

March 2018

InFocus

Upcoming Changes to MSIF Global Quality Portfolio

On February 28, 2018, the Equity Sub-Committee of the Board of Directors of Morgan Stanley Institutional Fund, Inc. (“MSIF”) approved the following amendments to the MSIF Global Quality Portfolio (the “Portfolio”), with a target effective date of April 30, 2018:

- (i) change MSIF Global Quality Portfolio name to MSIF Global Sustain Portfolio,
- (ii) amend the Portfolio’s principal investment strategy (to include ESG factors and exclude investment in certain industries),
- (iii) reduce the advisory fee rates for the Portfolio, and
- (iv) reduce the total expense ratio (“TER”) caps for each share class of the Portfolio.

Along with changing the Portfolio’s name from MSIF Global Quality Portfolio to MSIF Global Sustain Portfolio, the additional amendments are as follows:

Investment Objective:

The Portfolio’s objective will remain the same – seeking an attractive long-term rate of return, measured in US dollars.

Investment Process:

The International Equity Team’s (the “Team”) investment process focuses explicitly on factors that may materially influence the sustainability and direction of future returns. The Team’s integrated ESG framework aims to identify material relevant company initiatives that can either maintain or improve returns or detect material risks that may jeopardize them. Some ESG related company initiatives may not yield material opportunities to raise returns, but in aggregate they may help sustain them.

The Team will provide further transparency to its current investment process, which incorporates consideration of environment, social and governance (“ESG”) factors, and augment its investment approach to define specific investment types that are restricted within the investment strategy, including, but not limited to, tobacco, gambling and fossil fuels.

The following language will be added to the Portfolio’s prospectus under its Principal Investment Strategies and to other sections of the prospectus and/or Statement of Additional Information (“SAI”), if applicable:

As an essential and integrated part of the investment process, the Sub-Advisers seek to engage with management teams to assess relevant factors material to long-term sustainable returns on operating capital including environmental, social and governance (ESG) factors.

The Fund will invest in equities throughout the world. However, investments shall not knowingly include any company whose core business activity involves the following:

- a) Tobacco;
- b) Alcohol;
- c) Adult Entertainment;
- d) Gambling;
- e) Gas and electric utilities; or
- f) Bulk commodities (including but not limited to fossil fuels such as oil, gas and coal as well as metals and mining).

For the purposes of this investment restriction, a “core business activity” is one that accounts for more than 10% of the relevant company’s revenue.

The Fund will not invest in any company that has been excluded from the MSCI World ex Controversial Weapons Index due to its involvement with controversial weapons, as defined by that index.

Advisory Fee Schedule Amendments

The advisory fee rates for the Portfolio will be reduced, as reflected below:

CURRENT CONTRACTUAL ADVISORY FEE RATES	PROPOSED CONTRACTUAL ADVISORY FEES RATES
0.80% of the portion of the daily net assets not exceeding \$500 million.	0.70% of the portion of the daily net assets not exceeding \$500 million.
0.75% of the portion of the daily net assets exceeding \$500 million but not exceeding \$1 billion.	0.65% of the portion of the daily net assets exceeding \$500 million.
0.70% of the portion of the daily net assets exceeding \$1 billion.	

TER Cap Amendments

The Total Expense Ratio Cap will be reduced by 10 basis points, as reflected below:

SHARE CLASS	TICKER	EXPENSE CAP (PRIOR TO 4/30/2018)	EXPENSE CAP (AS OF 5/01/2018)
IS	MGQSX	0.95%	0.85%
I	MGQIX	1.00%	0.90%
A	MGQAX	1.35%	1.25%
L	MGQLX	1.85%	1.75%
C	MSGQX	2.10%	2.00%

Please visit our website morganstanley.com/im to view the related supplement.

IF YOU HAVE ANY QUESTIONS

Shareholders

Please contact your financial professional

Financial Professionals

Please contact our Morgan Stanley Investment Management Sales desk at 1.855.332.5306

RIA & Bank Trust

Please contact our Morgan Stanley Investment Management RIA & Bank Trust Sales desk at 1.855.332.5307

Consultants/Institutions/Intermediary Managers Research

Please contact your Morgan Stanley Investment Management relationship manager

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 **emerging market** countries are greater than risks associated with investments in foreign developed countries. 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. **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. **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).

OTHER CONSIDERATIONS

The MSCI World Index is a free float adjusted market capitalization weighted index that is designed to measure the global equity market performance of developed 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 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.

Morgan Stanley is a full-service securities firm engaged in a wide range of financial services including, for example, securities trading and brokerage activities, investment banking, research and analysis, financing and financial advisory services.

Please consider the investment objective, risks, charges and expenses of the Portfolio 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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