

Morgan Stanley Institutional Fund Frontier Markets Portfolio

4Q18
FACTSHEET

Investment Approach

We seek to identify markets with the best secular growth opportunities and those where sentiment and valuation lag fundamental improvement. With different drivers for each country and region, we believe frontier markets represent an excellent opportunity for clients with existing emerging markets exposure to diversify their portfolios further by investing in areas that are historically uncorrelated with both developed and more-established emerging markets.

Objective

Seeks long-term capital appreciation.

Lipper Category

Emerging Markets

Morningstar Category

Diversified Emerging Markets

Portfolio Managers

	Joined Firm	Years of Investment Experience
Timothy Drinkall, Managing Director	2007	24
Pierre Horvilleur, Executive Director	2013	15

Investment Performance - Class I (% net of fees)

% Average Annual Total Returns	1 Year	3 Year	5 Year	10 Year	Inception		
Fund	-22.60	-0.98	-2.28	5.29	-0.48		
MSCI Frontier Markets Index ¹	-16.41	4.21	0.67	4.75	-1.96		
Lipper Category Average	-16.27	6.73	0.37	7.53	-		
Morningstar Category Average	-16.10	6.98	0.52	7.63	-		
% Calendar Year Returns	4Q18	YTD	2018	2017	2016	2015	2014
Fund	-5.57	-22.60	-22.60	20.82	3.83	-10.58	2.66
MSCI Frontier Markets Index	-4.33	-16.41	-16.41	31.86	2.66	-14.46	6.84
Lipper Category Average	-7.41	-16.27	-16.27	34.57	8.77	-14.08	-3.23
Morningstar Category Average	-7.46	-16.10	-16.10	34.17	8.47	-13.79	-3.01

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 shown for the Fund's Class I shares reflects the performance of the common shares of the Frontier Predecessor Fund for periods prior to September 17, 2012.

Pursuant to an agreement and plan of reorganization between Morgan Stanley Institutional Fund, Inc., on behalf of the Fund, and Morgan Stanley Frontier Emerging Markets Fund, Inc. (the "Frontier Predecessor Fund"), on September 17, 2012 the Fund acquired all of the assets and liabilities of the Frontier Predecessor Fund in exchange for Class I shares of the Fund (the "Frontier Reorganization"). As a result of the Frontier Reorganization, the Fund is the accounting successor of the Frontier Predecessor Fund. The historical performance information shown reflects, for the period prior to the Frontier Reorganization, the historical performance of the Frontier Predecessor Fund. The Frontier Predecessor Fund may have performed differently if it were an open-end fund since closed-end funds are generally not subject to the cash flow fluctuations of an open-end fund.

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. Double-digit returns are highly unusual and cannot be sustained.

Expense Ratios	Symbol	Cusip	Gross (%)	Net (%)
Class A	MFMPX	61760X810	2.05	2.05
Class C	MSFEX	61760X331	2.81	2.81
Class I	MFMIX	61760X836	1.73	1.73
Class IS	MSRFX	61760X562	1.69	1.69

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.

Effective March 31, 2017, The name of the Portfolio was changed from Morgan Stanley Institutional Fund, Inc. Frontier Emerging Markets Portfolio to Morgan Stanley Institutional Fund, Inc. Frontier Markets Portfolio. There were no other changes to the Portfolio or investment process.

Morningstar Rankings - Class I Diversified Emerging Markets Category

	Percentile	Rank/ Total in Category
1 Year	95	798/833
3 Year	99	698/706
5 Year	94	496/531
10 Year	96	229/237

Source: Morningstar, Inc. Rankings are based on total returns, are historical and do not guarantee future results.

Fund Facts

Inception date	August 25, 2008
Total net assets (\$MM)	\$ 274.5
Benchmark	MSCI Frontier Markets Index
Distribution frequency	At least annually

Portfolio Characteristics

	Fund	Index
Number of holdings	56	114
Price/earnings (NTM) ²	10.50	9.48
5 year EPS growth (%)	8.35	5.01
Turnover (%)*	52	-

Market Cap Weights

	Fund	Index
> \$20B	1.17	-
\$7-20B	29.82	30.03
\$3.5-7B	14.96	16.21
\$1-3.5B	44.10	47.09
< \$1B	9.95	6.67

Risk/Return Statistics (3 Year)

	Fund	Index
Active share (%)	54.65	-
Excess Return (%)	-5.19	-
Alpha (%)	-5.10	-
Beta (vs. benchmark)	0.97	1.00
Information ratio	-1.20	-
R squared	0.88	1.00
Sharpe ratio	-0.16	0.27
Standard deviation (%)	12.44	12.00
Tracking error (%)	4.33	-
Up-capture ratio (%)	79.22	100.00
Down-capture ratio (%)	109.03	100.00

Sector Allocation (% of Total Net Assets)

	Fund	Index
Financials	45.19	44.35
Consumer Staples	11.49	9.32
Communication Services	9.41	12.21
Consumer Discretionary	7.07	1.55
Industrials	6.19	4.30
Health Care	5.94	3.18
Real Estate	4.70	8.31
Energy	4.14	5.39
Information Technology	2.60	1.65
Utilities	2.30	3.89
Cash	-2.18	-

Top Holdings (% of Total Net Assets)

	Fund	Index
National Bank of Kuwait	10.34	7.57
Mobile Telecommunications Co.	5.13	2.90
Attijariwafa Bank	3.62	1.74
Guaranty Trust Bank	3.52	1.26
Grupo Financiero Galicia S.A.	3.31	2.57
YPF S.A.	3.00	2.14
Vietnam Dairy Products JSC	2.85	3.26
Banco Macro S.A.	2.73	1.84
Globant S.A.	2.60	1.65
Human Soft Holding Co. KSC	2.59	-
Total	39.69	-

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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

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. **Earnings per share (EPS) growth** is the weighted average of earnings per share growth for all securities in the portfolio projected for the past five fiscal years. Earnings per share for a company is defined as total earnings divided by shares outstanding. **Market capitalization** is the total dollar market value of all of a company's outstanding shares. **Forecast and estimates are subject to change and may not necessarily come to pass due to changing market and/or economic conditions.**

RISK/RETURN 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. **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. A beta greater than 1.0 identifies an issue or fund that will move more than the market, while a beta less than 1.0 identifies an issue or fund that will move less than the market. The Beta of the Market is always equal to 1. **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. The Sharpe ratio determines reward per unit of risk. The higher the Sharpe ratio, the better the historical risk-adjusted performance. **Standard deviation** measures how widely individual performance returns, within a performance series, are dispersed from the average or mean value. **Tracking error** is the amount by which the performance of the portfolio differs from that of the benchmark. **Upside/downside market capture** measures annualized performance in up/down markets relative to the market benchmark.

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 **frontier emerging 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).

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. Ratings do not take into account sales loads.

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

OTHER CONSIDERATIONS

¹ The MSCI Frontier Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of frontier 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 performance of the index is calculated in U.S. dollars and assumes reinvestment of net dividends. "Net dividends" reflects a reduction in dividends after taking into account withholding of taxes by certain foreign countries represented in the Index. The index is unmanaged and does not include any expenses, fees or sales charges. It is not possible to invest directly in an index.

² NTM = Next 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.