

Morgan Stanley Institutional Fund Emerging Markets Breakout Nations Portfolio

4Q18
FACTSHEET

Investment Approach

The MSIF Emerging Markets Breakout Nations Portfolio seeks to identify countries with sustainably high or accelerating economic growth and thus the potential for higher returns. We apply our proprietary "Rules of the Road" framework in order to identify the path of future economic growth and equity return potential in each country.

Objective

Long-term capital appreciation through investment in emerging and frontier market countries.

Lipper Category

Emerging Markets

Morningstar Category

Diversified Emerging Markets

Portfolio Managers

	Joined Firm	Years of Investment Experience
Jitania Kandhari, Managing Director	2006	20
Ruchir Sharma, Managing Director	1996	25

Investment Performance - Class I (% net of fees)

% Average Annual Total Returns	1 Year	3 Year	5 Year	10 Year	Inception
Fund	-17.10	-	-	-	1.47
MSCI Emerging Markets ex China Net Index ¹	-12.43	-	-	-	8.02
Custom Benchmark ²	-14.57	-	-	-	8.47
MSCI Emerging Markets Net Index (USD) ³	-14.57	-	-	-	8.47
Lipper Category Average	-16.27	-	-	-	-
Morningstar Category Average	-16.10	-	-	-	-

% Calendar Year Returns	4Q18	YTD	2018	2017	2016	2015	2014
Fund	-3.76	-17.10	-17.10	22.44	-	-	-
MSCI Emerging Markets ex China Net Index ¹	-5.98	-12.43	-12.43	31.25	-	-	-
Custom Benchmark ²	-7.46	-14.57	-14.57	37.28	-	-	-
MSCI Emerging Markets Net Index (USD) ³	-7.46	-14.57	-14.57	37.28	-	-	-
Lipper Category Average	-7.41	-16.27	-16.27	34.57	-	-	-
Morningstar Category Average	-7.46	-16.10	-16.10	34.17	-	-	-

Performance data quoted represents past performance, which is no guarantee of future results, and current performance may be lower or higher than the figures shown. For the most recent month-end performance figures, please visit morganstanley.com/im or call 1-800-548-7786. Investment returns and principal value will fluctuate and fund shares, when redeemed, may be worth more or less than their original cost.

Performance and fund information is as of December 31, 2018, unless otherwise noted. Returns are net of fees and assume the reinvestment of all dividends and income. Returns for less than one year are cumulative (not annualized). Performance of other share classes will vary. Short-term returns may not be indicative of the fund's long-term performance potential. A fund's performance, especially for very short time periods, should not be the sole factor in making your investment decision.

Please keep in mind that double-digit returns are highly unusual and cannot be sustained. Investors should also be aware that these returns were primarily achieved during favorable market conditions.

Expense Ratios	Symbol	Cusip	Gross (%)	Net (%)
Class A	EMAPX	61766J781	27.17	1.59
Class C	EMCPX	61766J773	26.82	2.34
Class I	EMIPX	61766J799	9.46	1.17
Class IS	EMSPX	61766J765	25.72	1.14

Where the net expense ratio is lower than the gross expense ratio, certain fees have been waived and/or expenses reimbursed. These waivers and/or reimbursements will continue for at least one year from the date of the applicable fund's current prospectus (unless otherwise noted in the applicable prospectus) or until such time as the fund's Board of Directors acts to discontinue all or a portion of such waivers and/or reimbursements. Absent such waivers and/or reimbursements, returns would have been lower. Expenses are based on the fund's current prospectus. The minimum initial investment is \$5,000,000 for Class I shares.

Shares of the portfolio redeemed within 30 days of purchase will be subject to a 2% redemption fee, payable to the portfolio. The redemption fee is designed to protect the portfolio and its remaining shareholders from the effects of short-term trading.

Effective January 1, 2019, the benchmark changed from the MSCI Emerging Markets Net Index to the MSCI Emerging Markets ex China Net Index.

Fund Facts

Inception date	December 15, 2016
Total net assets (\$MM)	\$ 4.9
Benchmark ¹	MSCI Emerging Markets ex China Net Index
Custom Benchmark ²	MSCI EM/ MSCI EM ex China Blended Index
Former Benchmark ³	MSCI Emerging Markets Net Index (USD)
Distribution frequency	At least annually

Portfolio Characteristics

	Fund	Index
Active share (%)	82.31	-
Number of holdings	74	666
Price/earnings (LTM) ⁴	17.43	10.77
Price/cash flow	10.28	7.36
Price/book	2.51	1.47
Return on equity (%)	17.39	16.38
Weighted average market capitalization (\$B)	54.72	30.72
Weighted median market capitalization (\$B)	17.68	9.82
Turnover (%)*	79	-

Top Countries (% of Total Net Assets)

	Fund	Index
China	12.07	-
Brazil	10.37	10.76
India	8.05	13.49
Indonesia	7.76	3.32
Poland	7.13	1.81
Egypt	6.13	0.18
Mexico	5.90	3.99
Peru	4.95	0.61
Malaysia	4.66	3.50
South Africa	3.42	8.97

Sector Allocation (% of Total Net Assets)

	Fund	Index
Financials	32.52	25.45
Consumer Discretionary	11.86	6.27
Consumer Staples	10.13	8.53
Communication Services	7.68	8.33
Industrials	4.57	5.58
Energy	2.94	9.17
Health Care	2.05	2.82
Materials	1.13	10.13
Utilities	0.86	2.50
Real Estate	0.83	1.84
Information Technology	0.43	19.37

Top Holdings (% of Total Net Assets)

	Fund	Index
iShares MSCI India Index Fund	5.62	–
Tencent Holdings Ltd	5.22	–
Credicorp Ltd	3.83	0.45
Commercial Intl Bank Egypt Ltd	2.70	0.13
Petroleo Brasileiro S.A.	2.42	1.27
Alibaba Group Holding Ltd	2.24	–
PKO Bank Polski	2.20	0.27
SM Investments Corp	2.13	0.13
Itau Unibanco Holding S.A.	2.05	1.33
Bradesco S.A.	1.96	1.26
Total	30.37	–

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

Past performance is not indicative of future results. Subject to change daily. Fund information is provided for informational purposes only and should not be deemed as a recommendation to buy or sell any security or securities in the sectors and countries presented.

The index data displayed under characteristics and allocations are calculated using MSIM and other third-party methodologies and may differ from data published by the vendor.

PORTFOLIO CHARACTERISTICS DEFINITIONS

Active Share is the fraction of the portfolio or fund that is invested differently than its benchmark as of the last day of the reporting period. A portfolio with a high degree of Active Share does not assure a fund's relative outperformance. Active Share calculation may consolidate holdings with the same economic exposure. **Price/earnings (P/E)** is the price of a stock divided by its earnings per share. Sometimes called the multiple, P/E gives investors an idea of how much they are paying for a company's earning power. **Price/cash flow** is a ratio used to compare a company's market value to its cash flow. It is calculated by dividing the company's per-share stock price by the per-share operating cash flow. **Price/book** compares a stock's market value to the book value per share of total assets less total liabilities. This number is used to judge whether a stock is undervalued or overvalued. **Return on equity (ROE)** is the amount of net income returned as a percentage of shareholders equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested. **Weighted average market capitalization** is a stock market index weighted by the market capitalization of each stock in the index. In such a weighting scheme, larger companies account for a greater portion of the index. Most indexes are constructed in this manner, with the best example being the S&P 500. **Weighted median market capitalization** is the point at which half of the market value of a portfolio is invested in stocks with a greater market cap, and consequently the other half is invested in stocks with a lower market cap.

RISK CONSIDERATIONS

There is no assurance that a Portfolio will achieve its investment objective. Portfolios are subject to market risk, which is the possibility that the market values of securities owned by the Portfolio will decline and that the value of Portfolio shares may therefore be less than what you paid for them. Accordingly, you can lose money investing in this Portfolio. Please be aware that this Portfolio may be subject to certain additional risks. In general, **equities securities'** values also fluctuate in response to activities specific to a company. Investments in **foreign markets** entail special risks such as currency, political, economic, market and liquidity risks. The risks of investing in **emerging and frontier markets** are greater than risks associated with investments in other foreign or U.S. issuers and they are often considered highly speculative in nature. Investment opportunities in many frontier emerging markets may be **concentrated** in the banking industry, which could have a disproportionate impact on the portfolio's performance. Stocks of **small- and medium- capitalization companies** entail special risks, such as limited product lines, markets and financial resources, and greater market volatility than securities of larger, more established companies. By investing in **investment company securities**, the portfolio is subject to the underlying risks of that investment company's portfolio securities. In addition to the Portfolio's fees and expenses, the Portfolio generally would bear its share of the investment company's fees and expenses. **Derivative instruments** may disproportionately increase losses and have a significant impact on performance. They also may be subject to counterparty, liquidity, valuation, correlation and market risks. **Illiquid**

securities may be more difficult to sell and value than public traded securities (liquidity risk).

OTHER CONSIDERATIONS

¹ The **MSCI Emerging Markets ex China Net Index** captures large and mid cap representation across 22 of the 24 Emerging Markets (EM) countries excluding China. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

² The **Blended Index** performance shown is calculated using the MSCI Emerging Markets Net Index from inception through 12/31/2018 and the MSCI Emerging Markets ex China Net Index thereafter.

³ 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 term "free float" represents the portion of shares outstanding that are deemed to be available for purchase in the public equity markets by investors. The MSCI Emerging Markets Net Index currently consists of 24 emerging-market country indices. The performance of the index is listed in U.S. dollars and assumes reinvestment of net dividends. The index does not include any expenses, fees or sales charges, which would lower performance. The index is unmanaged and should not be considered an investment. It is not possible to invest directly in an index.

⁴ LTM = Last Twelve Months.

* Turnover is sourced from the fund's current prospectus.

Please consider the investment objective, risks, charges and expenses of the fund carefully before investing. The prospectus contains this and other information about the fund. To obtain a prospectus, download one at morganstanley.com/im or call 1-800-548-7786. Please read the prospectus carefully before investing.

Morgan Stanley Investment Management (MSIM) is the asset management division of Morgan Stanley.