

Morgan Stanley

INVESTMENT MANAGEMENT

Morgan Stanley Institutional Funds

Global Sustain Portfolio



INTERNATIONAL EQUITY TEAM | ESG FACTCARD | MARCH 31, 2023

Global Sustain is a high-conviction, ESG-integrated global equity portfolio that is strong on engagement, light on carbon and built on quality. We use bottom-up fundamental analysis and actively engage with company management to identify material ESG risks to the stability of long-term returns. We also seek well-governed companies that lead the way on social and environmental matters to drive consumer and stakeholder engagement. The Fund has a robust carbon-related screening policy and filtering process to exclude carbon-intensive sectors. It also excludes contentious sectors including Adult Entertainment, Alcohol, Civilian Firearms, Gambling, Tobacco and Weapons.



Sustainability Rating™



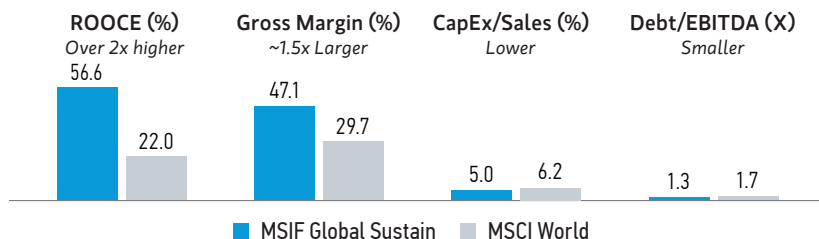
The Morningstar Sustainability Rating as of March 31, 2023 is not based on fund performance and is not equivalent to the Morningstar® Low Carbon Designation™ helps investors identify low-carbon funds.



The Climetrics Rating is as of December 2022.#

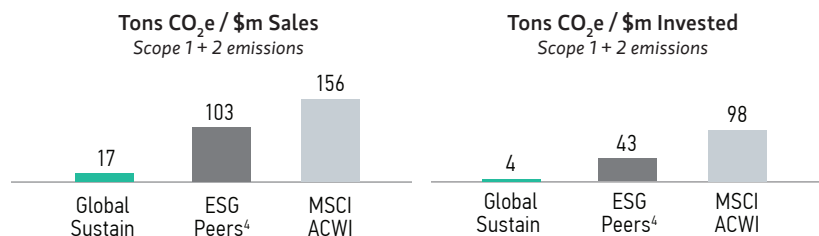
High Quality Investing¹

ESG is integrated without relaxing our quality criteria. The result is a portfolio of high quality compounders that meet stringent criteria for high, sustainable returns on operating capital.



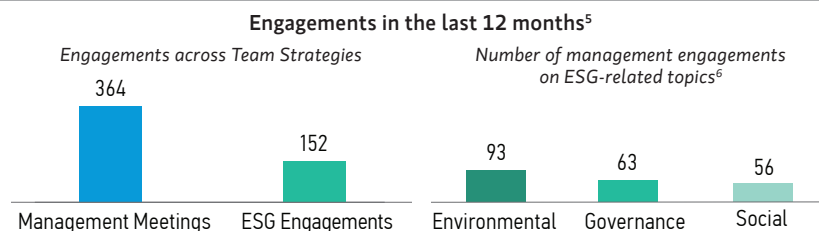
Light on Carbon^{2,3}

Global Sustain is a low carbon intensity portfolio given its focus on capital light businesses and exclusion of carbon-intensive sectors. The portfolio has a carbon footprint 89% lower (Scope 1 and 2 emissions) than MSCI ACWI per \$1m sales, and 97% lower per \$1m invested.



Active Engagement

The team has engaged directly with management on material issues of sustainability and governance for over 20 years.



Due to the switch to a new calculation and service platform, Climetrics Ratings for Q1 2023 are not available.

¹ Quality ratios are historical. ROOCE (Return on Operating Capital Employed) = EBITA (Earnings Before Interest, Taxes and Amortization) / PPE (Property, Plant, Equipment) + Trade working capital (excludes goodwill). ROOCE, Gross Margin, Capex/Sales, and Net Debt to EBITDA use last reported ex-Financials data. Characteristics are calculated using the underlying companies in the MSIF Global Sustain Portfolio. Data as of March 31, 2023. Updated quarterly.

² Trucost data as of March 31, 2023 for the MSIF Global Sustain Portfolio. Updated quarterly.

³ Trucost defines a portfolio's carbon intensity as the carbon emissions (Scope 1 and 2) of a portfolio per \$1 million invested or per \$1 million of portfolio companies sales. The portfolio-level statistics show the weighted average

carbon intensity (WACI). Global Sustain seeks to achieve a greenhouse gas (GHG) emissions intensity that is significantly lower than that of the reference universe (which is defined, only for the purposes of comparing GHG emissions intensity, as companies of the MSCI AC World Index).

⁴ 30 largest global equity investment funds from FactSet and Morningstar databases with ESG, Environmental or Ethical focus, as defined by Morningstar, and where ESG considerations are reflected in the name of the fund.

⁵ The International Equity team defines an engagement as an interaction with senior management or non-executive board member. Engagements may also be those with companies' investor relations and/or sustainability teams. Data from January 1, 2022 - December 31, 2022 for all strategies. Updated semi-annually.

⁶ Total count of ESG topics is higher than total number of ESG engagements as more than one topic may be discussed in a meeting.

Exclusionary Screening of the Investment Universe

GREENHOUSE GAS (GHG) EMISSIONS INTENSITY CRITERIA EXCLUSIONS

The investment team excludes any company:



With any tie to fossil fuels⁷, or assigned to the following: Construction Materials, Energy, Metals & Mining, Utilities (excluding Renewable Electricity and Water Utilities)⁸.



For which GHG emissions intensity estimates are not available and/or cannot be estimated.



The remaining issuers are ranked according to their GHG emissions intensity. Those with the highest intensity are excluded.

SECTOR/INDUSTRY EXCLUSIONS⁹

The team also excludes any company:



Whose core business activity involves adult entertainment, alcohol, civilian firearms, gambling, tobacco and weapons.

CONTROVERSIAL WEAPONS



The Strategy will not invest in any company with any tie to controversial weapons.

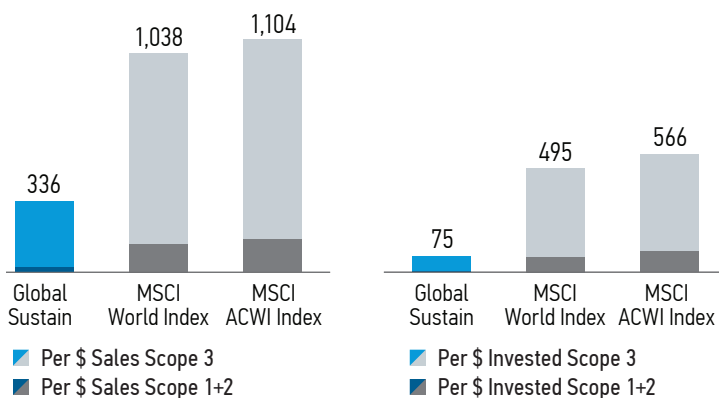
Global Sustain is Carbon Light

While Scope 3 emissions – indirect emissions relating to the supply chain (upstream) and customers' logistics and product use emissions (downstream) – are harder to quantify and companies have limited direct control over them, many companies are trying to better understand and report on their full value chain emissions. Taking all three scopes into account, the portfolio is 70% lower than MSCI ACWI per \$1m sales, and 87% lower per \$1m invested.

Significantly lower carbon footprint than the index¹⁰

Tons CO₂e / \$m Sales

Tons CO₂e / \$m Invested

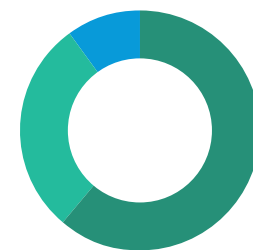


...and Getting Lighter

The team has analysed the greenhouse gas (GHG) reduction targets of companies in the portfolio and engages with management to better understand their strategies to achieve their targets – as well as encouraging those without targets to adopt them.

90% of portfolio holdings have carbon emission reduction targets¹¹

Global Sustain, % companies



⁷ Companies with a tie to fossil fuels (thermal coal, oil and gas), in particular reserve ownership, related revenues and power generation.

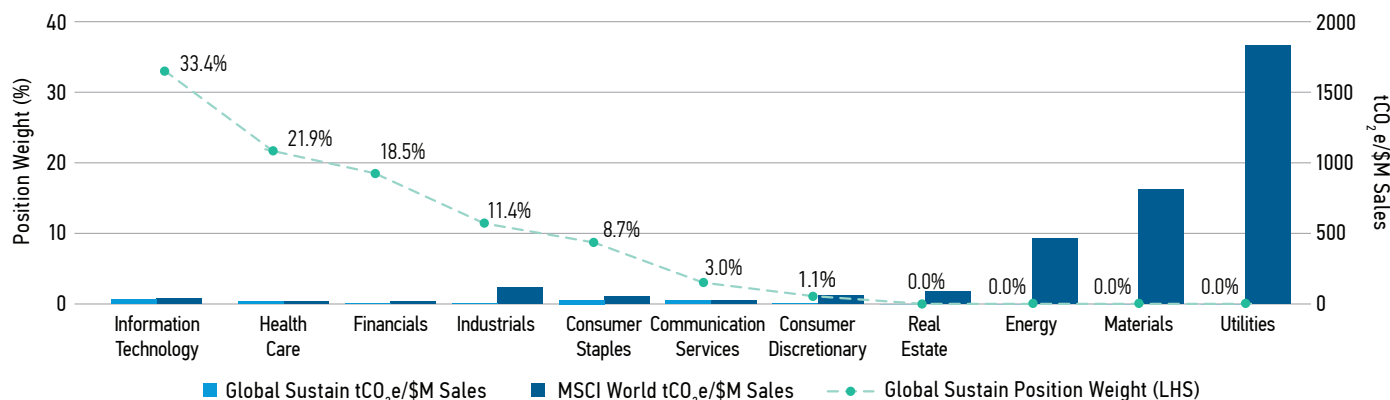
⁸ Utilities (excluding Renewable Electricity and Water Utilities), including any company whose core business activity involves nuclear power generation and/or nuclear power trading.

⁹ Further details can be found in the Global Sustain Restriction Screening Policy on www.msim.com.

¹⁰ Data as of March 31, 2023 for the MSIF Global Sustain Portfolio. Updated quarterly. The portfolio-level statistics show the weighted average carbon intensity (WACI).

¹¹ MSIM Research as of March 31, 2023. Due to rounding, values may not sum to 100.

Global Sustain excludes the most carbon intensive sectors¹²



Active Portfolio Manager Led Engagement

Integrating ESG analysis is active and intensive. It is not determined by third-party scores but by portfolio managers attuned to the material issues and opportunities for the companies they research.

Our engagement record in the last 12 months¹³



Topics addressed during our engagements for Global Sustain in the last 12 months¹⁴

The following diagrams show the number of E, S, and G engagements by topic.



¹² Source: MSCI, Morgan Stanley Investment Management, Trucost. Data as of March 31, 2023. Updated quarterly.

¹³ Data shown is for the 12-month period from January 1, 2022 to December 31, 2022 across all strategies. Data updated semi-annually.

¹⁴ Data shown is for the January 1, 2022 to December 31, 2022 for companies held in the MSIF Global Sustain portfolio. Total count of ESG topics is higher than total number of ESG engagements as more than one topic may be discussed in a meeting. Data updated semi-annually.

Diligent Attention to Proxy Voting Responsibilities

During the 12-month period from January 1, 2022 to December 31, 2022 we voted at 39 meetings and on 602 proposals for the companies held in Global Sustain. Overall, we voted against management in 12% of cases. The most common reasons for voting against management were related to remuneration, board structure and proposals related to social and environmental issues.

Proxy voting overview – Global Sustain¹⁵ (12 months from January 1, 2022 to December 31, 2022)

| | |
|--|-----|
| Total number of meetings held | 39 |
| Total proposals voted | 602 |
| % votes in favor of management | 88% |
| % votes against management | 12% |
| % votes did not vote | 0% |
| % meetings with at least one vote against management | 82% |

% votes against management by topic¹⁶

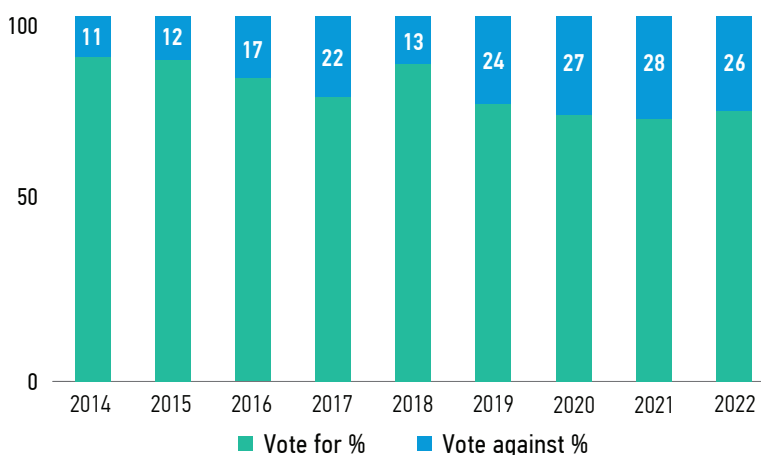


Source: ISS Proxy Exchange; MSIM

Pay X-Ray

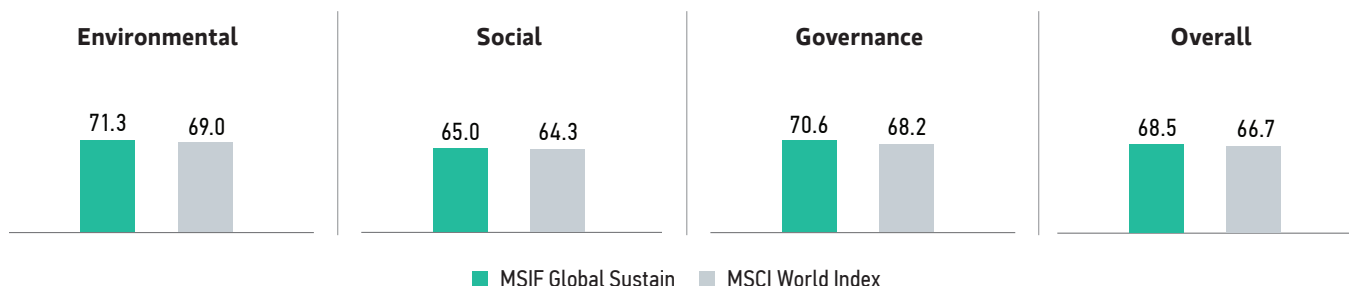
The Pay X-Ray is our proprietary scoring tool, used to better compare company pay plans, facilitate team discussions and inform our voting approach. This enhancement to our process has led to an increase in votes against management over time.

Votes on management say-on-pay proposals¹⁷



Sustainability Scores¹⁸

We examine ESG risks and opportunities on a case-by-case basis for the companies we hold, without seeking to meet overall portfolio targets or ratings of external data providers. We provide scores here as reference for those who use them.



¹⁵ Due to rounding, values may not sum to 100. Data updated semi-annually.

¹⁶ Expressed as a percentage of total votes against management.

¹⁷ Any remuneration-related proposals. Data updated annually.

¹⁸ Source: Sustainalytics, Morgan Stanley Investment Management. Data as of March 31, 2023.

| Average Annual Total Returns | 1Q23 | YTD | 1 YEAR | 3 YEAR | 5 YEAR | SINCE INCEPTION |
|--|------|------|--------|--------|--------|-----------------|
| MSIF Global Sustain-Class I Shares (%) | 7.43 | 7.43 | -6.40 | 10.81 | 8.91 | 9.53 |
| MSCI World Net Index (%) | 7.73 | 7.73 | -7.02 | 16.40 | 8.01 | 8.84 |

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. Returns and principal value will fluctuate and fund shares, when redeemed, may be worth more or less than their original cost. Performance and fund information is as of March 31, 2023, unless otherwise noted. Returns are net of fees and assume the reinvestment of all dividends and income. Returns for less than one year are cumulative (not annualized). The gross expense ratio is 1.17% for Class I shares and the net expense ratio is 0.90%. Expenses are based on the fund's current prospectus. The minimum initial investment is \$1,000,000 for Class I shares. Performance, expenses, and minimums for other share classes will vary.

Market Cycle Performance

Annualized Average Percentage since inception August 30, 2013 through March 31, 2023

| | UP MARKET CAPTURE | UPSIDE CAPTURE | DOWN MARKET CAPTURE | DOWNSIDE CAPTURE |
|--|-------------------|----------------|---------------------|------------------|
| MSIF Global Sustain-Class I Shares (%) | 25.9 | 94 | -13.0 | 88 |
| MSCI World Net Index (%) | 27.6 | 100 | -14.7 | 100 |

Past performance is not a reliable indicator of future results. Returns may increase or decrease as a result of currency fluctuations. The comparison index is the MSCI World Index with Net dividends reinvested. Source: MSCI, Morgan Stanley Investment Management as of March 31, 2023. Past performance is not a reliable indicator of future results. Returns may increase or decrease as a result of currency fluctuations. The comparison index is the MSCI World Index with Net dividends reinvested. MSIF Global Sustain Portfolio's inception date is August 30, 2013. The portfolio converted from MSIF Global Quality to MSIF Global Sustain on April 30, 2018. Performance for the period prior to May 2018 represents MSIF Global Quality. The Upside or Downside capture ratio measures the portfolio's performance relative to the market in up or down markets. A market is considered down if the return for the benchmark is less than zero and up if the return is greater than or equal to zero. The Downside Capture Ratio is calculated by dividing the portfolio's return during the down market periods by the return of the market during the same periods; for periods greater than 1 year, returns are annualized. The Upside Capture Ratio is calculated by dividing the portfolio's return during the up market periods by the return of the market for the same period; for periods greater than 1 year, returns are annualized.

| EXPENSE RATIO | SYMBOL | CUSIP | GROSS (%) | NET (%) |
|---------------|--------|-----------|-----------|---------|
| Class A | MGQAX | 61760X646 | 1.46 | 1.25 |
| Class C | MSGQX | 61760X430 | 2.22 | 2.00 |
| Class I | MGQIX | 61760X653 | 1.17 | 0.90 |
| Class R6 | MGQSX | 61760X620 | 1.12 | 0.85 |

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 \$1,000,000 for Class I shares.

DEFINITIONS: Capital expenditures (CapEx) are funds used by a company to acquire, upgrade, and maintain physical assets such as property, plants, buildings, technology, or equipment. CapEx is often used to undertake new projects or investments by a company. Making capital expenditures on fixed assets can include repairing a roof, purchasing a piece of equipment, or building a new factory. This type of financial outlay is made by companies to increase the scope of their operations or add some economic benefit to the operation.

INDEX INFORMATION: 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 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 MSCI World Net 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.

The Morningstar Sustainability Rating™ is intended to measure how well the issuing companies of the securities within a fund's portfolio are managing their environmental, social and governance (ESG) risks and opportunities relative to the fund's Morningstar category peers. A High Sustainability Rating equals 5 globes and Low equals 1 globe. As part of the evaluation process, Morningstar uses Sustainalytics' ESG scores from the same month as the portfolio as-of date. The Fund's portfolio is actively managed and is subject to change, which may result in a different Morningstar Sustainability Score and Rating each month. The Fund was rated on 100.00% of assets under management. The Morningstar Low Carbon Risk Indexes are derived from the large and mid-cap segment of their equivalent broad market benchmark. To be eligible, a company must have undergone a carbon risk assessment by Sustainalytics, which provides carbon research on more than 4,000 companies across 130 industry groups. Portfolios that have low carbon-risk scores and low levels of fossil-fuel exposure receive the **Morningstar® Low Carbon Designation™** to help investors identify low-carbon funds.

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

Climetrics Rating is as of the December 31, 2022. Click <https://www.cdp.net/en/investor/climetrics/#9261a9ed1f8e01bb6f5ea37cd8e30a92> for the ratings methodology.

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 Institutional Fund Inc. (MSIF) is an institutional mutual fund offering various active portfolios, including equity, fixed-income, international, emerging markets, real estate and growth.

Fund adviser MSIF is managed by Morgan Stanley Investment Management, Inc.

Morgan Stanley Investment Management (MSIM) is the asset management division of Morgan Stanley.

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