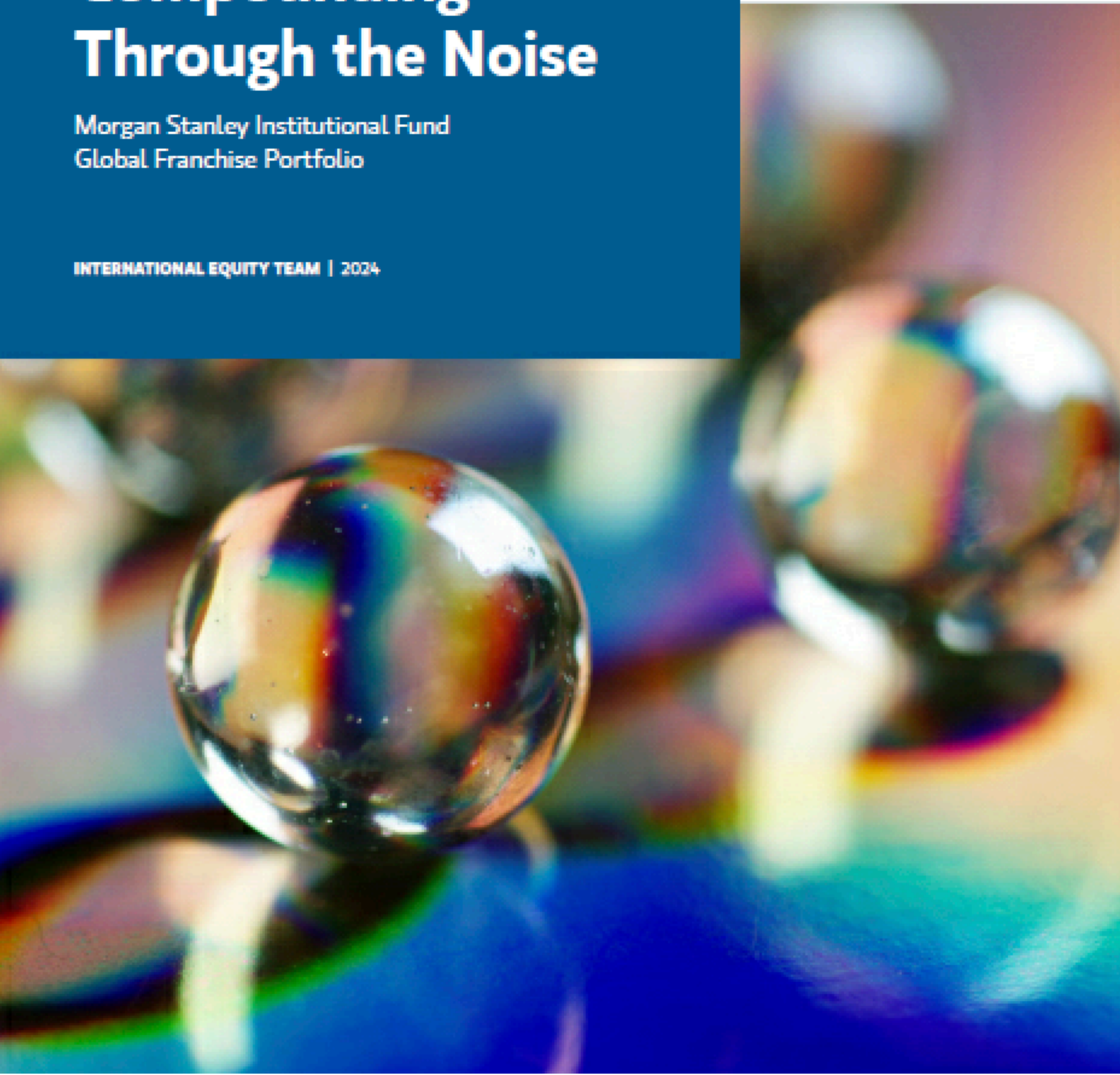
Morgan Stanley

INVESTMENT MANAGEMENT

Compounding Through the Noise

Morgan Stanley Institutional Fund
Global Franchise Portfolio

INTERNATIONAL EQUITY TEAM | 2024



Those who want to remain invested in the stock market but seek to guard against extreme volatility may want to consider the MSIF Global Franchise Portfolio. Led by William Lock, the International Equity Team invests in high quality companies over a long-term horizon, which allows these investments the time to compound.

Bronze

★★★★

AS OF DECEMBER 31, 2023
AMONG 399 GLOBAL LARGE – STOCK BLEND

Overall Morningstar Rating™

Morningstar Analysts have rated the fund a bronze medal (effective 11/12/2023).

MSIF Global Franchise Portfolio

Class A	MSFBX
Class C	MSGFX
Class I	MSFAX
Class R6	MGISX

Companies that have resilient earnings . . .

High quality companies with resilient earnings that hold up through good times and bad are the types of companies that the International Equity Team favors. They are characterized by strong intangible assets, capable management teams, earnings visibility and attractive valuations.

Strong Intangible Assets

- Brands
- Networks
- License

Capable Management

Efficient capital allocation that protects and grows the business

Earnings Visibility

- High gross margins from pricing power
- Steady organic growth from recurring revenues
- High returns on operating capital from capital-light models

Attractive Valuation

Purchased at a reasonable price

. . . and persevere through downturns . . .

These types of companies are steady compounders that the team believes help reduce downside participation. As a result, the MSIF Global Franchise Portfolio has posted positive returns in all years but three (2008, 2018 and 2022) since 2002 and outperformed the index in the most challenging market environments (see chart below) . . . and persevere through downturns . . .

86%

CAPTURE IN UP MARKETS[2]

Annualized Average % Since 2001

66%

CAPTURE IN DOWN MARKETS[2]

Annualized Average % Since 2001

Good upside participation, seeking to help reduce participation on the downside

Calendar Year Returns %[1]

[1] Source: Morgan Stanley Investment Management. Past performance is no guarantee of future results. The portfolio results shown are for Class I shares and are net of investment advisory/management fees, are quoted in U.S.$ and include the reinvestment of dividends and income. The comparison index is the MSCI World Index with Net dividends reinvested. 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. The Portfolio's inception date is November 28, 2001. See page 3 for standardized performance.

[2] 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 Franchise Portfolio's inception date is November 28, 2001. 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.

. . . compound through the noise

By investing in high quality companies with strong and sustainable earnings, the MSIF Global Franchise Portfolio seeks to maximize the power of compounding and limit capital destruction.

To demonstrate the power of steady compounding, take two hypothetical return streams over a 10-year period: One provides alternating returns of 7% and 9% per year and another generates alternating years of 32% gains and 16% losses. Both seem to have an average annual return of 8%. Amazingly, though, there is a huge difference in their compound rates of return. The less volatile one yields a compounded annualized return of 8%, while the more volatile one yields only 5.3%.

YEAR	LESS VOLATILE RETURNS Alternating years of 7% and 9% gains		MORE VOLATILE RETURNS Alternating years of 32% gains, 16% losses	
		1,000,000		1,000,000
1	7%	1,070,000	32%	1,320,000
2	9%	1,166,300	-16%	1,108,800
3	7%	1,247,941	32%	1,463,616
4	9%	1,360,256	-16%	1,229,437
5	7%	1,455,474	32%	1,622,857
6	9%	1,586,466	-16%	1,363,200
7	7%	1,697,519	32%	1,799,424
8	9%	1,850,296	-16%	1,511,516
9	7%	1,979,816	32%	1,995,202
10	9%	$ 2,158,000	-16%	$ 1,675,969
Average annual return	**8.0%**		**8.0%**	
Compound annualized return	**8.0%**		**5.3%**	

The example shown is for illustrative purposes only and does not represent actual market returns. The data has been chosen to convey the concept of compounding and the erosive effects of volatility on returns. Results are hypothetical.

Since its inception, the MSIF Global Franchise Portfolio has delivered annualized compounded returns of over 10%, outperforming the MSCI World Net Index by 349 basis points annually as of December 31, 2023.

Steady compounding for over 22 years

Since Inception to December 31, 2023 Growth of 10,000[3]

Past performance is no guarantee of future results. The portfolio results shown are net of investment advisory/management fees, are quoted in U.S.$ and include the reinvestment of dividends and income. Had portfolio operating expenses been included, the returns would be lower and the results may differ. Performance for other share classes will vary. The comparison index is the MSCI World Index with Net dividends reinvested. It is not possible to invest directly in an index.

Growth of investment illustration is based on an initial investment of $10,000 made since fund inception, assumes reinvestment of dividends and capital gains, but does not include sales charges and fees. Performance would have been lower if sales charges and fees had been included. Results are hypothetical.

There is no guarantee securities will perform well and compound shareholder returns over time. **See "Investment Performance table" for standardized performance.**

Investment Performance – Class I (% net of fees)

Annualized Total Return Periods ending December 31, 2023

	4Q23[4]	1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEPTION (11/28/2001)
MSIF Global Franchise	9.51	16.42	5.51	11.50	9.68	10.91
MSCI World Net Index	11.42	23.79	7.27	12.80	8.60	7.42

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 and fund information is as of December 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). Performance of other share classes will vary. Short-term returns may not be indicative of the fund's long-term performance potential. A fund's performance, especially for very short time periods, should not be the sole factor in making your investment decision.

The gross expense ratio is 0.92% for Class I shares and the net expense ratio is 0.92%. 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.

[3] The Portfolio's inception date is November 28, 2001.

[4] Cumulative return.

Investment Team

INVESTORS	TITLES	YR. OF EXPERIENCE
William Lock	Head of International Equity	32
Bruno Paulson	Managing Director	30
Nic Sochovsky	Managing Director	26
Marcus Watson	Managing Director	16
Alex Gabriele	Managing Director	15
Marte Borhaug	Head of ESG	14
Vladimir A. Demine	Head of ESG Research	22
Richard Perrott	Executive Director	18
Isabelle Mast	Executive Director	19
Anton Kryachok	Executive Director	14
Alessandro Valturi	Vice President	15
Fei Teng	Vice President	11
Helena Miles	Vice President	11
Bart Dziedzic	Vice President	9
Jinny Hyun	Associate	3

Team members may be subject to change at any time without notice.

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. 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 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. 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. In general, **equity securities'** values also fluctuate in response to activities specific to a company. 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. Investments in **foreign markets** entail special risks such as currency, political, economic, and market risks. The risks of investing in **emerging market countries** are greater than the risks generally associated with investments in foreign developed countries. **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. **Illiquid securities** may be more difficult to sell and value than publicly traded securities (liquidity risk). **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.

Morningstar Analyst Rating™ ("Rating"): The Rating is a subjective evaluation, is not a credit or risk rating, and a high rating is not a guarantee for relatively strong performance. The Morningstar's Manager Research group ("MRG") evaluates funds based on five key pillars (process, performance, people, parent, and price) to determine how they believe funds are likely to perform relative to a benchmark over the long term on a risk adjusted basis. They consider quantitative and qualitative factors. The weighting analysis for actively managed strategies are: people and process 45% each; parent 10%; performance has no explicit weight (it is incorporated into people and process); price (share-class level where applicable) is subtracted from an expected gross alpha estimate derived from the analysis of other pillars. The impact of the weighted pillar scores for people, process and parent on the final Rating is further modified by a measure of the dispersion of historical alphas among relevant peers. Rating scale: Gold, Silver, Bronze, Neutral, and Negative. For active funds, Gold, Silver, or Bronze reflects the MRG's level of expectation that the fund will be able to deliver positive alpha net of fees relative to the standard benchmark index assigned to the Morningstar category. Ratings reflect the MRG's overall assessment, are overseen by an Analyst Rating Committee, and are continuously monitored and reevaluated at least every 14 months. For more detailed information, including its methodology: https://shareholders.morningstar.com/investor-relations/governance/Compliance--Disclosure/default.aspx. The Rating (i) should not be used as the sole basis in evaluating a fund, (ii) involves unknown risks and uncertainties which may cause the MRG's expectations not to occur or to differ significantly from what they expected, and (iii) should not be considered an offer or solicitation to buy or sell the fund.

Morningstar: As of December 31, 2023. 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.

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% of assets under management. 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.

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