Morgan Stanley

INVESTMENT MANAGEMENT

MORGAN STANLEY INSTITUTIONAL FUND

Global Sustain Portfolio

INTERNATIONAL EQUITY TEAM
INVESTMENT IDEA
DECEMBER 31, 2022

★★★★

AS OF DECEMBER 31, 2022 AMONG 337 GLOBAL LARGE-STOCK BLEND

OVERALL MORNINGSTAR RATING™ FOR CLASS I[1]

Morningstar ratings may vary among share classes and are based on historical risk-adjusted returns, which are not indicative of future results.

Low Carbon

SUSTAINABILITY RATING™

The Morningstar Sustainability Rating as of November 30, 2022 is not based on fund performance and is not equivalent to the Morningstar Rating.

Looking for a high quality ESG-integrated portfolio?

Global Sustain is a high-conviction, ESG-integrated global equity portfolio that is strong on engagement, light on carbon and built on quality. A portfolio of 25-50 of the highest quality compounders in the world, Global Sustain invests in companies demonstrating capital discipline driven by capable management and a sound governance structure. It has a significantly lower carbon footprint than the broader market and a number of restrictions, including alcohol, tobacco and weapons.[2] The investment process integrates ESG considerations in our bottom up fundamental analysis, which also includes active, portfolio manager led engagement with company management.

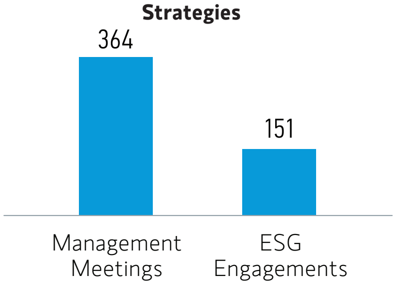
SYMBOLS

Class A	MGQAX
Class C	MSGQX
Class I	MGQIX
Class R6	MGQSX

1 Strong on engagement[3]

We engage directly—and often—with the management of companies we own. Our access to management means we are well positioned to encourage companies towards better practices.

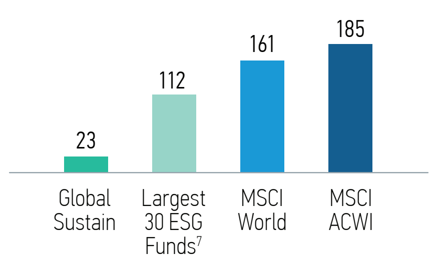
2022 Summary – Across Team Strategies



2 Low on carbon[4,5]

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 81% lower (Scope 1 and 2 emissions) than MSCI ACWI per $1m sales, and 95% lower per $1m invested.

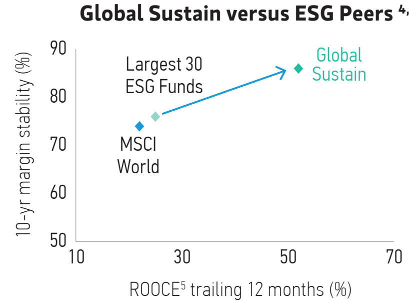
Tons CO_2e / $m Sales



3 Built on quality[4,6]

The team seeks sustainably high return businesses that can compound over long periods. This has historically resulted in a portfolio with higher returns on operating capital and greater margin stability than its ESG peers.

Global Sustain versus ESG Peers[4,7]



[1] Morningstar Ratings: Overall Rating based on risk-adjusted return, out of 337 funds as of 12/31/2022 in the Global Large-Stock Blend – Class I shares. Ratings: 3 Year 3 stars (337 funds), 5 Year 5 stars (288 funds).

[2] For further details, please see the Global Sustain Restriction Screening Policy.

[3] 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 shown is from January 1, 2022- December 31, 2022. Data updated annually.

[4] Trucost data as of December 31, 2022 for the Morgan Stanley Global Sustain representative account. Updated quarterly.

[5] 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).

[6] Quality ratios are historical; valuation ratios shown are for the next 12 months. 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. Price/Free Cash Flow use FactSetConsensus 12 month forward earnings and free cash flow per share data. Characteristics are calculated using the underlying companies in the MSIF Global Sustain Portfolio.

High conviction approach

Top 10 holdings as of December 31, 2022 represent over 40% of assets

SECURITY NAME	SECTOR	(%)
Microsoft	Information Technology	7.1
VISA	Information Technology	6.2
SAP	Information Technology	5.1
Accenture	Information Technology	5.0
Danaher	Information Technology	4.5
Thermo Fisher Scientific	Health Care	4.4
Reckitt Benckiser	Consumer Staples	3.9
Becton Dickinson	Health Care	3.6
Intercontinental Exchange	Financials	3.6
Abbott Laboratories	Health Care	3.5
TOTAL		46.7

Experienced management

Global Sustain is managed by William Lock and the International Equity Team. Today, their platform has over $50 billion in assets under management. Global Franchise,[8] their flagship product, pursues high-quality compounders that can sustain high returns. Global Sustain shares this same core principle.

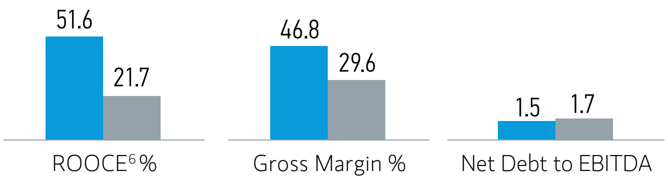
Annualized total return

As of December 31, 2022, net of fees (Class I)

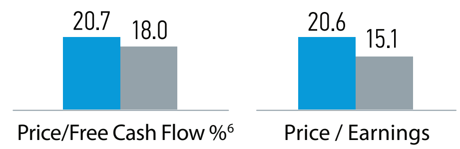
	4Q22	1 YEAR	5 YEAR	SINCE INCEPTION[9]
MSIF Global Sustain	9.81	-20.69	7.37	8.95
MSCI World Net Index	9.77	-18.14	6.14	8.22

Quality, reasonably priced

Substantially better quality . . .



. . . at a reasonable price



■ MSIF Global Sustain Portfolio ■ MSCI World Net Index

Source: Morgan Stanley Investment Management, FactSet/Worldscope/MSCI. The yields shown in this chart are the combined yields of the companies in which we invest.

[7] Funds included in peer group analysis: 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.

[8] Refers to Morgan Stanley Institutional Fund Global Franchise Portfolio, which began operations on 11/28/2001.

[9] The inception data of the Global Sustain Portfolio is 8/30/2013.

Performance and fund information is as of December 31, 2022, 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.

INDEX INFORMATION

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 **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 index is unmanaged and does not include any expenses, fees or sales charges. It is not possible to invest directly in an index. Any index referred to herein is the intellectual property (including registered trademarks) of the applicable licensor.

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. 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 this Portfolio. Please be aware that this Portfolio may be subject to certain additional risks. **ESG 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 could result in more favorable investment performance. 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 mediumcapitalization 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 publicly traded securities (liquidity risk). **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).

Morningstar: As of December 31, 2022. 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. Morningstar Sustainability Rating is as of 11/30/2022. 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 Morningstar Low Carbon Risk Indexes are derived from the large and midcap 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. The Morningstar information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Morningstar is not responsible for any damages or losses arising from any use of this information. Please visit morganstanley.com/im for the latest month-end Morningstar information.

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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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