

Morgan Stanley

INVESTMENT MANAGEMENT

MORGAN STANLEY INSTITUTIONAL FUND (MSIF)

Developing Opportunity Portfolio

GLOBAL OPPORTUNITY TEAM
INVESTMENT IDEA |
DECEMBER 2022

SYMBOLS

Class A	MDOAX
Class C	MDOBX
Class I	MDOEX
Class R6	MDODX

Fund Inception Date: February 14, 2020

Led by Kristian Heugh, the Global Opportunity team tends to discover many of its best bottom-up stock ideas located in the developing economies of Asia, Latin America, Eastern Europe, the Middle East and Africa. Growing middle classes are trading up to better quality food, beverages, retail, education, internet, healthcare and financial services. As a result, the team finds many high quality companies characterized by sustainable competitive advantages are typically driven by domestic consumption growth.

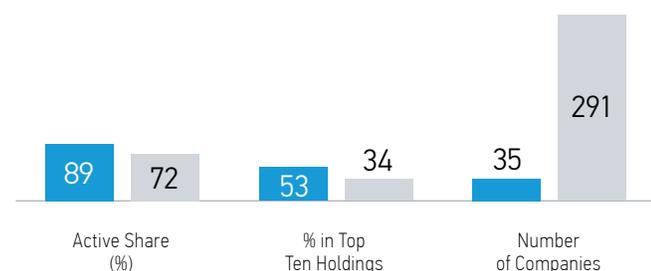
1 High conviction, concentrated approach
The team conducts rigorous fundamental research to create a concentrated portfolio of its best ideas,¹ weighted by conviction. Active share is typically 80% or higher, and the top 10 holdings generally account for over 50% of assets.²

2 Focus on undervalued, high quality businesses
The team seeks companies characterized by competitive advantages and long-term growth while incorporating sustainability with respect to disruptive change, ESG and financial strength. In developing economies, such businesses are typically driven by domestic consumption with less cyclical exposure.

3 Global perspective applied to emerging markets
The Global Opportunity Team manages over \$36 billion in client portfolios, including over \$12 billion in developing economies, and applies a global perspective to developing markets.³ The team's unique culture fosters collaboration and diversity of perspective.

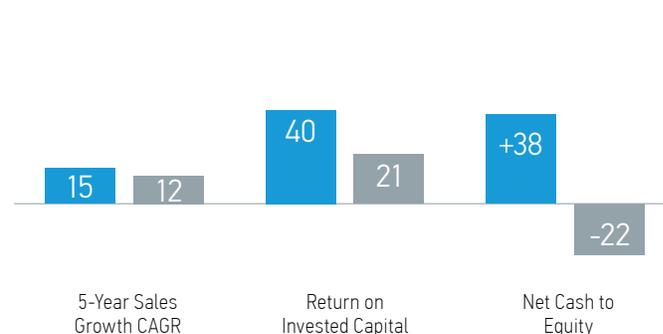
A concentrated portfolio ...

Fund vs. Morningstar Diversified Emerging Markets



... of high quality companies in developing markets

Fund vs. MSCI Emerging Markets Index



■ MSIF Developing Opportunity Portfolio ■ MSCI Emerging Markets Index ■ Morningstar Diversified Emerging Markets

As of December 31, 2022. Source: FactSet Research Systems Inc., Morgan Stanley Investment Management, Morningstar. Subject to change. Provided for illustrative purposes only.

¹ There can be no guarantee that a portfolio consisting of the team's "best ideas" will experience positive performance.

² There is no assurance the portfolio's active share will stay within this range. The number of holdings provided is a typical range, not a maximum number. The portfolio may exceed this from time to time due to market conditions and outstanding trades.

³ As of December 31, 2022.

Mix of well-known and undiscovered companies

Top 10 holdings of MSIF Developing Opportunity Portfolio As of December 31, 2022

COMPANY	DESCRIPTION	% OF PORTFOLIO	REGION
HDFC Bank	Bank	8.5	India
ICICI Bank	Bank	6.5	India
MercadoLibre	E-commerce	6.1	Argentina
Meituan	Consumer Services Super-app	5.6	China
IndusInd Bank	Bank	5.0	India
Trip.com	Online Travel Agency	4.9	China
Coupang	E-commerce	4.8	South Korea
Globant	IT Services	4.3	Argentina
Haidilao	Restaurants	4.0	China
TSMC	Semiconductors	3.3	Taiwan
TOTAL		53.1	

Investment manager and track record



KRISTIAN HEUGH
Managing Director

Joined Morgan Stanley in 2001 and has 22 years of industry experience

The Fund is managed by Kristian Heugh, Head of the Global Opportunity team.

The team has been investing in the emerging markets since inception in 2006 in other investment funds.

For information and an illustration of past performance of a similarly managed account in the Developing Opportunity Strategy, please see the fund's prospectus.

Source: Morgan Stanley Investment Management. Top ten holdings are provided for illustrative purposes only and should not be deemed as a recommendation to buy or sell the securities mentioned or in the sectors or regions shown above. Holdings are dated and subject to change daily. "Offshore China" refers to publicly listed Chinese companies that trade on non-Chinese stock exchanges, while "China" refers to China A share companies that are based in mainland China and are listed on either the Shanghai or Shenzhen stock exchange.

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.

INDEX INFORMATION: The MSCI Emerging Markets 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 Index currently consists of 24 emerging markets countries. The index is listed in U.S. dollars and assumes reinvestment of net dividends. The index is unmanaged and does not include any expenses, fees or sales charges. It is not possible to invest directly in an index. Any index referred to herein is the intellectual property (including registered trademarks) of the applicable licensor.

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. **Number of holdings** is the total number of securities that make up a portfolio. **5-year sales growth** is the compound annual growth rate of Sales over the last 5 years. It is calculated by $[\text{Sales (0)} / \text{Sales (-5)}]^{1/5} - 1$. **Compound Annual Growth Rate (CAGR)** is the year-over-year growth rate of an investment over a specified period. **Return On Invested Capital (ROIC)** represents the rate of return a company makes on the cash it invests in its business. **Net cash to equity** is the ratio of a company's cash on hand against the total net worth of the company. It is calculated by $[(\text{Total Cash and cash equivalents} - \text{Total Liabilities}) / \text{Shareholder's Equity}]$.

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. 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 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 market countries** are greater than risks associated with investments in foreign developed countries. **Frontier Emerging Markets.** 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. **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. **Focused Investing.** To the extent that the Portfolio invests in a limited number of issuers, the Portfolio will be more susceptible to negative events affecting those issuers and a decline in the value of a particular instrument may cause the Portfolio's overall value to decline to a greater degree than if the Portfolio were invested more widely. Privately placed and restricted securities may be subject to resale restrictions as well as a lack of publicly available information, which will increase their illiquidity and could adversely affect the ability to value and sell them (**liquidity risk**). **China Risk.** Investments in China involve risk of a total loss due to government action or inaction. Additionally, the Chinese economy is export-driven and highly reliant on trade. Adverse changes to the economic conditions of its primary trading partners, such as the United States, Japan and South Korea, would adversely impact the Chinese economy and the Fund's investments. Moreover, a slowdown in other significant economies of the world, such as the United States, the European Union and certain Asian countries, may adversely affect economic growth in China. An economic downturn in China would adversely impact the Portfolio's investments. **Risks of Investing through Stock Connect.** Any investments in A-shares listed and traded through Stock Connect, or on such other stock exchanges in China which participate in Stock Connect is subject to a number of restrictions that may affect the Portfolio's investments and returns. Moreover, Stock Connect A shares generally may not be sold, purchased or otherwise transferred other than through Stock Connect in accordance with applicable rules. The Stock Connect program may be subject to further interpretation and guidance. There can be no assurance as to the program's continued existence or whether future developments regarding the program may restrict or adversely affect the Portfolio's investments or returns. There is no assurance strategies that incorporate **ESG factors** will result in more favorable investment performance.

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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 is the asset management division of Morgan Stanley

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