

Morgan Stanley

INVESTMENT MANAGEMENT

MORGAN STANLEY INSTITUTIONAL FUND

Emerging Markets Leaders Portfolio

GLOBAL EMERGING MARKETS
INVESTMENT IDEA
SEPTEMBER 2021

SYMBOLS

Class A	MELAX
Class C	MEMLX
Class I	MELIX
Class IS	MELSX



OVERALL MORNINGSTAR RATING™ FOR CLASS I

3yr. rating 5 Stars; 5yr. rating 5 Stars. Out of 708 Diversified Emerging Mkts category funds based on risk-adjusted returns as at September 30, 2021.

Focusing on Growth in Continental-Sized Markets

We believe the future of emerging markets will be driven by companies that derive growth from the large, continental-sized markets of Greater China, India, Brazil and Southeast Asia. Our benchmark-agnostic portfolio focuses on quality companies that could benefit from the tailwinds of multi-year structural growth. This differentiated approach and disciplined investment philosophy has delivered strong returns that have compounded even through periods of higher market volatility, achieving steady risk-adjusted returns for our investors.

Mitigating downside risk has led to higher, more stable returns over time—the power of compounding¹



Returns during the four worst quarters for MSCI EM Index since 6/30/13

	Q2 '13 FED TAPER TANTRUM	Q3 '15 CHINA SLOWDOWN	Q4 '18 U.S.-CHINA TRADE WAR	Q1 '20 COVID-19
Fund (Class I, % net of fees)	-4.7	-8.1	-3.4	-19.7
Benchmark	-8.1	-17.9	-7.5	-23.6

Past performance is not indicative 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.

Source: Morgan Stanley Investment Management. Performance returns reflect the average annual rates of return. The portfolio shown is net of investment advisory fees, is quoted in U.S.\$ and includes the reinvestment of dividends and income. The comparison index is the MSCI Emerging Markets Net Index with cumulative dividends reinvested. The MSIF Emerging Markets Leaders Portfolio cumulative returns in up months is 1023.1% since June 2011. For the MSCI Emerging Markets Net Index, the cumulative returns in up months is 1199.8%. The MSIF Emerging Markets Leaders Portfolio cumulative returns in down months is -78.1% since June 2011. For the MSCI Emerging Markets Net Index the cumulative returns in down months is -89.2%.

Please see back for standardized performance, disclosures and additional information on the agreement and plan of reorganization between the Private Fund and MSIF Emerging Markets Leaders Portfolio.

MSIF Emerging Markets Leaders Portfolio

1 Forward-looking thematic growth

We identify the most compelling investment themes in emerging markets and carry out extensive bottom-up research to select companies that we believe are best positioned to benefit from the long runway of growth. We avoid cyclical businesses that may erode shareholder value during market downturns.²

2 Focus on high quality companies

Our investment universe includes companies that derive at least 35% of sales, profit or assets from emerging markets, and where emerging markets are the main source of their growth. We focus on management teams that have demonstrated disciplined capital allocation and on companies with strong balance sheets.

3 Compounding effects

Our discipline on the entry/exit prices and strict focus on quality growth companies has delivered strong performance while dampening the market volatility inherent in emerging market equities. The focus on environmental, social and governance issues within our investment process continues to be crucial in mitigating risk.³

Investment Team

The MSIF Emerging Markets Leaders Portfolio is managed by Vishal Gupta along with senior members of the Global Emerging Markets team.



VISHAL GUPTA

Managing Director

Joined the firm in 2014,

16 years of financial industry experience.

Performance – Class I (% net of fees)

Average annual total return (Periods ending September 30, 2021)

	1	3	5	10	SINCE	
	YTD	YEARS	YEARS	YEARS	INCEPTION	
					(6/30/2011)	
MSIF Emerging Markets Leaders Portfolio	6.74	32.13	27.66	15.92	11.24	9.18
MSCI Emerging Markets Net Index	-1.25	18.20	8.58	9.23	6.09	3.32
Morningstar Diversified Emerging Markets	1.42	21.19	9.39	8.62	5.89	3.22

Fund Snapshot⁴

Number of Holdings	29
Active Share (%)	91.18
Standard Deviation (%)	22.50
Standard Deviation (Benchmark) (%)	19.40

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.

The gross expense ratio is 147% for Class I shares and the net expense ratio is 1.20%. 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

DEFINITIONS: The MSCI Emerging Markets Net Index is a free float-adjusted market capitalization weighted index that is designed to measure equity market performance in the global emerging markets. The index is unmanaged and does not include any expenses, fees or sales charges. It is not possible to invest directly in an index. The Morningstar Diversified Emerging Markets category consists of portfolios that tend to divide their assets among 20 or more nations, with a focus on the emerging markets. Active share is the fraction of the Portfolio or fund that is invested differently than its benchmark. Standard deviation measures how widely individual performance returns, within a performance series, are dispersed from the average or mean value.

This document is a general communication which is not impartial and has been prepared solely for information 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 material contained herein has not been based on a consideration of any individual client 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.

MORNINGSTAR: As of 9/30/2021, Diversified Emerging Mkts category, Class I Shares. 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. © 2021 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

reimbursements, returns would have been lower. Expenses are based on the fund's current prospectus. The minimum initial investment generally is \$5,000,000 for Class I shares.

Pursuant to an agreement and plan of reorganization, between the fund, on behalf of the Emerging Markets Leaders Portfolio (the "Portfolio"), and Morgan Stanley Emerging Markets Leaders Fund (Cayman) LP (the "Private Fund"), a private fund managed by Morgan Stanley Investment Management Inc., the Portfolio's adviser, on January 6, 2015, the Portfolio acquired substantially all of the assets and liabilities of the Private Fund in exchange for shares of the Portfolio (the "Reorganization"). The Private Fund commenced operations on June 30, 2011, and had an investment objective, policies, and strategies that were, in all material respects, the same as those of the Portfolio, and was managed in a manner that, in all material respects, complied with the investment guidelines and restrictions of the Portfolio. However, the Private Fund was not registered as an investment company under the Investment Company Act of 1940 (the "1940 Act"), and therefore was not subject to certain investment limitations, diversification requirements, liquidity requirements, and other restrictions imposed by the 1940 Act and the Internal Revenue Code of 1986, as amended, which, if applicable, may have adversely affected its performance. The Portfolio adopted the performance history of the Private Fund. As a result, the historical performance information shown reflects, for the periods prior to the Reorganization, the historical performance of the Private Fund. The performance of the Private Fund has been restated to reflect any applicable sales charge but is otherwise not adjusted to reflect differences in expenses between the Private Fund and each Class. If adjusted to reflect such difference in expenses, returns would be different.

¹ The illustration is based on an initial investment of \$100 in the Fund's Class I shares made at fund inception, assumes reinvestment of dividends and capital gains, but does not reflect the impact of management expenses. Performance would have been lower if management expenses had been included. Results are hypothetical.

² This information represents how the portfolio management team generally implements its investment process under normal market conditions.

³ Strategies that incorporate impact investing and/or Environmental, Social and Governance (ESG) factors could result in relative investment performance deviating from other strategies or broad market benchmarks, depending on whether such sectors or investments are in or out of favor in the market. As a result, there is no assurance ESG strategies will result in more favorable investment performance.

⁴ As of September 30, 2021. Standard deviation is for three-year period.

Returns are net of fees and assume the reinvestment of all dividends and income. Returns for less than one year are cumulative (unannualized). Performance of other share classes will vary.

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

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. 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. 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 the risks generally associated with investments in foreign developed countries. Investments in securities of Chinese issuers, including A-shares, involve risks and special considerations not typically associated with investments in the U.S. securities markets or foreign developed markets, such as heightened market, political and liquidity risk. 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. Derivative instruments can be illiquid, may disproportionately increase losses and may have a potentially large negative impact on the Portfolio's performance. Illiquid securities may be more difficult to sell and value than publicly traded securities (liquidity risk). 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. 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.

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 you invest or send money.

Morgan Stanley Investment Management is the asset management division of Morgan Stanley.

Explore our new site at www.morganstanley.com/im