

MSIF Quarterly International Equity Team Spotlight

INTERNATIONAL EQUITY TEAM | SPOTLIGHT | MARCH 31, 2023

TEAM OVERVIEW: The International Equity team believes that the best route to attractive long-term returns is through long-term compounding and capital preservation. A consistent, bottom-up, ESG-integrated investment process based on fundamental company analysis, active portfolio manager-led engagement and a long-term focus on quality and value has underpinned the team's investment approach since 1986. The highly experienced team is led by William Lock.

PRODUCT	MSIF GLOBAL FRANCHISE PORTFOLIO		MSIF GLOBAL SUSTAIN PORTFOLIO		MSIF INTERNATIONAL EQUITY PORTFOLIO	
Share Class: Ticker	I: MSFAX A: MSFBX* C: MSGFX* R6: MGISX		I: MGQIX A: MGQAX C: MSGQX R6: MGQSX		I: MSIQX A: MIQBX C: MSECX R6: MIQPX	
Inception Dates: Fund Strategy Index	November 28, 2001 March 31, 1996 MSCI World Net Index		August 30, 2013 April 30, 2018 MSCI World Net Index		August 04, 1989 September 30, 1986 MSCI EAFE Index	
Investment Focus	High quality companies		High quality companies		Quality with a value bias	
Portfolio Construction	Concentrated: target 100% compounders ¹		Concentrated: target 100% compounders ¹		Diversified: approximately 40-60% compounders ¹	
Turnover Range²	Approximately 20% annually		Approximately 20-30% annually		Approximately 25-35% annually	
Philosophy/Process	No compromise in quality criteria: <ul style="list-style-type: none"> • Minimal cyclicality • Minimal capital intensity • All stocks must be dividend payers • Management looking to sustain high returns • ESG integrated 		Some flexibility: <ul style="list-style-type: none"> • Moderate cyclicality • Moderate capital intensity • Dividend not obligatory • Management looking to sustain high returns • ESG integrated • Exclusions applied⁴ 		Less constrained: <ul style="list-style-type: none"> • More cyclicality, leverage and capital intensity • More value opportunities • Management looking to improve returns (if low) and sustain them (if high) • ESG integrated 	
Total Assets: Fund Strategy	\$31 Bn \$36.7 Bn		\$93.54 Mn \$3.9 Bn		\$14 Bn \$4.6 Bn	
Expense Ratio³	Gross 0.91% Net 0.91%		Gross 1.17% Net 0.90%		Gross 1.01% Net 0.95%	
Advisory Fee	0.72%		0.70%		0.80%	
Morningstar Category	Global Large-Stock Blend		Global Large-Stock Blend		Foreign Large Blend	
Morningstar Overall Rating^{TM**}	★★★★ (Out of 334 Funds)		★★★★ (Out of 334 Funds)		★★★★ (Out of 692 Funds)	
Investment Performance (% net of fees)	Class I Shares	Index	Class I Shares	Index	Class I Shares	Index
3 Months	6.31	7.73	7.43	7.73	11.04	8.47
YTD	6.31	7.73	7.43	7.73	11.04	8.47
1 YR	-3.28	-7.02	-6.40	-7.02	1.92	-1.38
3 YR	11.79	16.40	10.81	16.40	11.60	12.99
5 YR	9.36	8.01	8.91	8.01	3.11	3.52
10 YR	9.74	8.85	--	--	4.22	5.00
INCEPTION	10.84	6.99	9.53	8.84	7.66	4.55
Statistics (3 Year annualised)	Class I Shares	Index	Class I Shares	Index	Class I Shares	Index
Beta (vs. benchmark)	0.85	1.00	0.93	1.00	1.03	1.00
Sharpe ratio	0.64	0.83	0.55	0.83	0.55	0.66
Standard deviation (%)	16.90	18.62	18.00	18.62	19.49	18.16
Tracking error (%)	6.69	--	5.34	--	5.25	--
Characteristics	Fund	Index	Fund	Index	Fund	Index
Number of holdings	33	1,509	42	1,509	63	795
Price/earnings (NTM) [†]	21.97	16.30	21.86	16.30	16.15	12.91
Price/free cash flow (NTM) [†]	22.55	19.84	22.76	19.84	19.45	17.03
Active share (%)	89.81	--	86.79	--	81.28	--

For our Sales Desk, contact 1-855-332-5306. Source: FactSet Research Systems Inc.; Morgan Stanley Investment Management. All data shown as of March 31, 2023, unless otherwise noted.

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. 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 review the fund's prospectus.

Morningstar overall ratings are based upon risk adjusted return.

† NTM = Next Twelve Months

*On September 30, 2015, the Fund recommenced offering Class A shares (MSFBX) to new investors and launched Class C shares.

¹Please see the Global Sustain Restriction Screening Policy on www.msim.com for more details.

¹Companies that have the potential to deliver steady earnings and dividend growth with minimal capital intensity while maintaining or growing high ROOCE.

²Information 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.

³Where 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.

Team members are subject to change from time to time without notice.

DEFINITIONS: Return On Operating Capital Employed (ROOCE) is a ratio indicating the efficiency and profitability of a company's trade working capital. Calculated as: earnings before interest and taxes/property, plant and equipment plus trade working capital (ex-financials and excluding goodwill). **Price/earnings (NTM)** This forward P/E ratio estimates a company's likely earnings per share for the next 12 months. **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 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. **Sharpe ratio** is a measure of reward per unit of risk. A higher Sharpe ratio indicates better historical risk-adjusted performance. **Tracking error** is the amount by which the performance of the portfolio differs from that of the benchmark. The **MSCI EAFE Index** (Europe, Australasia, Far East) is a free float-adjusted market-capitalization index that is designed to measure the international equity market performance of developed markets, excluding the US & Canada. 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 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. 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 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. Changes in the worldwide economy, consumer spending, competition, demographics and consumer preferences, government regulation and economic conditions may adversely affect **global franchise companies** and may negatively impact the strategy to a greater extent than if the strategy's assets were invested in a wider variety of companies. 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. 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. **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.

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.

NOT FDIC INSURED | OFFER NO BANK GUARANTEE | MAY LOSE VALUE | NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY | NOT A DEPOSIT

****Global Franchise:** Class I Shares 3 year 2 Stars out of 334 funds, 5 year 5 Stars out of 288 funds, 10 year 5 Stars out of 182 funds. **Global Sustain:** Class I Shares 3 year 1 Stars out of 334 funds, 5 year 5 Stars out of 288 funds. **International Equity:** Class I Shares 3 year 2 Stars out of 692 funds, 5 year 3 Stars out of 623 funds, 10 year 3 Stars out of 418 funds.

Morningstar: As of March 31, 2023. Foreign Large Blend and World Stock 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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