

Quarterly Global Opportunity Spotlight

ACTIVE FUNDAMENTAL EQUITY | GLOBAL OPPORTUNITY TEAM | SPOTLIGHT | MARCH 31, 2019

TEAM OVERVIEW: Kristian Heugh is the lead investor of the Morgan Stanley Institutional Funds (MSIF) Opportunity portfolios. With a long-term ownership mindset that emphasizes perspective and insight, supported by fundamental bottom-up analysis, the portfolios invest in high-quality companies that the investment team believes are undervalued at the time of purchase.

PRODUCT	MSIF GLOBAL OPPORTUNITY PORTFOLIO		MSIF INTERNATIONAL OPPORTUNITY PORTFOLIO		MSIF INTERNATIONAL ADVANTAGE PORTFOLIO		MSIF ASIA OPPORTUNITY PORTFOLIO	
Share Class: Ticker	I: MGGIX A: MGGPX C: MSOPX IS: MGT SX		I: MIOIX A: MIOPX C: MSOCX IS: MNOPX		I: MFAIX A: MFAPX C: MSIAX		I: MSAQX A: MSAUX C: MSAWX IS: MSAYX	
Inception Dates: Fund Strategy	May 30, 2008 December 31, 2007		March 31, 2010 March 31, 2010		December 28, 2010 December 31, 2010		December 29, 2015 December 31, 2015	
Index	MSCI All Country World Index		MSCI All Country World Ex-U.S. Index		MSCI All Country World Ex-U.S. Index		MSCI All Country Asia ex Japan Index	
Investment Universe	Global		International		International		Asia ex-Japan	
Turnover Range¹	Typically 20-50% annually		Typically 20-50% annually		Typically 20-50% annually		Typically 20-50% annually	
Process²	<ul style="list-style-type: none"> Warren Buffett principles applied to growing companies Resulting portfolio: A concentrated portfolio of undervalued, high-quality companies globally 		<ul style="list-style-type: none"> Warren Buffett principles applied to growing companies outside the U.S. Resulting portfolio: A concentrated portfolio of undervalued, high-quality companies internationally 		<ul style="list-style-type: none"> Warren Buffett principles applied to growing companies Resulting portfolio: A concentrated selection of undervalued, high-quality companies internationally 		<ul style="list-style-type: none"> Warren Buffett principles applied to growing companies in Asia Resulting portfolio: A concentrated selection of undervalued, high-quality companies in Asia 	
Total Assets: Fund Strategy	\$2,993.69 Mn \$20.2 Bn		\$1,341.77 Mn \$14 Bn		\$1,213.92 Mn \$1.7 Bn		\$54.34 Mn \$1.0 Bn	
Expense Ratio³	Gross 0.99% Net 0.99%		Gross 1.10% Net 1.00%		Gross 1.21% Net 1.00%		Gross 3.10% Net 1.07%	
Advisory Fee	0.78%		0.80%		0.80%		0.80%	
Morningstar Category	World Large Stock		Foreign Large Growth		Foreign Large Growth		Pacific/Asia ex-Japan Stock	
Morningstar Rating™ (# of funds)*	★★★★★ (732 Funds)		★★★★★ (373 Funds)		★★★★★ (373 Funds)		★★★★★ (77 Funds)	
Investment Performance (% net of fees)	Class I Shares	Index	Class I Shares	Index	Class I Shares	Index	Class I Shares	Index
3 Months	18.47	12.18	22.36	10.31	16.01	10.31	25.05	11.43
YTD	18.47	12.18	22.36	10.31	16.01	10.31	25.05	11.43
1 YR	5.85	2.60	2.83	-4.22	4.77	-4.22	2.82	-5.22
3 YR	20.55	10.67	19.32	8.09	18.22	8.09	24.46	11.89
5 YR	16.62	6.45	13.20	2.57	12.84	2.57	--	--
10 YR	22.02	11.98	--	--	--	--	--	--
INCEPTION	12.88	4.71	12.28	4.22	11.66	3.62	21.59	11.46
Statistics (3 Year annualised)	Class I Shares	Index	Class I Shares	Index	Class I Shares	Index	Class I Shares	Index
Beta (vs. benchmark)	1.18	1.00	1.14	1.00	0.92	1.00	1.11	1.00
Sharpe ratio	1.37	0.95	1.23	0.65	1.44	0.65	1.32	0.82
Standard deviation (%)	14.17	10.01	14.72	10.56	11.85	10.56	17.62	13.09
Tracking error (%)	7.97	--	8.58	--	6.82	--	10.09	--
Characteristics	Fund	Index	Fund	Index	Fund	Index	Fund	Index
Active share (%)	93.15	--	97.61	--	97.14	--	84.65	--
Return on capital (%)	20.25	14.17	21.03	11.60	22.66	11.60	17.21	11.53
5 year EPS growth (%)	25.10	10.06	19.65	7.84	14.97	7.84	20.37	10.63
Sales growth (%)	20.90	10.30	18.31	8.01	14.13	8.01	25.24	15.28
Net cash to equity (%)	23.00	-52.00	27.00	-51.00	-6.00	-51.00	24.00	-24.00
Weighted average market capitalization (\$B)	167.68	129.63	31.77	50.84	33.36	50.84	82.73	58.52

For our Sales Desk, contact 1-855-332-5306.

Source: FactSet Research Systems Inc.; Morgan Stanley Investment Management

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 monthend 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. 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 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.

² The information presented represents how the investment team generally applies their investment processes under normal market conditions. There can be no guarantee that any strategy will achieve its investment objectives or that a portfolio consisting of the team's "best ideas" will experience positive performance. The team applies what they believe to be investment principles similar to those of Warren Buffett. No representation is being made that the team's investment results will be similar to those produced by investment portfolios managed by Warren Buffett.

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 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.**

Please keep in mind that high, double-digit and/or triple-digit returns are highly unusual and cannot be sustained. Investors should also be aware that these returns were primarily achieved during favorable market conditions.

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.

DEFINITIONS: **Active share** is the fraction of the portfolio or fund that is invested differently than its benchmark. 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. **Beta** is a measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. The **5-Year EPS Growth Rate** is the compound annual growth rate of Earnings Per Share Excluding Extraordinary Items and Discontinued Operations over the last 5 years. **Net cash to equity weighted median** is the ratio of a company's cash on hand against the total net worth of the company. **Return On Assets (ROA)** indicates how profitable a company is relative to its total assets. It is calculated by dividing a company's annual earnings by its total assets. **Return On Capital (ROC)** is a calculation used to assess a company's efficiency at allocating the capital under its control to profitable investments. **Return On Equity (ROE)** is the amount of net income returned as a percentage of shareholders equity. **R squared** measures how well an investment's returns correlate to an index. An R squared of 100 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. The **5-Year Sales Growth Rate** is the increase in sales over the last five years. **Tracking error** is the amount by which the performance of the portfolio differs from that of the benchmark. **Weighted Average Market Capitalization** represents a stock market index weighted by the market capitalization of each stock in the index. The **MSCI All Country World Index (ACWI)** is a free float-adjusted market capitalization weighted index designed to measure the equity market performance of developed and emerging markets. The **MSCI All Country Asia ex Japan Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of Asia, excluding Japan. The **MSCI All Country World ex USA Index** is a free float-adjusted market capitalization weighted index designed to measure the equity market performance of developed and emerging markets, excluding the U.S. 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 indexes are listed in U.S. dollars and assumes reinvestment of net dividends. All indices referenced 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 portfolios will achieve their investment objectives. 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 these portfolios. Please be aware that these portfolios may be subject to certain additional risks. **Asia market** entails liquidity risk due to the small markets and low trading volume in many countries. In addition, companies in the region tend to be volatile and there is a significant

possibility of loss. Furthermore, because the strategy concentrates in a single region of the world, performance may be more volatile than a global strategy. **Exchange traded funds (ETFs)** shares have many of the same risks as direct investments in common stocks or bonds and their market value will fluctuate as the value of the underlying index does. By investing in exchange traded funds (ETFs), the portfolio absorbs both its own expenses and those of the ETFs it invests in. Supply and demand for ETFs may not be correlated to that of the underlying securities. 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. The strategy may invest in **restricted and illiquid securities**, which may be difficult for the strategy to sell at a reasonable price (**Liquidity Risk**). **Derivative instruments** may disproportionately increase losses and have a significant impact on performance. They also may be subject to counterparty, liquidity, valuation, and correlation and market risks. To the extent that the Fund invests in a limited number of issuers (**focused investing**), the Fund will be more susceptible to negative events affecting those issuers and a decline in the value of a particular instrument may cause the Fund's overall value to decline to a greater degree than if the Fund 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).

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.

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***Global Opportunity:** Class I Shares 3 year 5 Stars out of 732 funds, 5 year 5 Stars out of 617 funds, 10 year 5 Stars out of 370 funds. **International Opportunity:** Class I Shares 3 year 5 Stars out of 373 funds, 5 year 5 Stars out of 314 funds. **International Advantage:** Class I Shares 3 year 5 Stars out of 373 funds, 5 year 5 Stars out of 314 funds. **Asia Opportunity Portfolio:** Class I Shares 3 year 5 Stars out of 77 funds.

Morningstar: Ratings as September 30, 2018. World Large Stock Foreign Large Growth and Pacific/Asia ex-Japan Categories. 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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