

2020 Tax Guide

TAX INFORMATION

Morgan Stanley is pleased to provide you with the 2020 Tax Guide. We hope you find this information helpful as you prepare your 2020 tax returns.

Included in your tax packet, you'll find only those forms and inserts that apply to you.

Please consult your tax advisor with any specific questions regarding this information or how it impacts your tax returns.

For additional tax information about your Morgan Stanley mutual funds, visit the Tax Center at msim.com/taxcenter.

Form 1099-R

WHO RECEIVES IT: Shareholders who received a distribution from their fund held in a Morgan Stanley Individual Retirement Account or 403(b)(7) Tax Sheltered Account where UMB Bank NA serves as the named custodian of the account in 2020.

WHAT IT SHOWS: All gross distribution amounts from your fund and the amount of federal and/or state income tax withheld, if any. Depending upon the account type and nature of the distribution, the form may also report the taxable amount of the distribution. The type of retirement plan distribution is reported through the use of distribution codes in Column 7, which are defined on the back of the tax form.

SPECIAL TAX INFORMATION FOR REAL ESTATE FUND SHAREHOLDERS

Shareholders of Morgan Stanley Institutional Fund, Inc. (MSIF) U.S. Real Estate Portfolio, MSIF Global Real Estate Portfolio and MSIF Real Assets Portfolio should be aware that the fund will likely issue amended Form 1099-DIV prior to March 15, 2021. This is because a majority of the fund's investments are in real estate investments trusts (REITs), and many REITs will redesignate their 2020 dividends in early February 2021. These redesignations usually reduce ordinary income.

Once the final REIT redesignation information has been received, we will determine whether the Form 1099-DIV will need to be amended.

Form 1099-DIV

WHO RECEIVES IT: Shareholders who received any taxable distributions and/or nondividend distributions from their fund in 2020. Shareholders will not receive a Form 1099-DIV for their retirement accounts.

WHAT IT SHOWS: All taxable distributions from your fund (including any capital gains) and nondividend distributions (including return of capital).

Form 1099-B

WHO RECEIVES IT: Shareholders who sold or exchanged shares of their fund in 2020 (for non-retirement accounts).

WHAT IT SHOWS: The proceeds from any redemptions and exchanges from your fund and the amount of federal income tax withheld, if any. If you received less than \$20 in proceeds from any redemption or exchange of fractional shares, you will not receive a Form 1099-B.

For shares purchased prior to January 1, 2012 that have cost basis information available (generally referred to as noncovered securities), Form 1099-B will show any gain or loss from the sale using the average cost method. We calculate cost basis using the Single Category Average Cost method. To calculate your cost basis with this method, we take the total cost of all shares purchased prior to January 1, 2012, including any purchases through reinvestment of dividends, capitals gains or return of capital distributions, and divide this amount by your total number of shares.

For shares purchased on or after January 1, 2012 that have cost basis information available (generally referred to as covered securities), the fund is required to report to the Internal Revenue Service the cost basis information for sale transactions of shares. Shareholders may elect to have one of several cost basis methods applied to their account and shown on their Form 1099-B, including average cost, FIFO, or some other specific identification method. Average cost will be used as the default cost basis method unless otherwise instructed by you. Average cost for these shares are calculated separately from the average

cost of shares purchased prior to January 1, 2012 even though they may appear on the same Form 1099-B.

Cost basis information may not be available for all accounts. To determine your cost basis you may need your transaction information. Please see your account statements and consult your tax advisor.

Note: If your investment is in a money market fund, Form 1099-B will not apply to you.

Form 1099-INT

WHO RECEIVES IT: Shareholders who received tax-exempt distributions in 2020.

WHAT IT SHOWS: All tax-exempt distributions from your fund, which will help you determine what portion might be tax-exempt for state tax purposes. This form also includes the amount of income from the fund's investment in specified private activity bonds that may be subject to the federal Alternative Minimum Tax (AMT).

Additional tax information

Tax-exempt funds

Tax-Exempt interest earned is reportable on Form 1099-INT. While still tax-exempt, the dividends must be reported on your tax return. Please note that, for certain taxpayers, a portion of the tax-exempt interest dividends may be required to be taken into account as a tax preference item for purposes of federal alternative minimum tax (AMT). In addition, a breakdown of the source of income by state for the national tax-exempt funds must be mailed to you by January 31, 2021, with Form 1099-INT. This detailed state information is not reported to the IRS and is provided to you as an additional service by the Morgan Stanley Funds.

Morgan Stanley tax-exempt funds may have paid taxable distributions in 2020. If you received reportable distributions, including capital gain distributions, in the aggregate of \$10 or more in 2020, these will be reported on your 2020 Form 1099-DIV. Capital gains distributions are taxable even if paid by a tax-exempt fund. Also note that the redemption or exchange of shares in a tax-exempt mutual fund in 2020 is considered a taxable event, and the proceeds are reported to the IRS on Form 1099-B.

Reallocation of distributions: Return of capital redesignation

A portion of the income dividends paid by certain Morgan Stanley Funds may have been redesignated as nontaxable return of capital. Your Form 1099-DIV for these funds reports the proper amount of "nondividend distributions" for income tax purposes. If a return of capital was reported to you, an adjustment to the basis of your shares will be necessary. Please consult your tax advisor for further information.

Foreign tax credit

For 2020, certain funds have elected to pass through to their shareholders the opportunity to claim foreign taxes paid by the funds as either a credit or a deduction. As a result of this election, your share of foreign taxes paid has been reported in Box 6 on your Form 1099-DIV ("Foreign tax paid") as well as included in your gross income in Box 1a and 1b on your Form 1099-DIV. For informational purposes, the foreign sourced income relating to these foreign taxes is reflected below:

FUND	% OF BOX 1A THAT IS FOREIGN SOURCED INCOME	% OF BOX 1B THAT IS FOREIGN SOURCED INCOME
MS Europe Opportunity Fund ¹	100.00%	100.00%
MSIF Active International Allocation Portfolio	88.70%	88.70%
MSIF Asia Opportunity Portfolio	100.00%	100.00%
MSIF Emerging Markets Portfolio	99.41%	99.41%
MSIF Emerging Markets Small Cap Portfolio	100.00%	100.00%
MSIF Global Infrastructure Portfolio	58.30%	58.30%
MSIF International Advantage Portfolio	100.00%	100.00%
MSIF International Equity Portfolio	100.00%	100.00%

Morgan Stanley (MS) and Morgan Stanley Institutional Funds, Inc. (MSIF)

¹ Effective April 14th, 2020 the Morgan Stanley European Equity Fund Inc. is renamed to Morgan Stanley Europe Opportunity Fund, Inc., and the portfolio management team has changed.

Although shareholders generally no longer need country-by-country information due to changes in the foreign tax credit provisions of the tax law, the country-by-country information on the amounts of foreign sourced income is available by request.

U.S. Government Income percentages

The portion of dividends paid by your fund that is derived from U.S. Government obligations is generally exempt from state and local income taxes. In many states, income derived from other government agencies is also free from state income taxes. The percentage of 2020 dividends paid by your fund attributable to government and agency obligations is listed on the next page. Primary obligations represent direct investments in Treasury securities, while secondary obligations are direct investments in generally qualifying U.S. agency obligations.

Only those funds that have earned income from U.S. Government obligations in 2020 are listed on the next page. If applicable, these percentages should be applied to the amount shown in Box 1a on your Form 1099-DIV. For specific information regarding your state's exemption provisions, please consult your tax advisor or local taxing authority.

2020 U.S. Government Income percentages

FUND	PRIMARY OBLIGATIONS % (TREASURIES)	SECONDARY OBLIGATIONS % (GOVT. AGENCIES)	DID THE FUND HAVE MORE THAN 50% IN QUALIFYING GOVERNMENT SECURITIES AT QUARTER-END?
MS Global Fixed Income Opportunities Fund	2.19%	0.01%	NO
MS Mortgage Securities Trust	0.19%	0.01%	NO
MS U.S. Government Money Market Trust	15.25%	32.11%	NO
MS U.S. Government Securities Trust	5.72%	7.76%	NO
MSIFT Core Plus Fixed Income Portfolio	2.06%	0.01%	NO
MSIFT Corporate Bond Portfolio	0.21%	0.00%	NO
MSIFT Global Strategist Portfolio	3.38%	0.00%	NO
MSIFT Short Duration Income Portfolio	0.25%	0.00%	NO
MSIFT Strategic Income Portfolio	0.39%	0.06%	NO

The above percentages do not include income derived from GNMA or FNMA obligations.

Qualified Dividend Income

Your Form 1099-DIV reports in Box 1b the amount of qualified dividends that were paid to you in 2020. Please note, however, that although these dividends are eligible for consideration as qualified dividends, there are additional rules (including, but not limited to, a holding period test) that must be met at the shareholder level in order for these dividends to be taxable at a lower tax rate.

The schedule below lists the qualifying dividend income percentages for each of the dividends paid during the year by funds that had dividend income at the fund level. Please consult with your tax advisor as to the appropriate use of these percentages.

2020 Qualifying Dividend Income percentages

FUND	EX-DIVIDEND DATE	QUALIFIED DIVIDEND INCOME PERCENTAGE
MS Europe Opportunity Fund	12/23/2020	100.00%
MS Insight Fund	12/14/2020	0.39%
MSIF Active International Allocation Portfolio	12/16/2020	100.00%
MSIF Advantage Portfolio	12/11/2020	8.32%
MSIF Asia Opportunity Portfolio	12/16/2020	10.72%
MSIF China Equity Portfolio	12/16/2020	23.35%
MSIF Counterpoint Global Portfolio ²	12/16/2020	2.02%
MSIF Emerging Markets Breakout Nations Portfolio	09/09/2020	100.00%
MSIF Emerging Markets Leaders Portfolio	12/16/2020	4.96%
MSIF Emerging Markets Portfolio	12/16/2020	88.00%
MSIF Emerging Markets Small Cap Portfolio	12/16/2020	21.15%
MSIF Frontier Markets Portfolio	12/16/2020	66.13%
MSIF Global Concentrated Portfolio	12/16/2020	100.00%
MSIF Global Concentrated Real Estate Portfolio	12/16/2020	27.60%
MSIF Global Endurance Portfolio	12/16/2020	8.56%
MSIF Global Franchise Portfolio	12/16/2020	100.00%
MSIF Global Infrastructure Portfolio	12/16/2020	81.67%
MSIF Global Opportunity Portfolio	12/16/2020	12.98%
MSIF Global Permanence Portfolio	12/16/2020	1.13%
MSIF Global Real Estate Portfolio	12/16/2020	16.67%
MSIF Global Sustain Portfolio	12/16/2020	100.00%
MSIF Growth Portfolio	12/11/2020	0.07%
MSIF Inception Portfolio	12/11/2020	0.28%

² On January 2, 2020, the MSIF Global Counterpoint Portfolio was renamed to the MSIF Counterpoint Global Portfolio and there were no changes made to the investment objective.

2020 Qualifying Dividend Income percentages (continued)

FUND	EX-DIVIDEND DATE	QUALIFIED DIVIDEND INCOME PERCENTAGE
MSIF International Advantage Portfolio	12/16/2020	100.00%
MSIF International Equity Portfolio	12/16/2020	100.00%
MSIF International Real Estate Portfolio	07/13/2020	100.00%
MSIF Permanence Portfolio	12/11/2020	4.06%
MSIF Real Assets Portfolio	04/02/2020	58.91%
MSIF Real Assets Portfolio	07/02/2020	58.91%
MSIF Real Assets Portfolio	10/02/2020	58.91%
MSIF Real Assets Portfolio	12/11/2020	58.91%
MSIF U.S. Real Estate Portfolio	04/02/2020	0.07%
MSIF U.S. Real Estate Portfolio	07/02/2020	0.07%
MSIF U.S. Real Estate Portfolio	10/02/2020	0.07%
MSIF U.S. Real Estate Portfolio	12/11/2020	0.07%
MSIFT Discovery Portfolio	12/11/2020	0.59%
MSIFT Global Strategist Portfolio	12/11/2020	63.15%

If you should have any questions or need additional information, please feel free to contact one of our Client Service Representatives at 1.800.548.7786

Morgan Stanley does not provide tax advice. The tax information contained herein is general and is not exhaustive by nature. It was not intended or written to be used, and it cannot be used by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer under U.S. federal tax laws. Federal and state tax laws are complex and constantly changing. You should always consult your own legal or tax professional for information concerning your individual situation.

There is no assurance that a mutual fund will achieve its investment objective. Funds are subject to market risk, which is the possibility that the market values of securities owned by the fund will decline and that the value of fund shares may therefore be less than what you paid for them. Market values can change daily due to economic and other events (e.g. natural disasters, health crises, terrorism, conflicts and social unrest) that affect markets, countries, companies or governments. It is

difficult to predict the timing, duration, and potential adverse effects (e.g. portfolio liquidity) of events. Accordingly, you can lose money investing in mutual funds.

Please consider the investment objectives, risks, charges and expenses of the funds carefully before investing. The prospectus contains this and other information about the funds. To obtain a prospectus, contact your financial advisor or download one at morganstanley.com/im. Please read the prospectus carefully before investing.

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