

Morgan Stanley Institutional Fund Emerging Markets Fixed Income Opportunities Portfolio

4Q18
FACTSHEET

Investment Approach

We seek high total return from income and price appreciation by investing in a range of sovereign, quasi-sovereign and corporate debt securities in emerging markets, which may include U.S. dollar-denominated, local currency, and corporate debt securities. We believe that emerging markets experiencing positive fundamental change may present attractive investment opportunities for investors. To help achieve its objective, we combine top-down country allocation with bottom-up security selection.

Objective

Seeks high total return.

Lipper Category

Emerging Markets Hard Currency Debt

Morningstar Category

Emerging Markets Bond

Portfolio Managers

	Joined Firm	Years of Investment Experience
Eric Baurmeister, Managing Director	1997	25
Warren Mar, Managing Director	2012	24
Sahil Tandon, Executive Director	2004	15

Investment Performance - Class I (% net of fees)

% Average Annual Total Returns	1 Year	3 Year	5 Year	10 Year	Inception
Fund	-6.93	5.84	3.77	–	3.56
Blended Index ¹	-4.08	5.37	4.40	–	4.30
JP Morgan Emerging Markets Bond Index Global	-4.61	4.74	4.18	–	4.14
Lipper Category Average	-5.69	4.77	2.17	–	–
Morningstar Category Average	-4.90	5.05	2.71	–	–

% Calendar Year Returns	4Q18	YTD	2018	2017	2016	2015	2014
Fund	-1.14	-6.93	-6.93	12.94	12.80	-1.83	3.38
Blended Index	0.30	-4.08	-4.08	10.82	10.05	0.46	5.53
JP Morgan Emerging Markets Bond Index Global	-1.19	-4.61	-4.61	9.32	10.19	1.23	5.53
Lipper Category Average	-1.10	-5.69	-5.69	10.68	10.81	-2.98	1.36
Morningstar Category Average	-0.73	-4.90	-4.90	10.25	10.51	-5.99	-0.80

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.

On September 28, 2015, Morgan Stanley Institutional Fund, Inc. ("MSIF") Emerging Markets Domestic Debt Portfolio merged into MSIF Emerging Markets External Debt Portfolio. In conjunction with the merger, MSIF Emerging Markets External Debt Portfolio (the Portfolio) was renamed MSIF Emerging Markets Fixed Income Opportunities Portfolio and changed its principal investment policy such that under normal circumstances, it seeks to achieve its investment objective of high total return by investing at least 80% of its assets in debt securities of issuers located in emerging market countries, which may include U.S. dollar-denominated, local currency, and corporate debt securities. In addition, the portfolio changed its benchmark from the JP Morgan Emerging Markets Bond Index Global to the Blended Index.

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.

Expense Ratios	Symbol	Cusip	Gross (%)	Net (%)
Class A	MEAPX	61760X406	2.51	1.20
Class C	MSEDX	61760X513	3.84	1.95
Class I	MEAIX	61760X208	2.01	0.84
Class IS	MRDPX	61760X661	2.25	0.82

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.

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.



WINNER OF THE 2018

**THOMSON REUTERS
LIPPER FUND AWARDS
UNITED STATES**

Morgan Stanley Investment Management, Inc.

BEST GROUP OVER 3 YEARS
FIXED INCOME LARGE COMPANY

2018 Best Fixed Income Large Company Group over 3 years

Lipper Fund Awards are based upon risk adjusted return. For additional information refer to the disclosures on page 2.

Morningstar Rankings - Class I

Emerging Markets Bond Category

	Percentile	Rank/ Total in Category
1 Year	78	220/295
3 Year	28	58/224
5 Year	32	37/174

Source: Morningstar, Inc. Rankings are based on total returns, are historical and do not guarantee future results. Rankings for short periods of time may not be indicative of the Fund's long-term performance potential.

Fund Facts

Inception date	May 24, 2012
Total net assets (\$MM)	\$ 35.3
Benchmark	Blended Index
Distribution frequency	Quarterly

Portfolio Characteristics

	Fund
Number of holdings	132
Duration (years)	5.45
Average maturity	9.39
SEC 30-day yield (class I) subsidized (%)	7.06
SEC 30-day yield (class I) unsubsidized (%)	5.53
Turnover (%)*	77

Risk/Return Statistics (3 Year)

	Fund
Excess Return (%)	1.10
Alpha (%)	0.40
Beta (vs. benchmark)	1.19
Information ratio	0.29
R squared	0.78
Sharpe ratio	0.63
Standard deviation (%)	7.66

Top Countries (% of Total Net Assets)

	Fund
Mexico	11.49
Indonesia	7.73
Brazil	7.31
Nigeria	6.11
Colombia	5.30
South Africa	5.13
Argentina	4.50
Poland	4.17
Ukraine	3.21
Turkey	3.00

Sector Allocation (% of Total Net Assets)

	Fund
Sovereign	60.56
Quasi-Sovereign	9.24
Corporates	25.46
Industrial	1.82
Financials	6.56
Oil & Gas	2.01
Consumer	3.18
TMT	3.46
Infrastructure	1.08
Transport	1.49
Real Estate	0.62
Utilities	2.25
Other	2.98
Cash	4.74

Contribution to Interest Rate Duration (Yrs.)

	Fund
Top 5	2.10
Indonesia	0.67
Mexico	0.55
South Africa	0.33
Brazil	0.30
Colombia	0.24

Currency Allocation (% of Total Net Assets)

	Fund
US Dollar	56.30
Mexican New Peso	6.01
Brazilian Cruzeros Reals	4.95
Indonesian Rupiah	4.25
Polish Zloty New	4.14
South Africa Rand	3.36
Russian Rouble New	2.23
Colombian Peso	2.22
Malaysian Ringgit	1.89
New Turkish Lira	1.75

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.

PORTFOLIO CHARACTERISTICS DEFINITIONS

Duration is a measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years. Rising interest rates mean falling bond prices, while declining interest rates mean rising bond prices. **Average maturity** is the weighted average of the time until all maturities on mortgages in a mortgage-backed security (MBS). The higher the weighted average to maturity, the longer the mortgages in the security have until maturity. **SEC yield** is a measure of the income generated by the portfolio's underlying asset over the trailing 30 days, relative to the asset base of the portfolio itself. The SEC 30-day yield - Subsidized (Sub.) reflects current fee waivers in effect. Absent such fee waivers, the yield would have been lower. The SEC 30-Day yield - Unsubsidized (Unsub.) does not reflect the fee waivers currently in effect.

RISK/RETURN DEFINITIONS

Excess Return or value added (positive or negative) is the portfolio's return relative to the return of the benchmark. **Alpha** (Jensen's) is a risk-adjusted performance measure that represents the average return on a portfolio or investment above or below that predicted by the capital asset pricing model (CAPM) given the portfolio's or investment's beta and the average market return. Prior to 6/30/2018 Alpha was calculated as the excess return of the fund versus benchmark. **Beta** is a measure of the relative volatility of a security or portfolio to the market's upward or downward movements. **Information ratio** is the portfolio's alpha or excess return per unit of risk, as measured by tracking error, versus the portfolio's benchmark. **R squared** measures how well an investment's returns correlate to an index. An R squared of 1.00 means the portfolio performance is 100% correlated to the index's, whereas a low r-squared means that the portfolio performance is less correlated to the index's. **Sharpe ratio** is a risk-adjusted measure calculated as the ratio of excess return to standard deviation. **Standard deviation** measures how widely individual performance returns, within a performance series, are dispersed from the average or mean value.

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. **Fixed-income securities** are subject to the ability of an issuer to make timely principal and interest payments (credit risk), changes in interest rates (interest-rate risk), the creditworthiness of the issuer and general market liquidity (market risk). In the current rising interest-rate environment, bond prices may fall and may result in periods of volatility and increased portfolio redemptions. Longer-term securities may be more sensitive to interest rate changes. In a declining interest-rate environment, the portfolio may generate less income. **High yield securities ("junk bonds")** are lower rated securities that may have a higher degree of credit and liquidity risk. **Foreign securities** are subject to currency, political, economic and market risks. The risks of investing in **emerging market** countries are greater than risks associated with investments in foreign developed countries. **Sovereign debt securities** are subject to default risk. The use of **leverage** may increase volatility in the Portfolio. **Restricted and illiquid securities** may be more difficult to sell and value than publicly traded securities (liquidity risk). **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. **Nondiversified portfolios** often invest in a more limited number of issuers. As such, changes in the financial condition or market value of a single issuer may cause greater volatility.

Lipper Fund Awards. Source: Lipper Inc. Lipper awards are not intended to predict future results. The Thomson Reuters Lipper Fund Awards, granted annually, highlight funds and fund companies that have excelled in delivering consistently strong risk-adjusted performance relative to their peers. For more information, see www.lipperfundawards.com. The Asset Class fund groups with at least five equity, five bond, or three mixed-asset portfolios in the respective asset classes are eligible for a group award. The lowest average decile rank of the three years' Consistent Return measure of the eligible funds per asset class and group will determine the asset class group award winner over the

three-year period. In cases of identical results, the lower average percentile rank will determine the winner. Although Lipper makes reasonable efforts to ensure the accuracy and reliability of the data contained herein, the accuracy is not guaranteed by Lipper. Other share classes may have different performance and expense characteristics.

Morningstar: Rankings and ratings as of December 31, 2018. **Rankings:** The percentile rankings are based on the average annual total returns for the periods stated and do not include any sales charges, but do include reinvestment of dividends and capital gains and Rule 12b-1 fees. The highest (or most favorable) percentile rank is 1 and the lowest (or least favorable) percentile rank is 100. The top-performing fund in a category will always receive a rank of 1. **Ratings:** The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. Source: Morningstar. Morningstar counts each share class as a separate fund for purposes of its ranking and ratings calculations. Morningstar compares mutual funds within a universe of funds with similar investment objectives, including dividend reinvestment. Morningstar rankings and ratings may vary for other share classes © 2019 Morningstar. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. **Past performance is no guarantee of future results.**

Morningstar information is based on quarter-end data. Please visit morganstanley.com/im for the latest month-end Morningstar information.

OTHER CONSIDERATIONS

¹ The Blended Index is comprised of **1/3 JP Morgan Emerging Markets Bond Index Global** (tracks total returns for traded external debt instruments in the emerging markets, and is an expanded version of the EMBI+), as well as the EMBI+, the EMBI Global includes US dollar-denominated Brady bonds, loans, and Eurobonds with an outstanding face value of at least \$500 million), **1/3 JP Morgan GBI-EM Global Diversified Index** (a comprehensive global local emerging markets index that consists of regularly traded, liquid fixed-rate, domestic currency government bonds and includes only the countries which give access to their capital market to foreign investors (excludes China, India). The index is market capitalization weighted, with a cap of 10% to any one country) and **1/3 JP Morgan CEMBI Broad Diversified Index** (a global, liquid corporate emerging-markets benchmark that tracks U.S.-denominated corporate bonds issued by emerging-markets entities). The returns shown prior to September 28, 2015 are that of the **JP Morgan Emerging Markets Bond Index Global**, the fund's benchmark prior to the merger. Returns since the merger are that of the Blended Index. These indices are unmanaged and do not include any expenses, fees or sales charges. It is not possible to invest directly in an index. * 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.