with

investing in those securities and the determination of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to each security.

The following is a summary of the inputs used to value the Fund's investments as of December 31, 2016.

Investment Type	Level 1 Unadjusted quoted prices (000)	Level 2 Other significant observable inputs (000)	Level 3 Significant unobservable inputs (000)	Total (000)
Assets:				
Common Stocks				
Aerospace & Defense	\$ 1,790	\$ —	\$—	\$ 1,790
Airlines	1,368	—	—	1,368
Auto Components	1,243	—	—	1,243
Automobiles	3,753	—	—	3,753
Banks	45,268	2,709	—	47,977
Beverages	2,779	—	—	2,779
Biotechnology	934	—	—	934
Chemicals	1,146	—	—	1,146
Construction & Engineering	2,303	1,061	—	3,364
Construction Materials	8,787	—	—	8,787
Consumer Finance	2,007	—	—	2,007
Diversified Consumer Services	1,573	—	—	1,573
Diversified Financial Services	3,686	—	—	3,686
Diversified Telecommunication Services	3,957	—	—	3,957
Electronic Equipment, Instruments & Components	4,117	—	—	4,117
Food & Staples Retailing	7,207	—	—	7,207

December 31, 2016

Notes to Financial Statements (cont'd)

Investment Type	Level 1 Unadjusted quoted prices (000)	Level 2 Other significant observable inputs (000)	Level 3 Significant unobservable inputs (000)	Total (000)
Assets: (cont'd)				
Common Stocks (cont'd)				
Food Products	\$ 6,067	\$ —	\$—	\$ 6,067
Health Care Providers & Services	—	1,260	—	1,260
Hotels, Restaurants & Leisure	1,170	649	—	1,819
Household Durables	4,894	—	—	4,894
Independent Power and Renewable Electricity Producers	390	—	—	390
Industrial Conglomerates	5,603	—	—	5,603
Insurance	4,232	—	—	4,232
Internet & Direct Marketing Retail	1,371	—	—	1,371
Internet Software & Services	20,733	—	—	20,733
Machinery	2,566	—	—	2,566
Media	6,624	—	—	6,624
Metals & Mining	2,443	—	—	2,443
Multi-line Retail	3,705	—	—	3,705
Oil, Gas & Consumable Fuels	8,764	—	—	8,764
Paper & Forest Products	1,912	—	—	1,912
Personal Products	2,934	—	—	2,934
Pharmaceuticals	871	—	—	871
Professional Services	1,516	—	—	1,516
Real Estate Management & Development	1,595	683	—	2,278

Investment Type	Level 1 Unadjusted quoted prices (000)	Level 2 Other significant observable inputs (000)	Level 3 Significant unobservable inputs (000)	Total (000)
Assets: (cont'd)				
Common Stocks (cont'd)				
Semiconductors & Semiconductor Equipment	\$ 7,368	\$ —	\$—	\$ 7,368
Software	1,133	—	—	1,133
Tech Hardware, Storage & Peripherals	11,793	—	—	11,793
Textiles, Apparel & Luxury Goods	8,975	—	—	8,975
Transportation Infrastructure	1,244	—	—	1,244
Wireless Telecommunication Services	8,135	—	—	8,135
Total Common Stocks	207,956	6,362	—	214,318
Short-Term Investments				
Investment Company	7,673	—	—	7,673
Foreign Currency Forward Exchange Contract				
	—	61	—	61
Total Assets	\$215,629	\$6,423	\$—	\$222,052

Transfers between investment levels may occur as the markets fluctuate and/or the availability of data used in an investment's valuation changes. The Fund recognizes transfers between the levels as of the end of the period. As of December 31, 2016, securities with a total value of approximately \$135,010,000 transferred from Level 2 to Level 1. Securities that were valued using other significant observable inputs at December 31, 2015 were valued using unadjusted quoted prices at December 31, 2016. At December 31, 2015, the fair value of certain securities were

December 31, 2016

Notes to Financial Statements (cont'd)

adjusted due to developments which occurred between the time of the close of the foreign markets on which they trade and the close of business on the NYSE which resulted in their Level 2 classification.

Following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining fair value.

	Common Stock (000)
Beginning Balance	\$ 718
Purchases	—
Sales	(453)
Amortization of discount	—
Transfers in	—
Transfers out	—
Corporate actions	—
Change in unrealized appreciation (depreciation)	(31)
Realized gains (losses)	(234)
Ending Balance	\$ —
Net change in unrealized appreciation (depreciation) from investments still held as of December 31, 2016	\$ —

3. Foreign Currency Translation and Foreign Investments:

The books and records of the Fund are maintained in U.S. dollars. Foreign currency amounts are translated into U.S. dollars as follows:

- investments, other assets and liabilities at the prevailing rate of exchange on the valuation date;
- investment transactions and investment income at the prevailing rates of exchange on the dates of such transactions.

Although the net assets of the Fund are presented at the foreign exchange rates and market values at the close of the period, the Fund does not isolate that portion of the results of operations arising as a result of changes in the foreign exchange rates from the fluctuations arising from changes

in the market prices of securities held at period end. Similarly, the Fund does not isolate the effect of changes in foreign exchange rates from the fluctuations arising from changes in the market prices of securities sold during the period. Accordingly, realized and unrealized foreign currency gains (losses) on investments in securities are included in the reported net realized and unrealized gains (losses) on investment transactions and balances.

Net realized gains (losses) on foreign currency transactions represent net foreign exchange gains (losses) from sales and maturities of foreign currency forward exchange contracts, disposition of foreign currencies, currency gains (losses) realized between the trade and settlement dates on securities transactions, and the difference between the amount of investment income and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent amounts actually received or paid. Net unrealized currency gains (losses) from valuing foreign currency denominated assets and liabilities at period end exchange rates are reflected as a component of unrealized appreciation (depreciation) in investments and foreign currency translations in the Statement of Assets and Liabilities. The change in unrealized currency gains (losses) on foreign currency translations for the period is reflected in the Statement of Operations.

A significant portion of the Fund's net assets consist of securities of issuers located in emerging markets, which are denominated in foreign currencies. Changes in currency exchange rates will affect the value of and investment income from such securities. Emerging markets securities are often subject to greater price volatility, limited capitalization and liquidity, and higher rates of inflation than securities of companies based in the U.S. In addition, emerging market issuers may be subject to substantial governmental involvement in the economy and greater social, economic and political uncertainty. Such securities

December 31, 2016

Notes to Financial Statements (cont'd)

may be concentrated in a limited number of countries and regions and may vary throughout the year.

Governmental approval for foreign investments may be required in advance of making an investment under certain circumstances in some countries, and the extent of foreign investments in domestic companies may be subject to limitation in other countries. Foreign ownership limitations also may be imposed by the charters of individual companies to prevent, among other concerns, violations of foreign investment limitations. As a result, an additional class of shares (identified as "Foreign" in the Portfolio of Investments) may be created and offered for investment. The "local" and "foreign shares" market values may differ. In the absence of trading of the foreign shares in such markets, the Fund values the foreign shares at the closing exchange price of the local shares.

4. **Foreign Real Estate Companies:** The Fund may invest up to 10% of its net assets in foreign real estate companies. Foreign real estate companies pool investor funds for investments primarily in commercial real estate properties. They may also include among other businesses, real estate developers, brokers and operating companies whose products and services are significant related to the real estate industry such as building suppliers and mortgage lenders.
5. **Derivatives:** The Fund may, but is not required to, use derivative instruments for a variety of purposes, including hedging, risk management, portfolio management or to earn income. Derivatives are financial instruments whose value is based, in part, on the value of an underlying asset, interest rate, index or financial instrument. Prevailing interest rates and volatility levels, among other things, also affect the value of derivative instruments. A derivative instrument often has risks similar to its underlying asset and may have additional risks, including imperfect correlation between the value of the derivative and the

underlying asset, risks of default by the counterparty to certain transactions, magnification of losses incurred due to changes in the market value of the securities, instruments, indices or interest rates to which the derivative instrument relates, risks that the transactions may not be liquid and risks arising from margin requirements. The use of derivatives involves risks that are different from, and possibly greater than, the risks associated with other portfolio investments. Derivatives may involve the use of highly specialized instruments that require investment techniques and risk analyses different from those associated with other portfolio investments. All of the Fund's holdings, including derivative instruments, are marked-to-market each day with the change in value reflected in unrealized appreciation (depreciation). Upon disposition, a realized gain or loss is recognized.

Certain derivative transactions may give rise to a form of leverage. Leverage magnifies the potential for gain and the risk of loss. Leverage associated with derivative transactions may cause the Fund to liquidate portfolio positions when it may not be advantageous to do so to satisfy its obligations or to meet earmarking or segregation requirements, pursuant to applicable Securities and Exchange Commission rules and regulations, or may cause the Fund to be more volatile than if the Fund had not been leveraged. Although the Adviser and/or Sub-Advisers seek to use derivatives to further the Fund's investment objectives, there is no assurance that the use of derivatives will achieve this result.

Following is a description of the derivative instruments and techniques that the Fund used during the period and their associated risks:

Foreign Currency Forward Exchange Contracts: In connection with its investments in foreign securities, the Fund also entered into contracts with banks, brokers or dealers to purchase or sell securities or foreign currencies at

December 31, 2016

Notes to Financial Statements (cont'd)

a future date. A foreign currency forward exchange contract (“currency contract”) is a negotiated agreement between the contracting parties to exchange a specified amount of currency at a specified future time at a specified rate. The rate can be higher or lower than the spot rate between the currencies that are the subject of the contract. Currency contracts may be used to protect against uncertainty in the level of future foreign currency exchange rates or to gain or modify exposure to a particular currency. To the extent hedged by the use of currency contracts, the precise matching of the currency contract amounts and the value of the securities involved will not generally be possible because the future value of such securities in foreign currencies will change as a consequence of market movements in the value of those securities between the date on which the contract is entered into and the date it matures. Furthermore, such transactions may reduce or preclude the opportunity for gain if the value of the currency should move in the direction opposite to the position taken. There is additional risk to the extent that currency contracts create exposure to currencies in which the Fund’s securities are not denominated. Unanticipated changes in currency prices may result in poorer overall performance for the Fund than if it had not entered into such contracts. The use of currency contracts involves the risk of loss from the insolvency or bankruptcy of the counterparty to the contract or the failure of the counterparty to make payments or otherwise comply with the terms of the contract. A currency contract is marked-to-market daily and the change in market value is recorded by the Fund as unrealized gain or loss. The Fund records realized gains (losses) when the currency contract is closed equal to the difference between the value of the currency contract at the time it was opened and the value at the time it was closed.

FASB ASC 815, “Derivatives and Hedging” (“ASC 815”), is intended to improve financial reporting about derivative instruments by requiring enhanced disclosures to enable investors to better understand how and why the Fund uses derivative instruments, how these derivative instruments are accounted for and their effects on the Fund’s financial position and results of operations.

The following table sets forth the fair value of the Fund’s derivative contracts by primary risk exposure as of December 31, 2016.

	Asset Derivatives Statement of Assets and Liabilities Location	Primary Risk Exposure	Value (000)
Foreign Currency Forward Exchange Contract	Unrealized Appreciation on Foreign Currency Forward Exchange Contract	Currency Risk	\$61

The following tables set forth by primary risk exposure the Fund’s realized gains (losses) and change in unrealized appreciation (depreciation) by type of derivative contract for the year ended December 31, 2016 in accordance with ASC 815.

Realized Gain (Loss)		
Primary Risk Exposure	Derivative Type	Value (000)
Currency Risk	Foreign Currency Forward Exchange Contracts	\$163
Change in Unrealized Appreciation (Depreciation)		
Primary Risk Exposure	Derivative Type	Value (000)
Currency Risk	Foreign Currency Forward Exchange Contracts	\$30

December 31, 2016

Notes to Financial Statements (cont'd)

At December 31, 2016, the Fund's derivative assets and liabilities are as follows:

Gross Amounts of Assets and Liabilities Presented in the Statement of Assets and Liabilities

Derivatives	Assets(a) (000)
Foreign Currency	
Forward Exchange Contract	\$61

(a) Absent an event of default or early termination, OTC derivative assets and liabilities are presented gross and not offset in the Statement of Assets and Liabilities.

The Fund typically enters into International Swaps and Derivatives Association, Inc. Master Agreements ("ISDA Master Agreements") or similar master agreements (collectively, "Master Agreements") with its contract counterparties for certain OTC derivatives in order to, among other things, reduce its credit risk to counterparties. ISDA Master Agreements include provisions for general obligations, representations, collateral and events of default or termination. Under an ISDA Master Agreement, the Fund typically may offset with the counterparty certain OTC derivative financial instruments' payables and/or receivables with collateral held and/or posted and create one single net payment (close-out netting) in the event of default, termination and/or potential deterioration in the credit quality of the counterparty. Various Master Agreements govern the terms of certain transactions with counterparties, including transactions such as swap, forward, repurchase and reverse repurchase agreements. These Master Agreements typically attempt to reduce the counterparty risk associated with such transactions by specifying credit protection mechanisms and providing standardization that improves legal certainty. Cross-termination provisions under Master Agreements

typically provide that a default in connection with one transaction between the Fund and a counterparty gives the non-defaulting party the right to terminate any other transactions in place with the defaulting party to create one single net payment due to/due from the defaulting party and may be a feature in certain Master Agreements. In the event the Fund exercises its right to terminate a Master Agreement after a counterparty experiences a termination event as defined in the Master Agreement, the return of collateral with market value in excess of the Fund's net liability may be delayed or denied.

The following table presents derivative financial instruments that are subject to enforceable netting arrangements as of December 31, 2016.

Gross Amounts Not Offset in the Statement of Assets and Liabilities

Counterparty	Gross Asset Derivatives Presented in Statement of Assets and Liabilities (000)	Financial Instrument (000)	Collateral Received (000)	Net Amount (not less than \$0) (000)
UBS AG	\$61	\$—	\$—	\$61

For the year ended December 31, 2016, the approximate average monthly amount outstanding for each derivative type is as follows:

Foreign Currency Forward Exchange Contracts:

Average monthly principal amount\$5,042,000

- Securities Lending:** The Fund lends securities to qualified financial institutions, such as broker-dealers, to earn additional income. Any increase or decrease in the fair value of the securities loaned that might occur and any interest earned or dividends declared on those securities during the term of the loan would remain in the Fund. The Fund would receive cash or securities as collateral in an

December 31, 2016

Notes to Financial Statements (cont'd)

amount equal to or exceeding 100% of the current fair value of the loaned securities. The collateral is marked-to-market daily by State Street Bank and Trust Company ("State Street"), the securities lending agent, to ensure that a minimum of 100% collateral coverage is maintained.

Based on pre-established guidelines, the securities lending agent invests any cash collateral that is received in an affiliated money market portfolio and repurchase agreements. Securities lending income is generated from the earnings on the invested collateral and borrowing fees, less any rebates owed to the borrowers and compensation to the lending agent, and is recorded as "Income from Securities Loaned — Net" in the Fund's Statement of Operations. Risks in securities lending transactions are that a borrower may not provide additional collateral when required or return the securities when due, and that the value of the short-term investments will be less than the amount of cash collateral plus any rebate that is required to be returned to the borrower. The Fund has the right under the lending agreement to recover the securities from the borrower on demand.

The following table presents financial instruments that are subject to enforceable netting arrangements as of December 31, 2016.

Gross Amounts Not Offset in the Statement of Assets and Liabilities			
Gross Asset Amounts Presented in Statement of Assets and Liabilities	Financial Instrument	Collateral Received	Net Amount (not less than \$0)
(000)	(000)	(000)	(000)
\$7,363(b)	\$—	\$(7,363)(c)(d)	\$0

(b)Represents market value of loaned securities at period end.

(c)The Fund received cash collateral of approximately \$3,444,000, which was subsequently invested in Morgan Stanley Institutional Liquidity Funds as reported in the Portfolio of Investments. In addition, the Fund received non-cash collateral of approximately \$4,204,000 in the form of U.S. Government obligations, which the Fund

cannot sell or repledge, and accordingly are not reflected in the Portfolio of Investments.

(d)The actual collateral received is greater than the amount shown here due to overcollateralization.

FASB Accounting Standards Update No. 2014-11 ("ASU No. 2014-11"), "Transfers & Servicing (Topic 860): Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures", is intended to provide increased transparency about the types of collateral pledged in securities lending transactions and other similar transactions that are accounted for as secured borrowing.

The following table displays a breakdown of transactions accounted for as secured borrowings, the gross obligations by class of collateral pledged, and the remaining contractual maturity of those transactions as of December 31, 2016.

	Remaining Contractual Maturity of the Agreements				Total (000)
	Overnight and Continuous (000)	<30 days (000)	Between 30 & 90 days (000)	>90 days (000)	
Securities Lending Transactions					
Common Stocks	\$3,444	\$—	\$—	\$—	\$3,444
Total Borrowings	\$3,444	\$—	\$—	\$—	\$3,444
Gross amount of recognized liabilities for securities lending transactions					\$3,444

- 7. Indemnifications:** The Fund enters into contracts that contain a variety of indemnifications. The Fund's maximum exposure under these arrangements is unknown. However, the Fund has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.
- 8. Dividends and Distributions to Stockholders:** Dividend income and distributions to stockholders are recorded on the ex-dividend date. Dividends from net investment income, if any, are declared and paid annually. Net realized capital gains, if any, are distributed at least annually.

December 31, 2016

Notes to Financial Statements (cont'd)

9. **Other:** Security transactions are accounted for on the date the securities are purchased or sold. Realized gains (losses) on the sale of investment securities are determined on the specific identified cost basis. Interest income is recognized on the accrual basis. Dividend income and distributions are recorded on the ex-dividend date (except certain dividends which may be recorded as soon as the Fund is informed of such dividends) net of applicable withholding taxes.

B. Advisory/Sub-Advisory Fees: The Adviser, a wholly-owned subsidiary of Morgan Stanley, provides the Fund with advisory services under the terms of an Investment Advisory Agreement, calculated weekly and payable monthly, at an annual rate of 1.25% of the Fund's average weekly net assets.

The Adviser has entered into a Sub-Advisory Agreement with the Sub-Adviser, a wholly-owned subsidiary of Morgan Stanley. The Sub-Adviser provides the Fund with advisory services subject to the overall supervision of the Adviser and the Fund's Officers and Directors. The Adviser pays the Sub-Advisers on a monthly basis a portion of the net advisory fees the Adviser receives from the Fund.

C. Administration Fees: The Adviser also serves as Administrator to the Fund and provides administrative services pursuant to an Administration Agreement for an annual fee, accrued daily and paid monthly, of 0.08% of the Fund's average weekly net assets. The Adviser has agreed to limit the administration fee through a waiver so that it will be no greater than the previous administration fee of 0.02435% of the Fund's average weekly net assets plus \$24,000 per annum. This waiver may be terminated at any time. For the year ended December 31, 2016, approximately \$97,000 of administration fees were waived pursuant to this arrangement.

Under a Sub-Administration Agreement between the Administrator and State Street, State Street provides certain administrative services to the Fund. For such services, the

Administrator pays State Street a portion of the fee the Administrator receives from the Fund.

D. Custodian Fees: State Street (the "Custodian") serves as Custodian for the Fund in accordance with a Custodian Agreement. The Custodian holds cash, securities, and other assets of the Fund as required by the Act. Custody fees are payable monthly based on assets held in custody, investment purchases and sales activity and account maintenance fees, plus reimbursement for certain out-of-pocket expenses.

In December 2015, the Fund's Custodian announced that it had identified inconsistencies in the way in which clients were invoiced for out-of-pocket expenses from 1998 until November 2015. The dollar amount difference between what was charged and what should have been charged, plus interest, was paid back to the Fund in September 2016 as a reimbursement. The Custodian reimbursed the Fund directly, which was recognized as a change in accounting estimate and was reflected as "Reimbursement of Custodian Fees" in the Statement of Operations.

E. Security Transactions and Transactions with Affiliates: For the year ended December 31, 2016, purchases and sales of investment securities for the Fund, other than long-term U.S. Government securities and short-term investments, were approximately \$74,773,000 and \$74,709,000, respectively. There were no purchases and sales of long-term U.S. Government securities for the year ended December 31, 2016.

The Fund invests in the Institutional Class of the Morgan Stanley Institutional Liquidity Funds (the "Liquidity Funds"), an open-end management investment company managed by the Adviser, both directly and as a portion of the securities held as collateral on loaned securities. Advisory fees paid by the Fund are reduced by an amount equal to its pro-rata share of the advisory and administration fees paid by the Fund due to its investment in the Liquidity Funds. For the year ended December 31, 2016, advisory fees paid were reduced by

December 31, 2016

Notes to Financial Statements (cont'd)

approximately \$5,000 relating to the Fund's investment in the Liquidity Funds.

A summary of the Fund's transactions in shares of the Liquidity Funds during the year ended December 31, 2016 is as follows:

Value December 31, 2015 (000)	Purchases at Cost (000)	Sales (000)	Dividend Income (000)	Value December 31, 2016 (000)
\$9,016	\$33,562	\$34,905	\$12	\$7,673

During the year ended December 31, 2016, the Fund incurred approximately \$4,000 in brokerage commissions with Morgan Stanley & Co., LLC, an affiliate of the Adviser/Administrator and Sub-Advisers, for portfolio transactions executed on behalf of the Fund.

The Fund is permitted to purchase and sell securities ("cross-trade") from and to other Morgan Stanley Funds as well as other funds and client accounts for which the Adviser or an affiliate of the Adviser serves as investment adviser, pursuant to procedures approved by the Directors in compliance with Rule 17a-7 under the Act (the "Rule"). Each cross-trade is executed at the current market price in compliance with provisions of the Rule. For the year ended December 31, 2016, the Fund did not engage in any cross-trade transactions.

The Fund has an unfunded Deferred Compensation Plan (the "Compensation Plan"), which allows each independent Director to defer payment of all, or a portion, of the fees he or she receives for serving on the Board of Directors. Each eligible Director generally may elect to have the deferred amounts credited with a return equal to the total return on one or more of the Morgan Stanley funds that are offered as investment options under the Compensation Plan. Appreciation/depreciation and distributions received from these investments are recorded with an offsetting increase/decrease in the deferred compensation obligation and do not affect the NAV of the Fund.

E Federal Income Taxes: It is the Fund's intention to continue to qualify as a regulated investment company and distribute all of its taxable income. Accordingly, no provision for federal income taxes is required in the financial statements.

The Fund may be subject to taxes imposed by countries in which it invests. Such taxes are generally based on income and/or capital gains earned or repatriated. Taxes are accrued based on net investment income, net realized gains and net unrealized appreciation as such income and/or gains are earned. Taxes may also be based on transactions in foreign currency and are accrued based on the value of investments denominated in such currency.

FASB ASC 740-10, "Income Taxes — Overall", sets forth a minimum threshold for financial statement recognition of the benefit of a tax position taken or expected to be taken in a tax return. Management has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements. If applicable, the Fund recognizes interest accrued related to unrecognized tax benefits in "Interest Expense" and penalties in "Other Expenses" in the Statement of Operations. The Fund files tax returns with the U.S. Internal Revenue Service, New York and various states. Each of the tax years in the four-year period ended December 31, 2016, remains subject to examination by taxing authorities.

The tax character of distributions paid may differ from the character of distributions shown in the Statements of Changes in Net Assets due to short-term capital gains being treated as ordinary income for tax purposes. The tax character of distributions paid during fiscal years 2016 and 2015 was as follows:

2016 Distributions Paid From:		2015 Distributions Paid From:	
Ordinary Income (000)	Long-Term Capital Gain (000)	Ordinary Income (000)	Long-Term Capital Gain (000)
\$1,351	\$—	\$722	\$—

December 31, 2016

Notes to Financial Statements (cont'd)

The amount and character of income and gains to be distributed are determined in accordance with income tax regulations which may differ from GAAP. These book/tax differences are either considered temporary or permanent in nature.

Temporary differences are attributable to differing book and tax treatments for the timing of the recognition of gains (losses) on certain investment transactions and the timing of the deductibility of certain expenses.

Permanent differences, primarily due to differing treatments of gains (losses) related to foreign currency transactions and basis adjustments on certain equity securities designated as issued by passive foreign investment companies, resulted in the following reclassifications among the components of net assets at December 31, 2016:

Accumulated Undistributed Net Investment Income (000)	Accumulated Net Realized Loss (000)	Paid-in- Capital (000)
\$847	\$(847)	\$—

At December 31, 2016, the components of distributable earnings for the Fund on a tax basis were as follows:

Undistributed Ordinary Income (000)	Undistributed Long-Term Capital Gain (000)
\$359	\$—

At December 31, 2016, the Fund had available for federal income tax purposes unused short term and long term capital losses of approximately \$8,859,000 and \$15,640,000, respectively, that do not have an expiration date.

In addition, at December 31, 2016, the Fund had available for Federal income tax purposes unused capital losses of approximately \$7,797,000 which will expire on December 31, 2017.

To the extent that capital loss carryforwards are used to offset any future capital gains realized during the carryover period as

provided by federal income tax regulations, no capital gains tax liability will be incurred by the Fund for gains realized and not distributed. To the extent that capital gains are offset, such gains will not be distributed to the stockholders.

G. Other: As permitted by the Fund's offering prospectus, on July 30, 1998, the Fund commenced a share repurchase program for purposes of enhancing stockholder value and reducing the discount at which the Fund's shares trade from their NAV. During the year ended December 31, 2016, the Fund repurchased 88,353 of its shares at an average discount of 11.89% from NAV. Since the inception of the program, the Fund has repurchased 5,828,606 of its shares at an average discount of 17.30% from NAV. The Directors regularly monitor the Fund's share repurchase program as part of their review and consideration of the Fund's premium/discount history. The Fund expects to continue to repurchase its outstanding shares at such time and in such amounts as it believes will further the accomplishment of the foregoing objectives, subject to review by the Directors. You can access information about the monthly share repurchase results through Morgan Stanley Investment Management's website: www.morganstanley.com/im.

At December 31, 2016, the Fund had record owners of 10% or greater. Investment activities of these shareholders could have a material impact on the Fund. The aggregate percentage of such owners was 40.4%.

H. Results of Annual Meeting of Stockholders

(unaudited): On June 21, 2016, an annual meeting of the Fund's stockholders was held for the purpose of voting on the following matter, the results of which were as follows:

Election of Directors by all stockholders:

	For	Against
Frank L. Bowman	9,143,566	3,372,519
Jakki L. Haussler	9,147,323	3,368,762
Manuel H. Johnson	9,143,925	3,372,160

December 31, 2016

Notes to Financial Statements (cont'd)

I. Accounting Pronouncements: In December 2016, FASB issued Accounting Standards update 2016-19 — Technical Corrections and Improvements (“ASU 2016-19”), which is effective for interim periods for all entities beginning after December 15, 2016. ASU 2016-19 includes an amendment to Topic 820, Fair Value Measurement, which clarifies the difference between a valuation approach and a valuation technique when applying the guidance in that Topic. That amendment also requires an entity to disclose when there has been a change in either or both a valuation approach and/or a valuation technique. The transition guidance for the amendment must be applied prospectively because it could potentially involve the use of hindsight that includes fair value measurements. Although still evaluating the potential impacts of ASU 2016-19 to the Fund, management expects that the impact of the Fund’s adoption will be limited to additional financial statement disclosures.

In October 2016, the Securities and Exchange Commission (“SEC”) issued a new rule, Investment Company Reporting Modernization, which, among other provisions, amends Regulation S-X to require standardized, enhanced disclosures, particularly related to derivatives, in investment company financial statements. Compliance with the guidance is effective for financial statements filed with the SEC on or after August 1, 2017; adoption will have no effect on the Fund’s net assets or results of operations. Although still evaluating the potential impacts of the Investment Company Reporting Modernization to the Fund, management expects that the impact of the fund’s adoption will be limited to additional financial statement disclosures.

Federal Tax Notice (unaudited)

For federal income tax purposes, the following information is furnished with respect to the distributions paid by the Fund during its taxable year ended December 31, 2016. For corporate shareholders, 1.6% of the dividends qualified for the dividends received deduction.

For federal income tax purposes, the following information is furnished with respect to the Fund’s earnings for its taxable year ended December 31, 2016. When distributed, certain earnings may be subject to a maximum tax rate of 15% as provided for by the Jobs and Growth Tax Relief Reconciliation Act of 2003. The Fund designated up to a maximum of \$1,883,000 as taxable at this lower rate.

The Fund intends to pass through foreign tax credits of approximately \$533,000, and has derived net income from sources within foreign countries amounting to approximately \$4,670,000.

In January, the Fund provides tax information to stockholders for the preceding calendar year.

December 31, 2016

Notes to Financial Statements (cont'd)

For More Information About Portfolio Holdings (unaudited)

The Fund provides a complete schedule of portfolio holdings in its semi-annual and annual reports within 60 days of the end of the Fund's second and fourth fiscal quarters. The semi-annual reports and the annual reports are filed electronically with the Securities and Exchange Commission (SEC) on Form N-CSRS and Form N-CSR, respectively. Morgan Stanley also delivers the semi-annual and annual reports to Fund stockholders and makes these reports available on its public website, www.morganstanley.com/im. Each Morgan Stanley fund also files a complete schedule of portfolio holdings with the SEC for the Fund's first and third fiscal quarters on Form N-Q. Morgan Stanley does not deliver the reports for the first and third fiscal quarters to stockholders, nor are the reports posted to the Morgan Stanley public website. You may, however, obtain the Form N-Q filings (as well as the Form N-CSR and N-CSRS filings) by accessing the SEC's website, www.sec.gov. You may also review and copy them at the SEC's Public Reference Room in Washington, DC. Information on the operation of the SEC's Public Reference Room may be obtained by calling the SEC toll free at 1(800) SEC-0330. You can also request copies of these materials, upon payment of a duplicating fee, by electronic request at the SEC's e-mail address (publicinfo@sec.gov) or by writing the public reference room of the SEC, 100 F Street, NE, Washington, DC 20549-0102.

In addition to filing a complete schedule of portfolio holdings with the SEC each fiscal quarter, the Fund makes portfolio holdings information available by providing the information on its public website, www.morganstanley.com/im. The Fund provides a complete schedule of portfolio holdings on the public website on a monthly basis at least 15 calendar days after month-end and under other conditions as described in the Fund's policy on portfolio holdings disclosure. You may obtain copies of the Fund's monthly website postings by calling toll free 1(800) 231-2608.

Proxy Voting Policy and Procedures and Proxy Voting Record (unaudited)

A copy of (1) the Fund's policies and procedures with respect to the voting of proxies relating to the Fund's portfolio securities; and (2) how the Fund voted proxies relating to portfolio securities during the most recent twelve-month period ended June 30, is available without charge, upon request, by calling toll free 1(800) 231-2608 or by visiting our website at www.morganstanley.com/im. This information is also available on the SEC's web site at www.sec.gov.

December 31, 2016

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of
Morgan Stanley Emerging Markets Fund, Inc.

We have audited the accompanying statement of assets and liabilities of Morgan Stanley Emerging Markets Fund, Inc. (the "Fund"), including the portfolio of investments, as of December 31, 2016, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Fund's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of December 31, 2016, by correspondence with the custodian and others or by other appropriate auditing procedures where replies from others were not received. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Morgan Stanley Emerging Markets Fund, Inc. at December 31, 2016, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, in conformity with U.S. generally accepted accounting principles.

Ernst & Young LLP

Boston, Massachusetts
February 28, 2017

December 31, 2016

Portfolio Management (unaudited)

The Fund is managed within the Emerging Markets Equity team. The team consists of portfolio managers and analysts. Current members of the team jointly and primarily responsible for the day-to-day management of the Fund's portfolio are Munib Madni, a Managing Director of MSIM Company, and Eric Carlson, Paul C. Psaila, Ruchir Sharma and Gaithe Ali, each a Managing Director of the Adviser.

Mr. Madni has been associated with MSIM Company in an investment management capacity since February 2005 and began managing the Fund in May 2012. Mr. Carlson has been associated with the Adviser in an investment management capacity since September 1997 and began managing the Fund in February 2011. Mr. Psaila has been associated with the Adviser in an investment management capacity since 1994 and began managing the Fund in February 1994. Mr. Sharma has been associated with the Adviser in an investment management capacity since 1996 and began managing the Fund in February 2002. Ms. Ali has been associated with the Adviser in an investment management capacity since 2007 and began managing the Fund in April 2013.

December 31, 2016

Investment Policy (unaudited)

Derivatives

The Fund may, but it is not required to, use derivative instruments for a variety of purposes, including hedging, risk management, portfolio management or to earn income. Derivatives are financial instruments whose value is based, in part, on the value of an underlying asset, interest rate, index or financial instrument. Prevailing interest rates and volatility levels, among other things, also affect the value of derivative instruments. A derivative instrument often has risks similar to its underlying asset and may have additional risks, including imperfect correlation between the value of the derivative and the underlying asset, risks of default by the counterparty to certain transactions, magnification of losses incurred due to changes in the market value of the securities, instruments, indices or interest rates to which the derivative instrument relates, risks that the transactions may not be liquid and risks arising from margin requirements. The use of derivatives involves risks that are different from, and possibly greater than, the risks associated with other portfolio investments. Derivatives may involve the use of highly specialized instruments that require investment techniques and risk analyses different from those associated with other portfolio investments. In addition, proposed regulatory changes by the Securities and Exchange Commission (“SEC”) relating to a mutual fund’s use of derivatives could potentially limit or impact the Fund’s ability to invest in derivatives and adversely affect the value or performance of the Fund or its derivative investments.

Certain derivative transactions may give rise to a form of leverage. Leverage magnifies the potential for gain and the risk of loss. Leverage associated with derivative transactions may cause the Fund to liquidate portfolio positions when it may not be advantageous to do so to satisfy its obligations or to meet earmarking or segregation requirements, pursuant to applicable SEC rules and regulations, or may cause the Fund to be more volatile than if the Fund had not been leveraged. Although the Adviser seeks to use derivatives to further the Fund’s investment objective, there is no assurance that the use of derivatives will achieve this result.

Following is a description of the derivative instruments and techniques that the Fund may use and their associated risks:

Foreign Currency Forward Exchange Contracts. In connection with its investments in foreign securities, the Fund also may enter into contracts with banks, brokers or dealers to purchase or sell securities or foreign currencies at a future date. A foreign currency forward exchange contract (“currency contract”) is a negotiated agreement between the contracting parties to exchange a specified amount of currency at a specified future time at a specified rate. The rate can be higher or lower than the spot rate between the currencies that are the subject of the contract. The Fund may also invest in non-deliverable foreign currency forward exchange contracts (“NDFs”). NDFs are similar to other foreign currency forward exchange contracts, but do not require or permit physical delivery of currency upon settlement. Instead, settlement is made in cash based on the difference between the contracted exchange rate and the spot foreign exchange rate at settlement. Currency contracts may be used to protect against uncertainty in the level of future foreign currency exchange rates or to gain or modify exposure to a particular currency. In addition, the Fund may use cross currency hedging or proxy hedging with respect to currencies in which the Fund has or expects to have portfolio or currency exposure. Cross currency hedges involve the sale of one currency against the positive exposure to a different currency and may be used for hedging purposes or to establish an active exposure to the exchange rate between any two currencies. To the extent hedged by the use of currency contracts, the precise matching of the currency contract amounts and the value of the securities involved will not generally be possible because the future value of such securities in foreign currencies will change as a consequence of market movements in the value of those securities between the date on which the contract is entered into and the date it matures. Furthermore, such transactions may reduce

December 31, 2016

Investment Policy (unaudited) (cont'd)

or preclude the opportunity for gain if the value of the currency should move in the direction opposite to the position taken. There is additional risk that such transactions may reduce or preclude the opportunity for gain if the value of the currency should move in the direction opposite to the position taken and that currency contracts create exposure to currencies in which the Fund's securities are not denominated. The use of currency contracts involves the risk of loss from the insolvency or bankruptcy of the counterparty to the contract or the failure of the counterparty to make payments or otherwise comply with the terms of the contract.

Futures. A futures contract is a standardized, exchange-traded agreement to buy or sell a specific quantity of an underlying asset, reference rate or index at a specific price at a specific future time. The value of a futures contract tends to increase and decrease in tandem with the value of the underlying instrument. Depending on the terms of the particular contract, futures contracts are settled through either physical delivery of the underlying instrument on the settlement date or by payment of a cash settlement amount on the settlement date. A decision as to whether, when and how to use futures contracts involves the exercise of skill and judgment and even a well-conceived futures transaction may be unsuccessful because of market behavior or unexpected events. In addition to the derivatives risks discussed above, the prices of futures contracts can be highly volatile, using futures contracts can lower total return, and the potential loss from futures contracts can exceed the Fund's initial investment in such contracts. No assurance can be given that a liquid market will exist for any particular futures contract at any particular time. There is also the risk of loss by the Fund of margin deposits in the event of bankruptcy of a broker with which the Fund has open positions in the futures contract.

Structured Investments. The Fund also may invest a portion of its assets in structured investments. A structured investment is a derivative security designed to offer a return linked to a particular underlying security, currency, commodity or market. Structured investments may come in various forms including notes (such as exchange-traded notes), warrants and options to purchase securities. The Fund will typically use structured investments to gain exposure to a permitted underlying security, currency, commodity or market when direct access to a market is limited or inefficient from a tax or cost standpoint. There can be no assurance that structured investments will trade at the same price or have the same value as the underlying security, currency, commodity or market. Investments in structured investments involve risks including issuer risk, counterparty risk and market risk. Holders of structured investments bear risks of the underlying investment and are subject to issuer or counterparty risk because the Fund is relying on the creditworthiness of such issuer or counterparty and has no rights with respect to the underlying investment. Certain structured investments may be thinly traded or have a limited trading market and may have the effect of increasing the Fund's illiquidity to the extent that the Fund, at a particular point in time, may be unable to find qualified buyers for these securities.

Special Risks Related to Cyber Security

The Fund and its service providers are susceptible to cyber security risks that include, among other things, theft, unauthorized monitoring, release, misuse, loss, destruction or corruption of confidential and highly restricted data; denial of service attacks; unauthorized access to relevant systems; compromises to networks or devices that the Fund and its service providers use to service the Fund's operations; or operational disruption or failures in the physical infrastructure or operating systems that support the Fund and its service providers. Cyber attacks against or security breakdowns of the Fund or its service providers may adversely impact the Fund and its stockholders, potentially resulting in, among other things, financial losses; the inability of Fund stockholders to transact business and the Fund to process transactions; inability to calculate the Fund's NAV; violations of applicable privacy and other laws;

December 31, 2016

Investment Policy (unaudited) (cont'd)

regulatory fines, penalties, reputational damage, reimbursement or other compensation costs; and/or additional compliance costs. The Fund may incur additional costs for cyber security risk management and remediation purposes. In addition, cyber security risks may also impact issuers of securities in which the Fund invests, which may cause the Fund's investment in such issuers to lose value. There can be no assurance that the Fund or its service providers will not suffer losses relating to cyber attacks or other information security breaches in the future.

Foreign and Emerging Market Securities

Investing in the securities of foreign issuers, particularly those located in emerging market or developing countries, entails the risk that news and events unique to a country or region will affect those markets and their issuers. The value of the Fund's shares may vary widely in response to political and economic factors affecting companies in foreign countries. These same events will not necessarily have an effect on the U.S. economy or similar issuers located in the United States. In addition, investments in certain foreign markets that have historically been considered stable may become more volatile and subject to increased risk due to ongoing developments and changing conditions in such markets. Moreover, the growing interconnectivity of global economies and financial markets has increased the probability that adverse developments and conditions in one country or region will affect the stability of economies and financial markets in other countries or regions.

Investments in foreign markets entail special risks such as currency, political, economic and market risks. There also may be greater market volatility, less reliable financial information, higher transaction and custody costs, decreased market liquidity and less government and exchange regulation associated with investments in foreign markets. Certain foreign markets may rely heavily on particular industries or foreign capital and are more vulnerable to diplomatic developments, the imposition of economic sanctions against a particular country or countries, organizations, entities and/or individuals, changes in international trading patterns, trade barriers, and other protectionist or retaliatory measures. Economic sanctions could, among other things, effectively restrict or eliminate the Fund's ability to purchase or sell securities or groups of securities for a substantial period of time, and may make the Fund's investments in such securities harder to value. Investments in foreign markets may also be adversely affected by governmental actions such as the imposition of capital controls, nationalization of companies or industries, expropriation of assets or the imposition of punitive taxes. The governments of certain countries may prohibit or impose substantial restrictions on foreign investing in their capital markets or in certain sectors or industries. In addition, a foreign government may limit or cause delay in the convertibility or repatriation of its currency which would adversely affect the U.S. dollar value and/or liquidity of investments denominated in that currency. Certain foreign investments may become less liquid in response to market developments or adverse investor perceptions, or become illiquid after purchase by the Fund, particularly during periods of market turmoil. When the Fund holds illiquid investments, its portfolio may be harder to value. The risks of investing in emerging market countries are greater than risks associated with investments in foreign developed countries. In addition, the Fund's investments in foreign issuers may be denominated in foreign currencies and therefore, to the extent unhedged, the value of the investment will fluctuate with the U.S. dollar exchange rates.

Exchange-Listed Equities via Stock Connect Program

The Shanghai-Hong Kong Stock Connect program and the recently launched Shenzhen-Hong Kong Stock Connect programs ("Stock Connect") allows non-Chinese investors (such as the Fund) to purchase certain listed equities via brokers in Hong Kong.

December 31, 2016

Investment Policy (unaudited) (cont'd)

Although Stock Connect allows non-Chinese investors to trade Chinese equities without a license, purchases of securities through Stock Connect are subject to daily market-wide quota limitations, which may prevent the Fund from purchasing Stock Connect securities when it is otherwise advantageous to do so. An investor cannot purchase and sell the same security on the same trading day, which may restrict the Fund's ability to invest in China A-shares through Stock Connect and to enter into or exit trades where it is advantageous to do so on the same trading day. Because Stock Connect trades are routed through Hong Kong brokers and the Hong Kong Stock Exchange, Stock Connect is affected by trading holidays in either China or Hong Kong, and there are trading days in China when Stock Connect investors will not be able to trade. As a result, prices of securities purchased through Stock Connect may fluctuate at times when the Fund is unable to add to or exit its position. Only certain China A-shares are eligible to be accessed through Stock Connect. Such securities may lose their eligibility at any time, in which case they could be sold but could no longer be purchased through Stock Connect. Because Stock Connect is relatively new, its effects on the market for trading China A-shares are uncertain. In addition, the trading, settlement and IT systems required to operate Stock Connect are relatively new and continuing to evolve. In the event that the relevant systems do not function properly, trading through Stock Connect could be disrupted.

Stock Connect is subject to regulation by both Hong Kong and China. There can be no assurance that further regulations will not affect the availability of securities in the program, the frequency of redemptions or other limitations. Stock Connect transactions are not covered by investor protection programs of either the Hong Kong or Shanghai and Shenzhen Stock Exchanges, although any default by a Hong Kong broker should be subject to established Hong Kong law. In China, Stock Connect securities are held on behalf of ultimate investors (such as the Fund) by the Hong Kong Securities Clearing Company Limited ("HKSCC") as nominee. While Chinese regulators have affirmed that the ultimate investors hold a beneficial interest in Stock Connect securities, the law surrounding such rights is in its early stages and the mechanisms that beneficial owners may use to enforce their rights are untested and therefore pose uncertain risks. Further, courts in China have limited experience in applying the concept of beneficial ownership and the law surrounding beneficial ownership will continue to evolve as they do so. There is accordingly a risk that as the law is tested and developed, the Fund's ability to enforce its ownership rights may be negatively impacted. The Fund may not be able to participate in corporate actions affecting Stock Connect securities due to time constraints or for other operations reasons. Similarly, the Fund will not be able to vote in shareholders' meetings except through HKSCC and will not be able to attend shareholders' meetings. Stock Connect trades are settled in Renminbi (RMB), the Chinese currency, and investors must have timely access to a reliable supply of RMB in Hong Kong, which cannot be guaranteed.

Stock Connect trades are either subject to certain pre-trade requirements or must be placed in special segregated accounts that allow brokers to comply with these pre-trade requirements by confirming that the selling shareholder has sufficient Stock Connect securities to complete the sale. If the Fund does not utilize a special segregated account, the Fund will not be able to sell the shares on any trading day where it fails to comply with the pre-trade checks. In addition, these pre-trade requirements may, as a practical matter, limit the number of brokers that the Fund may use to execute trades. While the Fund may use special segregated accounts in lieu of the pre-trade check, some market participants have yet to fully implement IT systems necessary to complete trades involving securities in such accounts in a timely manner. Market practice with respect to special segregated accounts is continuing to evolve. Investments via Stock Connect are subject to regulation by Chinese authorities. Chinese law may require aggregation of a Fund's holding of Stock

December 31, 2016

Investment Policy (unaudited) (cont'd)

Connect securities with securities of other clients of the Adviser for purposes of disclosing positions held to the market, acquiescing to trading halts that may be imposed until regulatory filings are completed or complying with China's short-term trading rules.

Determination of NAV

The Fund determines the NAV per share as of the close of the NYSE (normally 4:00 p.m. Eastern time) on each day that the NYSE is open for business. Shares generally will not be priced on days that the NYSE is closed. If the NYSE is closed due to inclement weather, technology problems or any other reason on a day it would normally be open for business, or the NYSE has an unscheduled early closing on a day it has opened for business, the Fund reserves the right to treat such day as a business day and calculate its NAV as of the normally scheduled close of regular trading on the NYSE for that day, so long as the Adviser believes there generally remains an adequate market to obtain reliable and accurate market quotations. The Fund may elect to price its shares on days when the NYSE is closed but the primary securities markets on which the Fund's securities trade remain open.

December 31, 2016

Dividend Reinvestment and Cash Purchase Plan (unaudited)

Pursuant to the Dividend Reinvestment and Cash Purchase Plan (the “Plan”), each stockholder will be deemed to have elected, unless Computershare Trust Company, N.A. (the “Plan Agent”) is otherwise instructed by the stockholder in writing, to have all distributions automatically reinvested in Fund shares. Participants in the Plan have the option of making additional voluntary cash payments to the Plan Agent, annually, in any amount from \$100 to \$3,000, for investment in Fund shares.

Dividend and capital gain distributions (Distributions) will be reinvested on the reinvestment date in full and fractional shares. If the market price per share equals or exceeds net asset value per share on the reinvestment date, the Fund will issue shares to participants at net asset value or, if net asset value is less than 95% of the market price on the reinvestment date, shares will be issued at 95% of the market price. If net asset value exceeds the market price on the reinvestment date, participants will receive shares valued at market price. The Fund may purchase shares of its Common Stock in the open market in connection with dividend reinvestment requirements at the discretion of the Board of Directors. Should the Fund declare a Distribution payable only in cash, the Plan Agent will purchase Fund shares for participants in the open market as agent for the participants.

The Plan Agent’s fees for the reinvestment of a Distribution will be paid by the Fund. However, each participant’s account will be charged a pro rata share of brokerage commissions incurred on any open market purchases effected on such participant’s behalf. A participant will also pay brokerage commissions incurred on purchases made by voluntary cash payments. Although stockholders in the Plan may receive no cash distributions, participation in the Plan will not relieve participants of any income tax which may be payable on such dividends or distributions.

In the case of stockholders, such as banks, brokers or nominees, that hold shares for others who are the beneficial owners, the Plan Agent will administer the Plan on the basis of the number of shares certified from time to time by the stockholder as representing the total amount registered in the stockholder’s name and held for the account of beneficial owners who are participating in the Plan.

Stockholders who do not wish to have distributions automatically reinvested should notify the Plan Agent in writing. There is no penalty for non-participation or withdrawal from the Plan, and stockholders who have previously withdrawn from the Plan may rejoin at any time. Requests for additional information or any correspondence concerning the Plan should be directed to the Plan Agent at:

Morgan Stanley Emerging Markets Fund, Inc.
Computershare Trust Company, N.A.
P.O. Box 30170
College Station, Texas 77842
1(800) 231-2608

December 31, 2016

Privacy Notice (unaudited)

Morgan Stanley Investment Management Inc. An Important Notice Concerning Our U.S. Privacy Policy

We are required by federal law to provide you with a copy of our privacy policy annually. This policy applies to current and former individual investors in funds managed or sponsored by Morgan Stanley Investment Management Inc. (“MSIM”) as well as current and former individual clients of MSIM. This policy is not applicable to partnerships, corporations, trusts or other non-individual clients or investors. Please note that we may amend this policy at any time, and will inform you of any changes as required by law.

We Respect Your Privacy

We appreciate that you have provided us with your personal financial information. We strive to maintain the privacy of such information while we help you achieve your financial objectives. This Notice describes what non-public personal information we collect about you, why we collect it, when we may share it with others and how certain others may use it. It discusses the steps you may take to limit our sharing of certain information about you to affiliated companies in the Morgan Stanley family of companies (“other Morgan Stanley companies”). It also discloses how you may limit use of certain shared information for marketing purposes by other Morgan Stanley branded companies. Throughout this policy, we refer to the non-public information that personally identifies you or your accounts as “personal information.”

1. What Personal Information Do We Collect About You?

We obtain personal information from applications and other forms you submit to us, from your dealings with us, from consumer reporting agencies, from our Web sites and from third parties and other sources.

For example:

- We may collect information such as your name, address, e-mail address, telephone/fax numbers, assets, income and investment objectives through subscription documents, applications and other forms you submit to us.
- We may obtain information about account balances, your use of account(s) and the types of products and services you prefer to receive from us through your dealings and transactions with us and other sources.
- We may obtain information about your creditworthiness and credit history from consumer reporting agencies.
- We may collect background information from and through third-party vendors to verify representations you have made and to comply with various regulatory requirements.
- If you interact with us through our public and private Web sites, we may collect information that you provide directly through online communications (such as an e-mail address). We may also collect information about your Internet service provider, your domain name, your computer’s operating system and Web browser, your use of our Web sites and your product and service preferences, through the use of “cookies.” Please consult the Terms of Use of these sites for more details.

December 31, 2016

Privacy Notice (unaudited) (cont'd)

2. When Do We Disclose Personal Information We Collect About You?

We may disclose personal information we collect about you to other Morgan Stanley companies and to non-affiliated third parties.

a. Information We Disclose to Other Morgan Stanley Companies. We may disclose personal information to other Morgan Stanley companies for a variety of reasons, including to manage your account(s) effectively, to service and process your transactions, to let you know about products and services offered by us and other Morgan Stanley companies, to manage our business, and as otherwise required or permitted by law. Offers for products and services from other Morgan Stanley companies are developed under conditions designed to safeguard your personal information.

b. Information We Disclose to Non-affiliated Third Parties. We do not disclose personal information that we collect about you to non-affiliated third parties except to those who provide marketing services on our behalf, to financial institutions with whom we have joint marketing agreements, and as otherwise required or permitted by law. For example, we may disclose personal information to nonaffiliated third parties for servicing and processing transactions, to offer our own products and services, to protect against fraud, for institutional risk control, to respond to judicial process or to perform services on our behalf. When we share personal information with a non-affiliated third party, they are required to limit their use of personal information to the particular purpose for which it was shared and they are not allowed to share personal information with others except to fulfill that limited purpose or as may be permitted or required by law.

3. How Do We Protect the Security and Confidentiality of Personal Information We Collect About You?

We maintain physical, electronic and procedural security measures to help safeguard the personal information we collect about you. We have internal policies governing the proper handling of client information. Third parties that provide support or marketing services on our behalf may also receive personal information, and we require them to adhere to confidentiality standards with respect to such information.

4. How Can You Limit the Sharing of Certain Types of Personal Information With Other Morgan Stanley Companies?

We offer you choices as to whether we share with other Morgan Stanley companies the personal information that was collected to determine your eligibility for products and services you request (“eligibility information”). Eligibility information does not include your identification information or personal information pertaining to our transactions or experiences with you. Please note that, even if you direct us not to share eligibility information with other Morgan Stanley companies (“opt-out”), we may still share personal information, including eligibility information, with those companies in circumstances excluded from the opt-out under applicable law, such as to process transactions or to service your account.

5. How Can You Limit the Use of Certain Types of Personal Information by Other Morgan Stanley Companies for Marketing?

By following the opt-out instructions in Section 6 below, you may limit other Morgan Stanley branded companies from marketing their products or services to you based on personal information we disclose to them. This information may include, for example, your

December 31, 2016

Privacy Notice (unaudited) (cont'd)

income and account history with us. Please note that, even if you choose to limit Other Morgan Stanley Companies from using personal information about you that we may share with them for marketing their products and services to you, Other Morgan Stanley Companies may use your personal information that they obtain from us to market to you in circumstances permitted by law, such as if the Other Morgan Stanley Company has its own relationship with you.

6. How Can You Send Us an Opt-Out Instruction?

If you wish to limit our sharing of eligibility information about you with other Morgan Stanley companies or other Morgan Stanley companies' use of personal information for marketing purposes, as described in this notice, you may do so by:

- Calling us at (800) 231-2608
Monday–Friday between 8a.m. and 6p.m.(EST)
- Writing to us at the following address:
Computershare Trust Company, N.A.
c/o Privacy Coordinator
P.O. Box 30170
College Station, Texas 77842

Your written request should include your name, address, telephone number and account number(s) to which the opt-out applies and whether you are opting out with respect to sharing of eligibility information (Section 4 above), or if information used for Marketing (Section 5 above) or both. Written opt-out requests should not be sent with any other correspondence. In order to process your request, we require that the request be provided by you directly and not through a third party.

Your opt-out preference will remain in effect with respect to this policy (as it may be amended) until you notify us otherwise. If you have a joint account, your direction for us not to share this information with other Morgan Stanley companies and for those other Morgan Stanley companies not to use your personal information for marketing will be applied to all account holders on that account. Please understand that if you limit our sharing or our affiliated companies' use of personal information, you and any joint account holder(s) may not receive information about Morgan Stanley products and services, including products or services that could help you manage your financial resources and achieve your investment objectives.

7. What if an Affiliated Company Becomes a Non-affiliated Third Party?

If, at any time in the future, an affiliated company becomes a non-affiliated third party, further disclosures of personal information made to the former affiliated company will be limited to those described in Section 2(b) above relating to non-affiliated third parties. If you elected under Section 6 to limit disclosures we make to affiliated companies, or use of personal information by affiliated companies, your election will not apply to use by any former affiliated company of your personal information in their possession once it becomes a non-affiliated third party.

December 31, 2016

Privacy Notice (unaudited) (cont'd)

SPECIAL NOTICE TO RESIDENTS OF VERMONT

The following section supplements our policy with respect to our individual clients who have a Vermont address and supersedes anything to the contrary in the above policy with respect to those clients only.

The state of Vermont requires financial institutions to obtain your consent prior to sharing personal information that they collect about you with affiliated companies and non-affiliated third parties other than in certain limited circumstances. Except as permitted by law, we will not share personal information we collect about you with non-affiliated third parties or other Morgan Stanley companies unless you provide us with your written consent to share such information (“opt-in”).

If you wish to receive offers for investment products and services offered by or through other Morgan Stanley companies, please notify us in writing at the following address:

Computershare Trust Company, N.A.
c/o Privacy Coordinator
P.O. Box 30170
College Station, Texas 77842

Your authorization should include your name, address, telephone number and account number(s) to which the opt-in applies and should not be sent with any other correspondence. In order to process your authorization, we require that the authorization be provided by you directly and not through a third party.

SPECIAL NOTICE TO RESIDENTS OF CALIFORNIA

The following section supplements our policy with respect to our individual clients who have a California address and supersedes anything to the contrary in the above policy with respect to those clients only.

In response to a California law, if your account has a California home address, your personal information will not be disclosed to nonaffiliated third parties except as permitted by applicable California law, and we will limit sharing such information with our affiliates to comply with California privacy laws that apply to us.

December 31, 2016

Director and Officer Information (unaudited)

Independent Directors:

Name, Age and Address of Independent Director	Position(s) Held with Registrant	Length of Time Served*	Principal Occupation(s) During Past 5 Years and Other Relevant Professional Experience	Number of Portfolios in Fund Complex Overseen by Independent Director**	Other Directorships Held by Independent Director***
Frank L. Bowman (72) c/o Perkins Coie LLP Counsel to the Independent Directors 30 Rockefeller Plaza New York, NY 10112	Director	Since August 2006	President, Strategic Decisions, LLC (consulting) (since February 2009); Director or Trustee of various Morgan Stanley Funds (since August 2006); Chairperson of the Compliance and Insurance Committee (since October 2015); formerly, Chairperson of the Insurance Sub-Committee of the Compliance and Insurance Committee (2007-2015); served as President and Chief Executive Officer of the Nuclear Energy Institute (policy organization) (February 2005-November 2008); retired as Admiral, U.S. Navy after serving over 38 years on active duty including 8 years as Director of the Naval Nuclear Propulsion Program in the Department of the Navy and the U.S. Department of Energy (1996-2004); served as Chief of Naval Personnel (July 1994-September 1996) and on the Joint Staff as Director of Political Military Affairs (June 1992-July 1994); knighted as Honorary Knight Commander of the Most Excellent Order of the British Empire; awarded the Officier de l'Orde National du Mérite by the French Government; elected to the National Academy of Engineering (2009).	90	Director of BP p.l.c.; Director of Naval and Nuclear Technologies LLP; Director Emeritus of the Armed Services YMCA; Director of the U.S. Naval Submarine League; Member of the National Security Advisory Council of the Center for U.S. Global Engagement and a member of the CNA Military Advisory Board; Chairman of the charity J Street Cup Golf; Trustee of Fairhaven United Methodist Church; and Director of other various non-profit organizations.
Kathleen A. Dennis (63) c/o Perkins Coie LLP Counsel to the Independent Directors 30 Rockefeller Plaza New York, NY 10112	Director	Since August 2006	President, Cedarwood Associates (mutual fund and investment management consulting) (since July 2006); Chairperson of the Liquidity and Alternatives Sub-Committee of the Investment Committee (since October 2006) and Director or Trustee of various Morgan Stanley Funds (since August 2006); formerly, Senior Managing Director of Victory Capital Management (1993-2006).	91	Director of various non-profit organizations.

December 31, 2016

Director and Officer Information (unaudited) (cont'd)

Independent Directors (cont'd):

Name, Age and Address of Independent Director	Position(s) Held with Registrant	Length of Time Served*	Principal Occupation(s) During Past 5 Years and Other Relevant Professional Experience	Number of Portfolios in Fund Complex Overseen by Independent Director**	Other Directorships Held by Independent Director***
Nancy C. Everett (61) c/o Perkins Coie LLP Counsel to the Independent Directors 30 Rockefeller Plaza New York, NY 10112	Director	Since January 2015	Chief Executive Officer, Virginia Commonwealth University Investment Company (since November 2015); Owner, OBIR, LLC (institutional investment management consulting) (since June 2014); formerly, Managing Director, BlackRock Inc. (February 2011-December 2013); and Chief Executive Officer, General Motors Asset Management (a/k/a Promark Global Advisors, Inc.) (June 2005-May 2010).	91	Member of Virginia Commonwealth University School of Business Foundation; formerly, Member of Virginia Commonwealth University Board of Visitors (2013-2015); Member of Committee on Directors for Emerging Markets Growth Fund, Inc. (2007-2010); Chairperson of Performance Equity Management, LLC (2006-2010); and Chairperson, GMAM Absolute Return Strategies Fund, LLC (2006-2010).
Jakki L. Haussler (59) c/o Perkins Coie LLP Counsel to the Independent Directors 30 Rockefeller Plaza New York, NY 10112	Director	Since January 2015	Chairman and Chief Executive Officer, Opus Capital Group (since January 1996); formerly, Director, Capvest Venture Fund, LP (May 2000-December 2011); Partner, Adena Ventures, LP (July 1999-December 2010); Director, The Victory Funds (February 2005-July 2008).	91	Director of Cincinnati Bell Inc. and Member, Audit Committee and Compensation Committee; Director of Northern Kentucky University Foundation and Member, Investment Committee; Member of Chase College of Law Transactional Law Practice Center Board of Advisors; Director of Best Transport; Director of Chase College of Law Board of Visitors; formerly, Member, University of Cincinnati Foundation Investment Committee; Member, Miami University Board of Visitors (2008-2011); Trustee of Victory Funds (2005-2008) and Chairman, Investment Committee (2007-2008) and Member, Service Provider Committee (2005-2008).

December 31, 2016

Director and Officer Information (unaudited) (cont'd)

Independent Directors (cont'd):

Name, Age and Address of Independent Director	Position(s) Held with Registrant	Length of Time Served*	Principal Occupation(s) During Past 5 Years and Other Relevant Professional Experience	Number of Portfolios in Fund Complex Overseen by Independent Director**	Other Directorships Held by Independent Director***
Dr. Manuel H. Johnson (67) c/o Johnson Smick International, Inc. 220 I Street, N.E. — Suite 200 Washington, D.C. 20002	Director	Since July 1991	Senior Partner, Johnson Smick International, Inc. (consulting firm); Chairperson of the Investment Committee (since October 2006) and Director or Trustee of various Morgan Stanley Funds (since July 1991); Co-Chairman and a founder of the Group of Seven Council (G7C) (international economic commission); formerly, Chairperson of the Audit Committee (July 1991-September 2006), Vice Chairman of the Board of Governors of the Federal Reserve System and Assistant Secretary of the U.S. Treasury.	91	Director of NVR, Inc. (home construction).
Joseph J. Kearns (74) c/o Kearns & Associates LLC 46 E Peninsula Center #385 Rolling Hills Estates, CA 90274-3712	Director	Since August 1994	President, Kearns & Associates LLC (investment consulting); Chairperson of the Audit Committee (since October 2006) and Director or Trustee of various Morgan Stanley Funds (since August 1994); formerly, Deputy Chairperson of the Audit Committee (July 2003-September 2006) and Chairperson of the Audit Committee of various Morgan Stanley Funds (since August 1994); CFO of the J. Paul Getty Trust.	93	Director of Electro Rent Corporation (equipment leasing). Prior to December 31, 2013, Director of The Ford Family Foundation.
Michael F. Klein (58) c/o Perkins Coie LLP Counsel to the Independent Directors 30 Rockefeller Plaza New York, NY 10112	Director	Since August 2006	Managing Director, Aetos Capital, LLC (since March 2000); Co-President, Aetos Alternatives Management, LLC (since January 2004) and Co-Chief Executive Officer of Aetos Capital LLC (since August 2013); Chairperson of the Fixed Income Sub-Committee of the Investment Committee (since October 2006) and Director or Trustee of various Morgan Stanley Funds (since August 2006); formerly, Managing Director, Morgan Stanley & Co. Inc. and Morgan Stanley Dean Witter Investment Management, President, various Morgan Stanley Funds (June 1998-March 2000) and Principal, Morgan Stanley & Co. Inc. and Morgan Stanley Dean Witter Investment Management (August 1997-December 1999).	90	Director of certain investment funds managed or sponsored by Aetos Capital, LLC; Director of Sanitized AG and Sanitized Marketing AG (specialty chemicals).

December 31, 2016

Director and Officer Information (unaudited) (cont'd)

Independent Directors (cont'd):

Name, Age and Address of Independent Director	Position(s) Held with Registrant	Length of Time Served*	Principal Occupation(s) During Past 5 Years and Other Relevant Professional Experience	Number of Portfolios in Fund Complex Overseen by Independent Director**	Other Directorships Held by Independent Director***
Patricia Maleski (56) c/o Perkins Coie LLP Counsel to the Independent Directors 30 Rockefeller Plaza New York, NY 10112	Director	Since January 2017	Management Director, JPMorgan Asset Management (2013-2016); President, JPMorgan Funds (2010-2013), Chief Administrative Officer, JPMorgan Funds (2004-2010), Treasurer, JPMorgan Funds (2003-2004, 2008-2010), and Vice President and Board Liaison, JPMorgan Funds (2001-2004); Managing Director, J.P. Morgan Investment Management Inc. (2001-2013); Vice President of Finance, Pierpont Group (1996-2001); Vice President, Bank of New York (1995-1996); Senior Audit Manager, Price Waterhouse, LLP (1982-1995).	91	None.
Michael E. Nugent (80) 522 Fifth Avenue New York, NY 10036	Chair of the Board and Director	Chair of the Boards since July 2006 and Director since July 1991	Chair of the Boards of various Morgan Stanley Funds (since July 2006); Chairperson of the Closed-End Fund Committee (since June 2012) and Director or Trustee of various Morgan Stanley Funds (since July 1991); formerly, Chairperson of the Insurance Committee (until July 2006); General Partner, Triumph Capital, L.P. (private investment partnership) (1988-2013).	92	None.
W. Allen Reed (69) c/o Perkins Coie LLP Counsel to the Independent Directors 30 Rockefeller Plaza New York, NY 10112	Director	Since August 2006	Chairperson of the Equity Sub-Committee of the Investment Committee (since October 2006) and Director or Trustee of various Morgan Stanley Funds (since August 2006); formerly, President and CEO of General Motors Asset Management; Chairman and Chief Executive Officer of the GM Trust Bank and Corporate Vice President of General Motors Corporation (August 1994-December 2005).	91	Director of Legg Mason, Inc.; formerly, Director of the Auburn University Foundation (2010-2015).
Fergus Reid (84) c/o Joe Pietryka, Inc. 85 Charles Colman Blvd. Pawling, NY 12564	Director	Since June 1992	Chairman, Joe Pietryka, Inc.; Chairperson of the Governance Committee and Director or Trustee of various Morgan Stanley Funds (since June 1992).	92	Formerly, Trustee and Director of certain investment companies in the JP Morgan Fund Complex managed by JP Morgan Investment Management Inc. (1987-2012).

* This is the earliest date the Director began serving the Morgan Stanley Funds. Each Director serves an indefinite term, until his or her successor is elected.

** The Fund Complex includes (as of December 31, 2016) all open-end and closed-end funds (including all of their portfolios) advised by Morgan Stanley Investment Management Inc. (the "Adviser") and any funds that have an adviser that is an affiliated person of the Adviser (including, but not limited to, Morgan Stanley AIP GP LP).

*** This includes any directorships at public companies and registered investment companies held by the Director at any time during the past five years.

December 31, 2016

Director and Officer Information (unaudited) (cont'd)

Executive Officers:

Name, Age and Address of Executive Officer	Position(s) Held with Registrant	Length of Time Served*	Principal Occupation(s) During Past 5 Years
John H. Gernon (53) 522 Fifth Avenue New York, NY 10036	President and Principal Executive Officer	Since September 2013	President and Principal Executive Officer of the Equity and Fixed Income Funds and the Morgan Stanley AIP Funds (since September 2013) and the Liquidity Funds and various money market funds (since May 2014) in the Fund Complex; Managing Director of the Adviser; Head of Product (since 2006).
Timothy J. Knierim (58) 522 Fifth Avenue New York, NY 10036	Chief Compliance Officer	Since December 2016	Managing Director of the Adviser and various entities affiliated with the Adviser; Chief Compliance Officer of various Morgan Stanley Funds and the Adviser (since December 2016) and Chief Compliance Officer of Morgan Stanley AIP GP LP (since 2014). Formerly, Managing Director and Deputy Chief Compliance Officer of the Adviser (2014-2016); and formerly, Chief Compliance Officer of Prudential Investment Management, Inc. (2007-2014).
Francis J. Smith (51) 522 Fifth Avenue New York, NY 10036	Treasurer and Principal Financial Officer	Treasurer since July 2003 and Principal Financial Officer since September 2002	Managing Director of the Adviser and various entities affiliated with the Adviser; Treasurer (since July 2003) and Principal Financial Officer of various Morgan Stanley Funds (since September 2002).
Mary E. Mullin (49) 522 Fifth Avenue New York, NY 10036	Secretary	Since June 1999	Executive Director of the Adviser; Secretary of various Morgan Stanley Funds (since June 1999).

* This is the earliest date the officer began serving the Morgan Stanley Funds. Each officer serves a one-year term, until his or her successor is elected and qualifies.

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