

Quarterly Global Emerging Markets Team Spotlight

ACTIVE FUNDAMENTAL EQUITY | GLOBAL EMERGING MARKETS TEAM | SPOTLIGHT | SEPTEMBER 30, 2020

TEAM OVERVIEW: The Global Emerging Markets Team believes in adding value by integrating top-down country allocation and bottom-up stock selection with a growth bias, based on the belief that both country-level and stock-specific factors drive returns and the dynamics of emerging markets are beneficial to the earnings of selective growth companies in the long term. The Global Emerging Markets Team is led by Ruchir Sharma.

PRODUCT	MSIF EMERGING MARKETS PORTFOLIO	MSIF FRONTIER MARKETS PORTFOLIO	MSIF EMERGING MARKETS LEADERS PORTFOLIO	MSIF EMERGING MARKETS SMALL CAP PORTFOLIO
Share Class: Ticker	I: MGEMX A: MMKBX C: MSEPX IS: MMMPX	I: MFMI A: MFMPX C: MSFEX IS: MSRFX	I: MELIX A: MELAX C: MEMLX IS: MELSX	I: MSEM A: MSEOX C: MSESX IS: MSETX
Fund Inception Date	September 25, 1992	August 25, 2008	June 30, 2011	December 15, 2015
Portfolio Managers	Ruchir Sharma, Eric Carlson, Paul Psaila, May Yu, Amay Hattangadi	Steven Quattri, Omair M. Ansari	Vishal Gupta	Omair M. Ansari, Steven Quattri
Index	MSCI Emerging Markets Net Index	MSCI Frontier Markets Net Index	MSCI Emerging Markets Net Index	MSCI Emerging Markets Small Cap Net Index
Benchmark Awareness	Aware	Aware	Agnostic	Aware
Investment Universe	Global Emerging Markets	Frontier Markets	Global Emerging Markets	Global Emerging Markets and Frontier Emerging Markets
Investment Style	Core with quality growth bias	Growth	Quality growth	Growth
Investment Process¹	Integrated top-down & bottom-up (50:50)	Integrated top-down (2/3) & bottom-up (1/3)	Bottom-up (80%)	Integrated top-down & bottom-up (50:50)
Frontier Emerging Markets Exposure²	0-5%	80-100%	0-5%	0-20%
Guidelines²	Country +/- 10%, Industry +/- 15%, Stock +/- 5%	Country 0-20%, Stock 0-10%	Stock 0-10%	Country +/- 20%, Industry +/- 20%, Stock +/- 5%
Fund Total Assets	\$679.27 Mn	\$63.10 Mn	\$75.19 Mn	\$74.40 Mn
Expense Ratio³	Gross 1.16% Net 1.05%	Gross 1.92% Net 1.85%	Gross 1.57% Net 1.20%	Gross 1.83% Net 1.30%
Morningstar Category	Diversified Emerging Mkts	Diversified Emerging Mkts	Diversified Emerging Mkts	Diversified Emerging Mkts
Morningstar Rating™ (# of funds)*	★★★ (695 Funds)	★★★ (695 Funds)	★★★★★ (695 Funds)	★★ (695 Funds)
Investment Performance (% net of fees)	Class I Shares Index	Class I Shares⁴ Index	Class I Shares⁵ Index	Class I Shares Index
3 Months	11.11 9.56	9.80 8.29	20.93 9.56	9.32 11.85
YTD	-2.45 -1.16	0.29 -8.79	28.74 -1.16	-4.61 -2.40
1 YR	8.39 10.54	3.28 -2.74	41.96 10.54	-0.05 6.89
3 YR	0.48 2.42	-3.03 -1.69	13.37 2.42	-0.40 -1.09
5 YR	6.65 8.97	1.68 3.76	13.00 8.97	-- --
10 YR	2.05 2.50	3.26 2.96	-- --	-- --
INCEPTION	7.23 7.19	0.59 -1.08	6.95 1.83	4.12 5.08
Statistics (3 Year annualised)	Class I Shares	Class I Shares	Class I Shares	Class I Shares
Excess return (%)	-1.94	-1.34	10.95	0.68
Alpha (%)	-1.94	-0.82	11.00	0.49
Beta (vs. benchmark)	1.01	1.16	0.94	0.93
Standard deviation (%)	19.51	21.78	20.80	21.18
Tracking error (%)	4.28	6.54	10.82	5.45
Characteristics²	Fund	Fund	Fund	Fund
Price/Earnings (Last 12 months) ⁴	24.68	16.24	47.50	26.62
Turnover (%)	58	68	58	69
Target # of positions	100-125 Stocks	40-50 Stocks	<40 Stocks	65-80 Stocks

For our Sales Desk, contact 1-855-332-5306. All data shown as of September 30, 2020, unless otherwise noted. Source: Morgan Stanley Investment Management and FactSet.

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, ratings and characteristics may differ for other share classes. Performance shown for the Frontier Emerging Markets Class I Shares reflects the performance of the common shares of the "Frontier Predecessor Fund" for the periods prior to 09/17/12. Performance shown for the Emerging Markets Leaders Class I shares reflects the performance of the "Private Fund" for the periods prior to 01/06/15. See next page for additional important performance information. Net of fees returns assume the reinvestment of all dividends and income. Returns for less than one year are cumulative (unannualized). Returns should not be a sole factor in an investment decision. An investor should review the fund's prospectus.

¹ Represents how the portfolio management team generally implement their investment process under normal market conditions.

² Information provided represents a typical range, not a maximum number. The portfolio may exceed this from time to time due to market conditions and outstanding trades.

³ **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/Trustees acts to discontinue all or a portion of such waivers and/or reimbursements. Absent such fee waivers/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, \$1,000 for Class A shares and Class C shares, and \$10,000,000 for Class IS shares.**

⁴ 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.

⁵ 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.

The Fund has suspended offering Class L shares of the Portfolio to all investors.

DEFINITIONS: Price-Earnings Ratio (P/E) is the price of a stock divided by its earnings per share for the past 12 months. Sometimes called the multiple, P/E gives investors an idea of how much they are paying for a company's earning power. The higher the P/E, the more investors are paying, and therefore the more earnings growth they are expecting. **Earnings per share (EPS) growth** is the weighted average of earnings per share growth for all securities in the portfolio projected for the past three fiscal years. Earnings per share for a company is defined as total earnings divided by shares outstanding. **Annual turnover** measures the percentage of securities within the portfolio that changed during the most recent fiscal year. Turnover shown is based on the fund's current prospectus. **Market capitalization** is the total dollar market value of all of a company's outstanding shares. **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. **Standard deviation** measures how widely individual performance returns, within a performance series, are dispersed from the average or mean value. **Excess Return** or value added (positive or negative) is the portfolio's return relative to the return of the benchmark. **Tracking error** is the amount by which the performance of the portfolio differs from that of the benchmark.

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 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

MSCI Emerging Markets Small Cap Index includes small cap representation across 23 Emerging Markets countries. With 1,864 constituents, the index covers approximately 14% of the free float-adjusted market capitalization in each country. The small cap segment tends to capture more local economic and sector characteristics relative to larger Emerging Markets capitalization segments. The performance of the indices is listed in U.S. dollars and assumes reinvestment of net dividends. The indices do not include any expenses, fees or sales charges, which would lower performance. The indices are unmanaged and should not be considered an investment. It is not possible to invest directly in an index.

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 value 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 in these strategies. Please be aware that these strategies 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** carry 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. The risks of investing in **emerging market** countries are greater than risks associated with investments in foreign developed markets. **Non-diversified 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. **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). **For additional risk considerations please refer to the fund's fact card and 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 is the asset management division of Morgan Stanley.

Morgan Stanley Institutional Fund, Inc. (MSIF) is a mutual fund offering various active portfolios, including equity, fixed-income, international, emerging markets, real estate and growth portfolios. **Fund advisor** MSIF is managed by Morgan Stanley Investment Management, Inc.

***Emerging Markets Portfolio:** Class I Shares 3 year 3 Stars out of 695 funds, 5 year 2 Stars out of 590 funds, 10 year 3 Stars out of 264 funds. **Frontier Emerging Markets Portfolio:** Class I Shares 3 year 1 Stars out of 695 funds, 5 year 1 Stars out of 590 funds, 10 year 4 Stars out of 264 funds. **Emerging Markets Leaders Portfolio:** Class I Shares 3 year 5 Stars out of 695 funds, 5 year 5 Stars out of 590 funds. **Emerging Markets Small Cap Portfolio:** Class I Shares 3 year 2 Stars out of 695 funds.

Morningstar: Ratings as September 30, 2020. Diversified Emerging Markets Category. 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.