

Morgan Stanley

INVESTMENT MANAGEMENT

Morgan Stanley Institutional Fund, Inc.

Global Real Estate Portfolio

Annual Report
December 31, 2021



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This report is authorized for distribution only when preceded or accompanied by a prospectus or summary prospectus of the applicable Fund of Morgan Stanley Institutional Fund, Inc. To receive a prospectus and/or statement of additional information ("SAI"), which contains more complete information such as investment objectives, charges, expenses, policies for voting proxies, risk considerations and describes in detail each of the Fund's investment policies to the prospective investor, please call toll free 1 (800) 548-7786. Please read the prospectuses carefully before you invest or send money.

Additionally, you can access information about the Fund, including performance, characteristics and investment team commentary, through Morgan Stanley Investment Management's website: www.morganstanley.com/im/shareholderreports.

Market forecasts provided in this report may not necessarily come to pass. There is no guarantee that any sectors mentioned will continue to perform as discussed herein or that securities in such sectors will be held by the Fund in the future. There is no assurance that a fund will achieve its investment objective. Funds are subject to market risk, which is the possibility that market values of securities owned by the Fund will decline and, therefore, the value of the Fund's shares may be less than what you paid for them. Accordingly, you can lose money investing in this Fund. Please see the prospectus for more complete information on investment risks.

Shareholders' Letter (unaudited)

Dear Shareholders,

We are pleased to provide this Annual Report, in which you will learn how your investment in Global Real Estate Portfolio (the “Fund”) performed during the latest twelve-month period.

Morgan Stanley Investment Management is a client-centric, investor-led organization. Our global presence, intellectual capital, and breadth of products and services enable us to partner with investors to meet the evolving challenges of today’s financial markets. We aim to deliver superior investment service and to empower our clients to make the informed decisions that help them reach their investment goals.

As always, we thank you for selecting Morgan Stanley Investment Management, and look forward to working with you in the months and years ahead.

Sincerely,

A handwritten signature in black ink, appearing to read "John H. Gernon", with a stylized flourish at the end.

John H. Gernon
President and Principal Executive Officer

January 2022

Expense Example (unaudited)

Global Real Estate Portfolio

As a shareholder of the Fund, you incur two types of costs: (1) transactional costs; and (2) ongoing costs, which may include advisory fees, administration fees, distribution and shareholder services fees and other Fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds.

This example is based on an investment of \$1,000 invested at the beginning of the six-month period ended December 31, 2021 and held for the entire six-month period.

Actual Expenses

The table below provides information about actual account values and actual expenses. You may use the information in this table, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the table under the heading entitled “Actual Expenses Paid During Period” to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

The table below provides information about hypothetical account values and hypothetical expenses based on the Fund’s actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund’s actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as sales charges (loads). Therefore, the information for each class in the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

	Beginning Account Value 7/1/21	Actual Ending Account Value 12/31/21	Hypothetical Ending Account Value	Actual Expenses Paid During Period*	Hypothetical Expenses Paid During Period*	Net Expense Ratio During Period**
Global Real Estate Portfolio Class I	\$1,000.00	\$1,070.20	\$1,020.62	\$ 4.75	\$ 4.63	0.91%
Global Real Estate Portfolio Class A	1,000.00	1,067.80	1,018.40	7.04	6.87	1.35
Global Real Estate Portfolio Class L	1,000.00	1,065.30	1,015.88	9.63	9.40	1.85
Global Real Estate Portfolio Class C	1,000.00	1,064.60	1,014.62	10.93	10.66	2.10
Global Real Estate Portfolio Class IS	1,000.00	1,070.30	1,020.47	4.91	4.79	0.94
Global Real Estate Portfolio Class IR	1,000.00	1,070.70	1,020.47	4.91	4.79	0.94

* Expenses are calculated using each Fund Class’ annualized net expense ratio (as disclosed), multiplied by the average account value over the period and multiplied by 184/365 (to reflect the most recent one-half year period).

** Annualized.

Investment Overview (unaudited)

Global Real Estate Portfolio

The Fund seeks to provide current income and capital appreciation.

Performance

For the fiscal year ended December 31, 2021, the Fund's Class I shares had a total return based on net asset value and reinvestment of distributions per share of 23.99%, net of fees. The Fund's Class I shares underperformed the Fund's benchmark, the FTSE EPRA Nareit Developed Real Estate Index — Net Total Return to U.S. Investors (the "Index"), which returned 26.90%, and outperformed the MSCI World Net Index, which returned 21.82%.

Factors Affecting Performance

- Global real estate securities gained 26.9% during the 12-month period ending December 31, 2021, as measured by the Index. This growth was supported by several macro and fundamental factors, including monetary and fiscal stimulus, continued vaccine distribution, and the lifting of restrictions in certain countries around the world. The real estate sector posted gains every quarter in 2021, except the third quarter when there were modest declines primarily due to the spread and impact of the Delta variant and potential contagion concerns from the Evergrande⁽ⁱ⁾ situation in China.
- North American property stocks gained 42.6% for the year as measured by the FTSE EPRA Nareit North America Index.⁽ⁱⁱ⁾
 - o The U.S. market outperformed the broader real estate universe. After a strong start to the year in more economically sensitive sectors such as office, lodging and retail, rising concerns of COVID-19 and the Delta and Omicron variants led investors to question the sustainability of economic growth and resulted in sector leadership rotation. Ultimately the more defensive and secularly favored sectors, such as storage, apartments, and industrial, outperformed and posted strong returns for the year. An exception to this sector leadership rotation was within retail, where regional malls posted the best returns for the year on continued strength in retail sales and robust discretionary spending. In contrast, health care and office companies underperformed.
 - o The Fund's overweights to storage and shopping centers, underweight to skilled nursing health care, and security selection in industrial and data centers were top relative contributors for the year. Key detractors included the underweights to industrial, regional malls and data centers, security selection within and the underweight to apartments, and security selection in NYC offices and shopping centers.
- Within Asia, property stocks returned 4.3% for the year, as measured by the FTSE EPRA Nareit Developed Asia Index.⁽ⁱⁱ⁾
 - o Asian real estate securities underperformed the broader real estate market amid a lagging vaccination rollout, lockdowns in certain countries in the region from zero-COVID-19 policies and the surge in COVID-19 cases due to the Delta and Omicron variants. Monetary policy tightening, a slowdown in Chinese economic data and continued worries about credit availability to Chinese property developers alongside the Evergrande⁽ⁱ⁾ debt crisis also weighed on investor sentiment. Within the Index, Australia storage, Singapore health care and Japan real estate investment trust industrial were top performers due to their defensive characteristics and stronger secular growth prospects, while retail and hotel companies across most markets underperformed due to COVID-19 concerns.

⁽ⁱ⁾ Not held in the portfolio as of December 31, 2021.

⁽ⁱⁱ⁾ The FTSE EPRA Nareit North America Index is a subset of the FTSE EPRA Nareit Developed Index and is a free float-adjusted market capitalization weighted index composed of listed real estate securities in the North American (U.S. and Canada) real estate market. The FTSE EPRA Nareit Developed Asia Index is a subset of the FTSE EPRA Nareit Developed Index and is a free float-adjusted market capitalization weighted index composed of listed real estate securities in the Asian real estate markets. The FTSE EPRA Nareit Developed Europe Index is a subset of the FTSE EPRA Nareit Developed Index and is a free float-adjusted market capitalization weighted index composed of listed real estate securities in the European real estate markets. The performance of the indexes are listed in U.S. dollars and assume reinvestment of dividends. The indexes are unmanaged and their returns do not include any sales charges or fees. Such costs would lower performance. It is not possible to invest directly in an index. Data as of December 31, 2021.

Investment Overview (unaudited) (cont'd)

Global Real Estate Portfolio

- o The Fund's underweights to Hong Kong residential and Australia and Singapore retail, and the out-of-Index position to Australia real estate services were relative contributors to the Fund's performance. This was offset by the out-of-Index positions in China and Hong Kong real estate services, and the overweight to Singapore data centers.
- European property stocks returned 10.0% for the year, as measured by the FTSE EPRA Nareit Developed Europe Index.⁽ⁱⁱⁱ⁾
 - o The European market underperformed the broader real estate universe. Similar to the U.S market, after initial outperformance in more economically cyclical sectors and countries, the rising COVID-19 cases stemming from the delta and omicron variants led investors to question the sustainability of macroeconomic growth. As a result, those sectors with more defensive and secularly favored demand that generated higher cash flow growth ultimately outperformed. Companies within the storage and industrial sectors throughout Europe as well as companies within Sweden outperformed. The most notable underperformance was concentrated in German residential due to merger and acquisition (M&A) activity and regulatory concerns.
 - o An out-of-Index position in a U.K. homebuilder, the underweights to German residential and Switzerland, and security selection within Netherlands retail were top relative contributors to the Fund. This was offset by the underweight to and security selection within Sweden and the overweights to both U.K. and Continental office companies.

market valuation and a more traditional real estate valuation with a top-down overlay, we believe the Fund will be better prepared to identify securities with the best expected total returns.

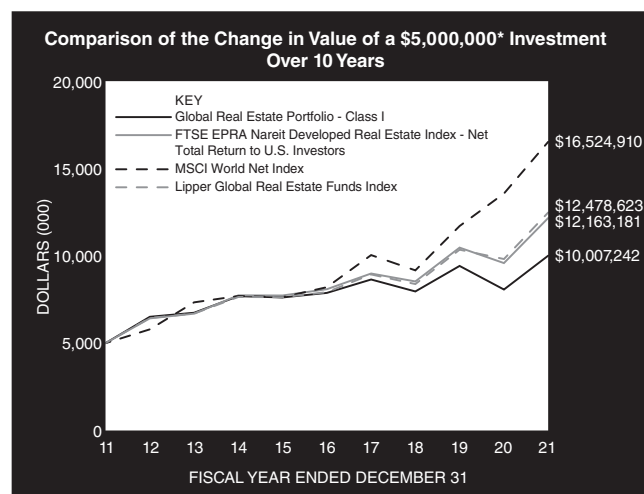
- Forecasted market strength in the asset class is supported by a number of macro and fundamental factors, including continued vaccine distribution, the continued recovery of economies around the world, and growing demand for real estate. We believe the relative valuation of real estate securities is attractive compared to investable alternatives, including the broader equity market, fixed income and direct property investment. Fundamental recovery and strength, coupled with attractive relative valuations, appear to be supportive of above-trend growth over the next several years. We believe continued M&A and privatizations are possible given discounts to private market valuations observed across sectors. Transaction volumes are expected to increase given the growing clarity on the recovery in fundamentals across most major sectors. However, an elevated risk premium should be expected for assets with operational, leasing or repositioning risk.
- Rising inflation and related rising interest rates could dampen value appreciation in the near term. However, we believe inflation pressures will likely moderate throughout the year and interest rates are likely to remain low versus history. More important is the expectation for continued economic expansion and strong gross domestic product growth, coupled with an expectation for limited new supply additions, strong credit availability and increasing investor interest in real estate investing, which could lead to above-trend levels of cash flow growth and value appreciation in the sector.

Management Strategies

- The team uses internal proprietary research to invest in public real estate companies that we believe offer the best value relative to their underlying assets and growth prospects. The team combines a bottom-up approach, assessing the intrinsic value, equity multiples and growth prospects of each security, with a top-down view that incorporates fundamental inflection points, macroeconomic considerations, and geopolitical and country risk. By incorporating both an equity

Investment Overview (unaudited) (cont'd)

Global Real Estate Portfolio



* Minimum Investment for Class I shares

In accordance with SEC regulations, the Fund's performance shown assumes that all recurring fees (including management fees) were deducted and all dividends and distributions were reinvested. The performance of Class A, L, C, IS and IR shares will vary from the performance of Class I shares based upon their different inception dates and will be negatively impacted by additional fees assessed to those classes (if applicable).

Performance Compared to the FTSE EPRA Nareit Developed Real Estate Index — Net Total Return to U.S. Investors⁽¹⁾, the MSCI World Net Index⁽²⁾ and the Lipper Global Real Estate Funds Index⁽³⁾

	Period Ended December 31, 2021			
	Total Returns ⁽⁴⁾			
	Average Annual			
	One Year	Five Years	Ten Years	Since Inception ⁽¹⁰⁾
Fund — Class I Shares w/o sales charges ⁽⁵⁾	23.99%	4.90%	7.19%	3.98%
Fund — Class A Shares w/o sales charges ⁽⁵⁾	23.47	4.54	6.86	3.68
Fund — Class A Shares with maximum 5.25% sales charges ⁽⁵⁾	16.95	3.42	6.28	3.31
Fund — Class L Shares w/o sales charges ⁽⁶⁾	22.94	4.00	6.33	3.49
Fund — Class C Shares w/o sales charges ⁽⁸⁾	22.54	3.73	—	2.39
Fund — Class C Shares with maximum 1.00% deferred sales charges ⁽⁸⁾	21.68	3.73	—	2.39
Fund — Class IS Shares w/o sales charges ⁽⁷⁾	24.02	4.95	—	5.08
Fund — Class IR Shares w/o sales charges ⁽⁹⁾	24.08	—	—	4.38
FTSE EPRA Nareit Developed Real Estate Index — Net Total Return to U.S. Investors	26.90	8.50	9.30	5.06
MSCI World Net Index	21.82	15.03	12.70	7.91
Lipper Global Real Estate Funds Index	27.11	9.52	9.58	N/A

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. Performance assumes that all dividends and distributions, if any, were reinvested. For the most recent month-end performance figures, please visit www.morganstanley.com/im/shareholderreports. Investment return and principal value will fluctuate so that Fund shares, when redeemed, may be worth more or less than their original cost. Total returns do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Performance of share classes will vary due to difference in sales charges and expenses. Please keep in mind that double-digit returns for the Fund are highly unusual and cannot be sustained.

⁽¹⁾ The FTSE EPRA Nareit Developed Real Estate Index — Net Total Return to U.S. Investors is a market capitalization weighted index designed to reflect the stock performance of companies engaged in the North American, European and Asian real estate markets. The performance of the Index is listed in U.S. dollars and assumes reinvestment of net dividends. "Net Total Return to U.S. investors" reflects a reduction in total returns after taking into account the withholding tax on dividends by certain foreign countries represented in the Index for periods after 1/31/05 (gross returns used prior to 1/31/05). The Index is unmanaged and its returns do not include any sales charges or fees. Such costs would lower performance. It is not possible to invest directly in an index.

Investment Overview (unaudited) (cont'd)

Global Real Estate Portfolio

⁽²⁾ 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 MSCI World Net Index currently consists of 23 developed market country indices. The performance of the Index is listed in U.S. dollars and assumes reinvestment of net dividends. Net total return indices reinvest dividends after the deduction of withholding taxes, using (for international indices) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties. The Index is unmanaged and its returns do not include any sales charges or fees. Such costs would lower performance. It is not possible to invest directly in an index.

⁽³⁾ The Lipper Global Real Estate Funds Index is an equally weighted performance index of the largest qualifying funds (based on net assets) in the Lipper Global Real Estate Funds classification. The Index, which is adjusted for capital gains distributions and income dividends, is unmanaged and should not be considered an investment. There are currently 30 funds represented in this Index. As of the date of this report, the Fund was in the Lipper Global Real Estate Funds classification.

⁽⁴⁾ Total returns for the Fund reflect fees waived and expenses reimbursed, if applicable, by the Adviser (as defined herein). Without such waivers and reimbursements, total returns would have been lower.

⁽⁵⁾ Commenced operations on August 30, 2006.

⁽⁶⁾ Commenced offering on June 16, 2008.

⁽⁷⁾ Commenced offering September 13, 2013.

⁽⁸⁾ Commenced offering on April 30, 2015.

⁽⁹⁾ Commenced offering on June 15, 2018

⁽¹⁰⁾ For comparative purposes, average annual since inception returns listed for the Indexes refer to the inception date of Class I of the Fund, not the inception of the Index.

Portfolio of Investments

Global Real Estate Portfolio

	Shares	Value (000)
Common Stocks (100.4%)		
Australia (4.0%)		
Charter Hall Group REIT	70,160	\$ 1,050
Goodman Group REIT	15,446	298
GPT Group (The) REIT	160,272	632
Mirvac Group REIT	88,564	188
National Storage REIT	291,663	564
Stockland REIT	223,558	690
		3,422
Austria (0.4%)		
CA Immobilien Anlagen AG	8,354	312
Canada (2.2%)		
Dream Industrial REIT	78,452	1,068
Tricon Residential, Inc.	55,764	853
		1,921
China (1.0%)		
China Resources Mixc Lifestyle Services Ltd. (a)	68,600	320
GDS Holdings Ltd. ADR (b)	4,817	227
Longfor Group Holdings Ltd. (a)	75,500	355
		902
Finland (0.3%)		
Kojamo Oyj	10,844	262
France (2.4%)		
Gecina SA REIT	6,023	843
ICADE REIT	6,249	449
Klepierre SA REIT (b)	4,901	116
Mercialys SA REIT	64,237	627
		2,035
Germany (2.7%)		
Deutsche EuroShop AG	15,801	263
Deutsche Wohnen SE	3,266	137
LEG Immobilien SE	2,539	354
Vonovia SE	28,911	1,593
		2,347
Hong Kong (4.9%)		
ESR Cayman Ltd. (b)	316,800	1,070
Hongkong Land Holdings Ltd.	119,900	623
Link REIT	101,974	898
Sun Hung Kai Properties Ltd.	78,367	951
Wharf Real Estate Investment Co., Ltd.	144,075	732
		4,274
Ireland (0.6%)		
Hibernia REIT PLC	359,077	532
Japan (8.2%)		
Activia Properties, Inc. REIT	67	242
Daiwa Office Investment Corp. REIT	44	268
Daiwa Securities Living Investments Corp. REIT	248	255
GLP J-REIT	342	591
Hoshino Resorts, Inc. REIT	59	335
Hulic Co., Ltd.	16,600	158
Japan Metropolitan Fund Investment Corp. REIT	440	379

	Shares	Value (000)
Japan Real Estate Investment Corp. REIT		
	132	\$ 749
Mitsubishi Estate Co., Ltd.	34,400	477
Mitsui Fudosan Co., Ltd.	66,400	1,316
Nippon Building Fund, Inc. REIT	142	827
Nippon Prologis Inc. REIT	212	750
Orix, Inc. J-REIT	233	364
Sumitomo Realty & Development Co., Ltd.	14,500	428
		7,139
Malta (0.1%)		
BGP Holdings PLC (c)	12,867,024	44
Netherlands (1.2%)		
Eurocommercial Properties N.V. REIT	27,313	593
NSI N.V. REIT	11,510	459
		1,052
Norway (0.1%)		
Entra ASA	2,972	67
Singapore (2.1%)		
Digital Core REIT	287,300	333
Digital Core Management Pte Ltd. REIT (b)(d)	159,800	186
Fraser's Logistics & Commercial Trust REIT	379,400	428
Keppel DC REIT	357,500	655
Mapletree Industrial Trust REIT	118,912	239
		1,841
Spain (1.3%)		
Inmobiliaria Colonial Socimi SA REIT	32,852	308
Merlin Properties Socimi SA REIT	77,174	836
		1,144
Sweden (1.0%)		
Castellum AB	1,277	35
Fabege AB	27,083	453
Hufvudstaden AB, Class A	27,767	415
		903
Switzerland (0.5%)		
PSP Swiss Property AG (Registered)	3,128	390
United Kingdom (4.8%)		
British Land Co., PLC (The) REIT	114,355	822
Derwent London PLC REIT	7,656	354
Empiric Student Property PLC REIT	245,272	286
Grainger PLC	32,192	137
Great Portland Estates PLC REIT	30,486	300
Hammerson PLC REIT (d)	674,457	299
Helical PLC	38,589	237
Land Securities Group PLC REIT	81,129	853
Segro PLC REIT	28,859	561
Workspace Group PLC REIT	25,327	277
		4,126
United States (62.6%)		
Agree Realty Corp. REIT	21,621	1,543
Alexandria Real Estate Equities, Inc. REIT	8,214	1,831
Boyd Gaming Corp. (b)	14,228	933
Brixmor Property Group, Inc. REIT	64,473	1,638

Portfolio of Investments (cont'd)

Global Real Estate Portfolio

	Shares	Value (000)
United States (cont'd)		
Caesars Entertainment, Inc. (b)	4,534	\$ 424
Digital Realty Trust, Inc. REIT	18,319	3,240
Equity Residential REIT	30,838	2,791
Exeter Industrial Value Fund, LP (b)(c)(e)	1,860,000	123
Extra Space Storage, Inc. REIT	9,059	2,054
Healthcare Trust of America, Inc., Class A REIT	20,141	672
Healthpeak Properties, Inc. REIT	46,955	1,695
Invitation Homes, Inc. REIT	31,648	1,435
Kilroy Realty Corp. REIT	15,672	1,042
Kite Realty Group Trust REIT	59,251	1,290
Life Storage, Inc. REIT	9,399	1,440
Medical Properties Trust, Inc. REIT	42,875	1,013
Mid-America Apartment Communities, Inc. REIT	11,087	2,544
NETSTREIT Corp. REIT	51,395	1,177
Outfront Media, Inc. REIT	35,882	962
ProLogis, Inc. REIT	41,994	7,070
Public Storage REIT	11,019	4,127
Rexford Industrial Realty, Inc. REIT	17,826	1,446
RPT Realty REIT	59,932	802
SBA Communications Corp. REIT	1,470	572
Simon Property Group, Inc. REIT	8,631	1,379
SITE Centers Corp. REIT	91,011	1,441
Sun Communities, Inc. REIT	13,081	2,747
UDR, Inc. REIT	34,647	2,078
VICI Properties, Inc. REIT	33,632	1,013
Welltower, Inc. REIT	42,956	3,684
		54,206
Total Common Stocks (Cost \$60,569)		86,919
Short-Term Investments (0.3%)		
Securities held as Collateral on Loaned Securities (0.1%)		
Investment Company (0.1%)		
Morgan Stanley Institutional Liquidity Funds — Treasury Securities Portfolio — Institutional Class (See Note G)	120,411	120
		Face Amount (000)
Repurchase Agreements (0.0%) (f)		
HSBC Securities USA, Inc. (0.05%, dated 12/31/21, due 1/3/22; proceeds \$1; fully collateralized by U.S. Government obligations; 0.00% due 5/15/25 - 11/15/28; valued at \$1)	\$ 1	1
Merrill Lynch & Co., Inc. (0.05%, dated 12/31/21, due 1/3/22; proceeds \$22; fully collateralized by U.S. Government obligations; 0.13% - 2.88% due 7/31/23 - 7/31/25; valued at \$22)	22	22
		23
Total Securities held as Collateral on Loaned Securities (Cost \$143)		143

	Shares	Value (000)
Investment Company (0.2%)		
Morgan Stanley Institutional Liquidity Funds — Treasury Portfolio — Institutional Class (See Note G) (Cost \$139)	138,788	\$ 139
Total Short-Term Investments (Cost \$282)		282
Total Investments (100.7%) (Cost \$60,851) Including \$273 of Securities Loaned (g)(h)		87,201
Liabilities in Excess of Other Assets (–0.7%)		(640)
Net Assets (100.0%)		\$86,561

Country assignments and aggregations are based generally on third party vendor classifications and information, and may be different from the assignments and aggregations under the policies set forth in the Fund's prospectus and/or statement of additional information relating to geographic classifications.

- (a) Security trades on the Hong Kong exchange.
- (b) Non-income producing security.
- (c) At December 31, 2021, the Fund held fair valued securities at approximately \$167,000, representing 0.2% of net assets. These securities have been fair valued as determined in good faith under procedures established by and under the general supervision of the Company's (as defined herein) Directors.
- (d) All or a portion of this security was on loan at December 31, 2021.
- (e) Restricted security valued at fair value and not registered under the Securities Act of 1933. Exeter Industrial Value Fund, LP was acquired between 11/07 - 4/11 and has a current cost basis of \$0. At December 31, 2021, this security had an aggregate market value of approximately \$123,000, representing 0.1% of net assets.
- (f) Amount is less than 0.05%.
- (g) The approximate fair value and percentage of net assets, \$12,564,000 and 14.5%, respectively, represent the securities that have been fair valued under the fair valuation policy for international investments as described in Note A-1 within the Notes to the Financial Statements.
- (h) At December 31, 2021, the aggregate cost for federal income tax purposes is approximately \$65,481,000. The aggregate gross unrealized appreciation is approximately \$27,054,000 and the aggregate gross unrealized depreciation is approximately \$5,373,000, resulting in net unrealized appreciation of approximately \$21,681,000.
- ADR American Depositary Receipt.
- REIT Real Estate Investment Trust.

Portfolio of Investments (cont'd)

Global Real Estate Portfolio

Portfolio Composition *

Classification	Percentage of Total Investments
Diversified	20.8%
Residential	17.5
Industrial	14.9
Retail	12.8
Office	10.9
Self Storage	9.4
Health Care	8.1
Other**	5.6
Total Investments	<u>100.0%</u>

* Percentages indicated are based upon total investments (excluding Securities held as Collateral on Loaned Securities) as of December 31, 2021.

** Industries and/or investment types representing less than 5% of total investments.

Global Real Estate Portfolio

Statement of Assets and Liabilities

December 31, 2021
(000)

Assets:	
Investments in Securities of Unaffiliated Issuers, at Value ⁽¹⁾ (Cost \$60,592)	\$ 86,942
Investment in Security of Affiliated Issuer, at Value (Cost \$259)	259
Total Investments in Securities, at Value (Cost \$60,851)	87,201
Foreign Currency, at Value (Cost \$347)	349
Cash from Securities Lending	—@
Dividends Receivable	245
Tax Reclaim Receivable	100
Receivable for Fund Shares Sold	82
Receivable for Investments Sold	76
Receivable from Affiliate	—@
Receivable from Securities Lending Income	—@
Other Assets	119
Total Assets	88,172
Liabilities:	
Payable for Fund Shares Redeemed	851
Deferred Capital Gain Country Tax	252
Collateral on Securities Loaned, at Value	143
Payable for Advisory Fees	92
Payable for Custodian Fees	81
Payable for Professional Fees	45
Payable for Transfer Agency Fees — Class I	2
Payable for Transfer Agency Fees — Class A	9
Payable for Transfer Agency Fees — Class L	—@
Payable for Transfer Agency Fees — Class C	1
Payable for Transfer Agency Fees — Class IS	1
Payable for Transfer Agency Fees — Class IR	—@
Payable for Sub Transfer Agency Fees — Class I	10
Payable for Sub Transfer Agency Fees — Class A	1
Payable for Sub Transfer Agency Fees — Class L	—@
Payable for Sub Transfer Agency Fees — Class C	—@
Payable for Investments Purchased	9
Payable for Administration Fees	6
Payable for Shareholder Services Fees — Class A	1
Payable for Distribution and Shareholder Services Fees — Class L	—@
Payable for Distribution and Shareholder Services Fees — Class C	—@
Other Liabilities	107
Total Liabilities	1,611
Net Assets	\$ 86,561
Net Assets Consist of:	
Paid-in-Capital	\$ 54,235
Total Distributable Earnings	32,326
Net Assets	\$ 86,561

Global Real Estate Portfolio

Statement of Assets and Liabilities (cont'd)

December 31, 2021
(000)

CLASS I:	
Net Assets	\$ 59,614
Shares Outstanding \$0.001 par value shares of beneficial interest (unlimited shares authorized) (not in 000's)	8,231,983
Net Asset Value, Offering and Redemption Price Per Share	\$ 7.24
CLASS A:	
Net Assets	\$ 3,368
Shares Outstanding \$0.001 par value shares of beneficial interest (unlimited shares authorized) (not in 000's)	466,389
Net Asset Value, Redemption Price Per Share	\$ 7.22
Maximum Sales Load	5.25%
Maximum Sales Charge	\$ 0.40
Maximum Offering Price Per Share	\$ 7.62
CLASS L:	
Net Assets	\$ 521
Shares Outstanding \$0.001 par value shares of beneficial interest (unlimited shares authorized) (not in 000's)	73,012
Net Asset Value, Offering and Redemption Price Per Share	\$ 7.14
CLASS C:	
Net Assets	\$ 569
Shares Outstanding \$0.001 par value shares of beneficial interest (unlimited shares authorized) (not in 000's)	82,445
Net Asset Value, Offering and Redemption Price Per Share	\$ 6.90
CLASS IS:	
Net Assets	\$ 22,479
Shares Outstanding \$0.001 par value shares of beneficial interest (unlimited shares authorized) (not in 000's)	3,108,258
Net Asset Value, Offering and Redemption Price Per Share	\$ 7.23
CLASS IR:	
Net Assets	\$ 10
Shares Outstanding \$0.001 par value shares of beneficial interest (unlimited shares authorized) (not in 000's)	1,443
Net Asset Value, Offering and Redemption Price Per Share	\$ 7.23
(1) Including:	
Securities on Loan, at Value:	\$ 273

@ Amount is less than \$500.

Global Real Estate Portfolio

Statement of Operations

Year Ended
December 31, 2021
(000)

Investment Income:

Dividends from Securities of Unaffiliated Issuers (Net of \$142 of Foreign Taxes Withheld)	\$ 2,430
Non-Cash Dividends from Securities of Unaffiliated Issuers	523
Income from Securities Loaned — Net	9
Dividends from Security of Affiliated Issuer (Note G)	—@
Total Investment Income	2,962

Expenses:

Advisory Fees (Note B)	1,226
Administration Fees (Note C)	123
Professional Fees	120
Custodian Fees (Note F)	112
Registration Fees	89
Transfer Agency Fees — Class I (Note E)	8
Transfer Agency Fees — Class A (Note E)	24
Transfer Agency Fees — Class L (Note E)	2
Transfer Agency Fees — Class C (Note E)	4
Transfer Agency Fees — Class IS (Note E)	3
Transfer Agency Fees — Class IR (Note E)	2
Shareholder Reporting Fees	19
Shareholder Services Fees — Class A (Note D)	10
Distribution and Shareholder Services Fees — Class L (Note D)	4
Distribution and Shareholder Services Fees — Class C (Note D)	5
Pricing Fees	8
Directors' Fees and Expenses	7
Sub Transfer Agency Fees — Class A	2
Sub Transfer Agency Fees — Class L	—@
Sub Transfer Agency Fees — Class C	—@
Interest Expenses	13
Other Expenses	3
Total Expenses	1,784

Waiver of Advisory Fees (Note B)	(280)
Reimbursement of Class Specific Expenses — Class A (Note B)	(20)
Reimbursement of Class Specific Expenses — Class L (Note B)	(2)
Reimbursement of Class Specific Expenses — Class C (Note B)	(3)
Reimbursement of Class Specific Expenses — Class IS (Note B)	(3)
Reimbursement of Class Specific Expenses — Class IR (Note B)	(2)
Rebate from Morgan Stanley Affiliate (Note G)	(1)

Net Expenses	1,473
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Net Investment Income

1,489

Realized Gain (Loss):

Investments Sold (Net of \$62 of Capital Gain Country Tax)	86,332
Foreign Currency Translation	(54)
Net Realized Gain	86,278

Change in Unrealized Appreciation (Depreciation):

Investments (Net of Decrease in Deferred Capital Gain Country Tax of \$43)	(50,856)
Foreign Currency Translation	(10)
Net Change in Unrealized Appreciation (Depreciation)	(50,866)

Net Realized Gain and Change in Unrealized Appreciation (Depreciation)

35,412

Net Increase in Net Assets Resulting from Operations	\$ 36,901
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@ Amount is less than \$500.

Global Real Estate Portfolio

Statements of Changes in Net Assets

	Year Ended December 31, 2021 (000)	Year Ended December 31, 2020 (000)
Increase (Decrease) in Net Assets:		
Operations:		
Net Investment Income	\$ 1,489	\$ 7,773
Net Realized Gain (Loss)	86,278	(9,935)
Net Change in Unrealized Appreciation (Depreciation)	(50,866)	(97,678)
Net Increase (Decrease) in Net Assets Resulting from Operations	36,901	(99,840)
Dividends and Distributions to Shareholders:		
Class I	(17,738)	(2,017)
Class A	(1,311)	(84)
Class L	(180)	(7)
Class C	(178)	(2)
Class IS	(6,402)	(5,319)
Class IR	(3)	(—@)
Total Dividends and Distributions to Shareholders	(25,812)	(7,429)
Capital Share Transactions:⁽¹⁾		
Class I:		
Subscribed	3,078	32,011
Distributions Reinvested	16,727	1,893
Redeemed	(44,152)	(227,702)
Class A:		
Subscribed	2,216	340
Distributions Reinvested	1,311	84
Redeemed	(3,945)	(4,343)
Class L:		
Exchanged	—	101
Distributions Reinvested	179	7
Redeemed	(118)	(723)
Class C:		
Subscribed	505	—
Distributions Reinvested	178	2
Redeemed	(259)	(99)
Class IS:		
Subscribed	3,687	44,467
Distributions Reinvested	6,360	5,311
Redeemed	(218,343)	(122,338)
Class IR:		
Distributions Reinvested	3	(—@)
Net Decrease in Net Assets Resulting from Capital Share Transactions	(232,573)	(270,989)
Total Decrease in Net Assets	(221,484)	(378,258)
Net Assets:		
Beginning of Period	308,045	686,303
End of Period	\$ 86,561	\$ 308,045

Global Real Estate Portfolio

Statements of Changes in Net Assets (cont'd)

	Year Ended December 31, 2021 (000)	Year Ended December 31, 2020 (000)
(1) Capital Share Transactions:		
Class I:		
Shares Subscribed	346	4,347
Shares Issued on Distributions Reinvested	2,393	229
Shares Redeemed	(4,786)	(27,050)
Net Decrease in Class I Shares Outstanding	(2,047)	(22,474)
Class A:		
Shares Subscribed	258	43
Shares Issued on Distributions Reinvested	188	10
Shares Redeemed	(503)	(619)
Net Decrease in Class A Shares Outstanding	(57)	(566)
Class L:		
Shares Exchanged	—	15
Shares Issued on Distributions Reinvested	26	1
Shares Redeemed	(17)	(98)
Net Increase (Decrease) in Class L Shares Outstanding	9	(82)
Class C:		
Shares Subscribed	57	—
Shares Issued on Distributions Reinvested	27	—@@
Shares Redeemed	(30)	(13)
Net Increase (Decrease) in Class C Shares Outstanding	54	(13)
Class IS:		
Shares Subscribed	425	6,252
Shares Issued on Distributions Reinvested	911	643
Shares Redeemed	(24,663)	(15,958)
Net Decrease in Class IS Shares Outstanding	(23,327)	(9,063)
Class IR:		
Shares Issued on Distributions Reinvested	—@@	—@@

@ Amount is less than \$500.

@@ Amount is less than 500 shares.

Financial Highlights

Global Real Estate Portfolio

Selected Per Share Data and Ratios	Class I				
	Year Ended December 31,				
	2021	2020	2019	2018	2017
Net Asset Value, Beginning of Period	\$8.26	\$9.87	\$9.19	\$11.13	\$10.76
Income (Loss) from Investment Operations:					
Net Investment Income ⁽¹⁾	0.09	0.15	0.24	0.27	0.25
Net Realized and Unrealized Gain (Loss)	1.79	(1.57)	1.43	(1.11)	0.80
Total from Investment Operations	1.88	(1.42)	1.67	(0.84)	1.05
Distributions from and/or in Excess of:					
Net Investment Income	(1.57)	(0.11)	(0.54)	(0.51)	(0.15)
Net Realized Gain	(1.33)	(0.08)	(0.45)	(0.59)	(0.53)
Total Distributions	(2.90)	(0.19)	(0.99)	(1.10)	(0.68)
Net Asset Value, End of Period	\$7.24	\$8.26	\$9.87	\$9.19	\$11.13
Total Return⁽²⁾	23.99%	(14.33)%	18.35%	(7.92)%	9.73%
Ratios to Average Net Assets and Supplemental Data:					
Net Assets, End of Period (Thousands)	\$59,614	\$84,874	\$323,386	\$361,680	\$553,319
Ratio of Expenses Before Expense Limitation	1.12%	1.20%	1.05%	1.10%	1.07%
Ratio of Expenses After Expense Limitation	0.94% ⁽³⁾⁽⁵⁾	1.01% ⁽³⁾⁽⁵⁾	1.00% ⁽³⁾	1.03% ⁽³⁾⁽⁴⁾	1.05% ⁽³⁾
Ratio of Expenses After Expense Limitation Excluding Interest Expenses	0.93% ⁽³⁾	1.00% ⁽³⁾	1.00% ⁽³⁾	1.03% ⁽³⁾	1.05% ⁽³⁾
Ratio of Net Investment Income	1.03% ⁽³⁾	1.86% ⁽³⁾	2.36% ⁽³⁾	2.54% ⁽³⁾	2.20% ⁽³⁾
Ratio of Rebate from Morgan Stanley Affiliates	0.00% ⁽⁶⁾	0.00% ⁽⁶⁾	0.00% ⁽⁶⁾	0.00% ⁽⁶⁾	0.00% ⁽⁶⁾
Portfolio Turnover Rate	135%	51%	24%	38%	39%

(1) Per share amount is based on average shares outstanding.

(2) Calculated based on the net asset value as of the last business day of the period.

(3) The Ratio of Expenses After Expense Limitation and Ratio of Net Investment Income reflect the rebate of certain Fund expenses in connection with the investments in Morgan Stanley affiliates during the period. The effect of the rebate on the ratios is disclosed in the above table as "Ratio of Rebate from Morgan Stanley Affiliates."

(4) Effective July 1, 2018, the Adviser has agreed to limit the ratio of expenses to average net assets to the maximum ratio of 1.00% for Class I shares. Prior to July 1, 2018, the maximum ratio was 1.05% for Class I shares.

(5) Ratio is above the expense limitation due to interest expenses, which are not included in the determination of the expense limitation. Refer to Footnote B in the Notes to the Financial Statements.

(6) Amount is less than 0.005%.

Financial Highlights

Global Real Estate Portfolio

Selected Per Share Data and Ratios	Class A				
	Year Ended December 31,				
	2021	2020	2019	2018	2017
Net Asset Value, Beginning of Period	\$8.25	\$9.85	\$9.17	\$11.10	\$10.71
Income (Loss) from Investment Operations:					
Net Investment Income ⁽¹⁾	0.05	0.13	0.21	0.23	0.17
Net Realized and Unrealized Gain (Loss)	1.79	(1.58)	1.41	(1.10)	0.84
Total from Investment Operations	1.84	(1.45)	1.62	(0.87)	1.01
Distributions from and/or in Excess of:					
Net Investment Income	(1.54)	(0.07)	(0.49)	(0.47)	(0.09)
Net Realized Gain	(1.33)	(0.08)	(0.45)	(0.59)	(0.53)
Total Distributions	(2.87)	(0.15)	(0.94)	(1.06)	(0.62)
Net Asset Value, End of Period	\$7.22	\$8.25	\$9.85	\$9.17	\$11.10
Total Return⁽²⁾	23.47%	(14.65)%	17.90%	(8.19)%	9.44%
Ratios to Average Net Assets and Supplemental Data:					
Net Assets, End of Period (Thousands)	\$3,368	\$4,316	\$10,728	\$12,775	\$17,701
Ratio of Expenses Before Expense Limitation	2.05%	1.90%	1.37%	1.39%	N/A
Ratio of Expenses After Expense Limitation	1.36% ⁽³⁾⁽⁵⁾	1.36% ⁽³⁾⁽⁵⁾	1.35% ⁽³⁾	1.38% ⁽³⁾⁽⁴⁾	1.35% ⁽³⁾
Ratio of Expenses After Expense Limitation Excluding Interest Expenses	1.35% ⁽³⁾	1.35% ⁽³⁾	1.35% ⁽³⁾	1.38% ⁽³⁾	1.35% ⁽³⁾
Ratio of Net Investment Income	0.57% ⁽³⁾	1.63% ⁽³⁾	2.00% ⁽³⁾	2.18% ⁽³⁾	1.55% ⁽³⁾
Ratio of Rebate from Morgan Stanley Affiliates	0.00% ⁽⁶⁾	0.00% ⁽⁶⁾	0.00% ⁽⁶⁾	0.00% ⁽⁶⁾	0.00% ⁽⁶⁾
Portfolio Turnover Rate	135%	51%	24%	38%	39%

(1) Per share amount is based on average shares outstanding.

(2) Calculated based on the net asset value which does not reflect sales charges, if applicable, as of the last business day of the period.

(3) The Ratio of Expenses After Expense Limitation and Ratio of Net Investment Income reflect the rebate of certain Fund expenses in connection with the investments in Morgan Stanley affiliates during the period. The effect of the rebate on the ratios is disclosed in the above table as "Ratio of Rebate from Morgan Stanley Affiliates."

(4) Effective July 1, 2018, the Adviser has agreed to limit the ratio of expenses to average net assets to the maximum ratio of 1.35% for Class A shares. Prior to July 1, 2018, the maximum ratio was 1.40% for Class A shares.

(5) Ratio is above the expense limitation due to interest expenses, which are not included in the determination of the expense limitation. Refer to Footnote B in the Notes to the Financial Statements.

(6) Amount is less than 0.005%.

Financial Highlights

Global Real Estate Portfolio

Selected Per Share Data and Ratios	Class L				
	Year Ended December 31,				
	2021	2020	2019	2018	2017
Net Asset Value, Beginning of Period	\$8.18	\$9.75	\$9.09	\$11.01	\$10.64
Income (Loss) from Investment Operations:					
Net Investment Income ⁽¹⁾	0.01	0.08	0.16	0.17	0.14
Net Realized and Unrealized Gain (Loss)	1.77	(1.56)	1.40	(1.09)	0.81
Total from Investment Operations	1.78	(1.48)	1.56	(0.92)	0.95
Distributions from and/or in Excess of:					
Net Investment Income	(1.49)	(0.01)	(0.45)	(0.41)	(0.05)
Net Realized Gain	(1.33)	(0.08)	(0.45)	(0.59)	(0.53)
Total Distributions	(2.82)	(0.09)	(0.90)	(1.00)	(0.58)
Net Asset Value, End of Period	\$7.14	\$8.18	\$9.75	\$9.09	\$11.01
Total Return⁽²⁾	22.94%	(15.17)%	17.37%	(8.74)%	8.89%
Ratios to Average Net Assets and Supplemental Data:					
Net Assets, End of Period (Thousands)	\$521	\$522	\$1,419	\$1,220	\$1,344
Ratio of Expenses Before Expense Limitation	2.30%	2.08%	1.91%	2.02%	1.93%
Ratio of Expenses After Expense Limitation	1.86% ⁽³⁾⁽⁵⁾	1.86% ⁽³⁾⁽⁵⁾	1.85% ⁽³⁾	1.88% ⁽³⁾⁽⁴⁾	1.90% ⁽³⁾
Ratio of Expenses After Expense Limitation Excluding Interest Expenses	1.85% ⁽³⁾	1.85% ⁽³⁾	1.85% ⁽³⁾	1.88% ⁽³⁾	1.90% ⁽³⁾
Ratio of Net Investment Income	0.12% ⁽³⁾	1.07% ⁽³⁾	1.54% ⁽³⁾	1.64% ⁽³⁾	1.32% ⁽³⁾
Ratio of Rebate from Morgan Stanley Affiliates	0.00% ⁽⁶⁾	0.00% ⁽⁶⁾	0.00% ⁽⁶⁾	0.00% ⁽⁶⁾	0.00% ⁽⁶⁾
Portfolio Turnover Rate	135%	51%	24%	38%	39%

(1) Per share amount is based on average shares outstanding.

(2) Calculated based on the net asset value as of the last business day of the period.

(3) The Ratio of Expenses After Expense Limitation and Ratio of Net Investment Income reflect the rebate of certain Fund expenses in connection with the investments in Morgan Stanley affiliates during the period. The effect of the rebate on the ratios is disclosed in the above table as "Ratio of Rebate from Morgan Stanley Affiliates."

(4) Effective July 1, 2018, the Adviser has agreed to limit the ratio of expenses to average net assets to the maximum ratio of 1.85% for Class L shares. Prior to July 1, 2018, the maximum ratio was 1.90% for Class L shares.

(5) Ratio is above the expense limitation due to interest expenses, which are not included in the determination of the expense limitation. Refer to Footnote B in the Notes to the Financial Statements.

(6) Amount is less than 0.005%.

Financial Highlights

Global Real Estate Portfolio

Selected Per Share Data and Ratios	Class C				
	Year Ended December 31,				
	2021	2020	2019	2018	2017
Net Asset Value, Beginning of Period	\$8.01	\$9.56	\$8.92	\$10.83	\$10.49
Income (Loss) from Investment Operations:					
Net Investment Income (Loss) ⁽¹⁾	(0.00) ⁽²⁾	0.08	0.13	0.16	0.12
Net Realized and Unrealized Gain (Loss)	1.71	(1.54)	1.37	(1.09)	0.78
Total from Investment Operations	1.71	(1.46)	1.50	(0.93)	0.90
Distributions from and/or in Excess of:					
Net Investment Income	(1.49)	(0.01)	(0.41)	(0.39)	(0.03)
Net Realized Gain	(1.33)	(0.08)	(0.45)	(0.59)	(0.53)
Total Distributions	(2.82)	(0.09)	(0.86)	(0.98)	(0.56)
Net Asset Value, End of Period	\$6.90	\$8.01	\$9.56	\$8.92	\$10.83
Total Return⁽³⁾	22.54%	(15.26)%	16.98%	(8.93)%	8.54%
Ratios to Average Net Assets and Supplemental Data:					
Net Assets, End of Period (Thousands)	\$569	\$225	\$397	\$428	\$327
Ratio of Expenses Before Expense Limitation	2.94%	2.96%	2.51%	2.47%	2.69%
Ratio of Expenses After Expense Limitation	2.11% ⁽⁴⁾⁽⁶⁾	2.11% ⁽⁴⁾⁽⁶⁾	2.10% ⁽⁴⁾	2.12% ⁽⁴⁾⁽⁵⁾	2.15% ⁽⁴⁾
Ratio of Expenses After Expense Limitation Excluding Interest Expenses	2.10% ⁽⁴⁾	2.10% ⁽⁴⁾	2.10% ⁽⁴⁾	2.12% ⁽⁴⁾	2.15% ⁽⁴⁾
Ratio of Net Investment Income (Loss)	(0.03)% ⁽⁴⁾	1.00% ⁽⁴⁾	1.26% ⁽⁴⁾	1.53% ⁽⁴⁾	1.11% ⁽⁴⁾
Ratio of Rebate from Morgan Stanley Affiliates	0.00% ⁽⁷⁾	0.00% ⁽⁷⁾	0.00% ⁽⁷⁾	0.00% ⁽⁷⁾	0.00% ⁽⁷⁾
Portfolio Turnover Rate	135%	51%	24%	38%	39%

(1) Per share amount is based on average shares outstanding.

(2) Amount is less than \$0.005.

(3) Calculated based on the net asset value which does not reflect sales charges, if applicable, as of the last business day of the period.

(4) The Ratio of Expenses After Expense Limitation and Ratio of Net Investment Income (Loss) reflect the rebate of certain Fund expenses in connection with the investments in Morgan Stanley affiliates during the period. The effect of the rebate on the ratios is disclosed in the above table as "Ratio of Rebate from Morgan Stanley Affiliates."

(5) Effective July 1, 2018, the Adviser has agreed to limit the ratio of expenses to average net assets to the maximum ratio of 2.10% for Class C shares. Prior to July 1, 2018, the maximum ratio was 2.15% for Class C shares.

(6) Ratio is above the expense limitation due to interest expenses, which are not included in the determination of the expense limitation. Refer to Footnote B in the Notes to the Financial Statements.

(7) Amount is less than 0.005%.

Financial Highlights

Global Real Estate Portfolio

Selected Per Share Data and Ratios	Class IS				
	Year Ended December 31,				
	2021	2020	2019	2018	2017
Net Asset Value, Beginning of Period	\$8.25	\$9.87	\$9.19	\$11.13	\$10.76
Income (Loss) from Investment Operations:					
Net Investment Income ⁽¹⁾	0.08	0.17	0.25	0.28	0.25
Net Realized and Unrealized Gain (Loss)	1.80	(1.59)	1.43	(1.11)	0.81
Total from Investment Operations	1.88	(1.42)	1.68	(0.83)	1.06
Distributions from and/or in Excess of:					
Net Investment Income	(1.57)	(0.12)	(0.55)	(0.52)	(0.16)
Net Realized Gain	(1.33)	(0.08)	(0.45)	(0.59)	(0.53)
Total Distributions	(2.90)	(0.20)	(1.00)	(1.11)	(0.69)
Net Asset Value, End of Period	\$7.23	\$8.25	\$9.87	\$9.19	\$11.13
Total Return⁽²⁾	24.02%	(14.36)%	18.43%	(7.83)%	9.80%
Ratios to Average Net Assets and Supplemental Data:					
Net Assets, End of Period (Thousands)	\$22,479	\$218,100	\$350,363	\$517,658	\$1,049,646
Ratio of Expenses Before Expense Limitation	1.13%	1.01%	0.94%	N/A	N/A
Ratio of Expenses After Expense Limitation	0.95% ⁽³⁾⁽⁵⁾	0.95% ⁽³⁾⁽⁵⁾	0.94% ⁽³⁾	0.95% ⁽³⁾⁽⁴⁾	0.97% ⁽³⁾
Ratio of Expenses After Expense Limitation Excluding Interest Expenses	0.94% ⁽³⁾	0.94% ⁽³⁾	0.94% ⁽³⁾	0.95% ⁽³⁾	0.97% ⁽³⁾
Ratio of Net Investment Income	0.93% ⁽³⁾	2.21% ⁽³⁾	2.41% ⁽³⁾	2.58% ⁽³⁾	2.26% ⁽³⁾
Ratio of Rebate from Morgan Stanley Affiliates	0.00% ⁽⁶⁾	0.00% ⁽⁶⁾	0.00% ⁽⁶⁾	0.00% ⁽⁶⁾	0.00% ⁽⁶⁾
Portfolio Turnover Rate	135%	51%	24%	38%	39%

(1) Per share amount is based on average shares outstanding.

(2) Calculated based on the net asset value as of the last business day of the period.

(3) The Ratio of Expenses After Expense Limitation and Ratio of Net Investment Income reflect the rebate of certain Fund expenses in connection with the investments in Morgan Stanley affiliates during the period. The effect of the rebate on the ratios is disclosed in the above table as "Ratio of Rebate from Morgan Stanley Affiliates."

(4) Effective July 1, 2018, the Adviser has agreed to limit the ratio of expenses to average net assets to the maximum ratio of 0.94% for Class IS shares. Prior to July 1, 2018, the maximum ratio was 0.99% for Class IS shares.

(5) Ratio is above the expense limitation due to interest expenses, which are not included in the determination of the expense limitation. Refer to Footnote B in the Notes to the Financial Statements.

(6) Amount is less than 0.005%.

Financial Highlights

Global Real Estate Portfolio

	Class IR			
	Year Ended December 31,			Period from
Selected Per Share Data and Ratios	2021	2020	2019	June 15, 2018 ⁽¹⁾ to December 31, 2018
Net Asset Value, Beginning of Period	\$8.25	\$9.87	\$9.19	\$11.09
Income (Loss) from Investment Operations:				
Net Investment Income ⁽²⁾	0.04	0.18	0.25	0.23
Net Realized and Unrealized Gain (Loss)	1.84	(1.60)	1.43	(1.02)
Total from Investment Operations	1.88	(1.42)	1.68	(0.79)
Distributions from and/or in Excess of:				
Net Investment Income	(1.57)	(0.12)	(0.55)	(0.52)
Net Realized Gain	(1.33)	(0.08)	(0.45)	(0.59)
Total Distributions	(2.90)	(0.20)	(1.00)	(1.11)
Net Asset Value, End of Period	\$7.23	\$8.25	\$9.87	\$9.19
Total Return⁽³⁾	24.08%	(14.36)%	18.44%	(7.49)% ⁽⁸⁾
Ratios to Average Net Assets and Supplemental Data:				
Net Assets, End of Period, (Thousands)	\$10	\$8	\$10	\$8
Ratio of Expenses Before Expense Limitation	23.02%	26.07%	21.38%	18.72% ⁽⁹⁾
Ratio of Expenses After Expense Limitation	0.95% ⁽⁴⁾⁽⁶⁾	0.95% ⁽⁴⁾⁽⁶⁾	0.94% ⁽⁴⁾	0.94% ⁽⁴⁾⁽⁵⁾⁽⁹⁾
Ratios of Expenses After Expense Limitation Excluding Interest Expenses	0.94% ⁽⁴⁾	0.94% ⁽⁴⁾	0.94% ⁽⁴⁾	N/A
Ratio of Net Investment Income	0.46% ⁽⁴⁾	2.37% ⁽⁴⁾	2.45% ⁽⁴⁾	3.94% ⁽⁴⁾⁽⁹⁾
Ratio of Rebate from Morgan Stanley Affiliates	0.00% ⁽⁷⁾	0.00% ⁽⁷⁾	0.00% ⁽⁷⁾	0.00% ⁽⁷⁾⁽⁹⁾
Portfolio Turnover Rate	135%	51%	24%	38%

(1) Commencement of Offering.

(2) Per share amount is based on average shares outstanding.

(3) Calculated based on the net asset value as of the last business day of the period.

(4) Effective July 1, 2018, the Adviser has agreed to limit the ratio of expenses to average net assets to the maximum ratio of 0.94% for Class IR shares. Prior to July 1, 2018, the maximum ratio was 0.99% for Class IR shares.

(5) The Ratio of Expenses After Expense Limitation and Ratio of Net Investment Income reflect the rebate of certain Fund expenses in connection with the investments in Morgan Stanley affiliates during the period. The effect of the rebate on the ratios is disclosed in the above table as "Ratio of Rebate from Morgan Stanley Affiliates."

(6) Ratio is above the expense limitation due to interest expenses, which are not included in the determination of the expense limitation. Refer to Footnote B in the Notes to the Financial Statements.

(7) Amount is less than 0.005%.

(8) Not annualized.

(9) Annualized.

Notes to Financial Statements

Morgan Stanley Institutional Fund, Inc. (the “Company”) is registered under the Investment Company Act of 1940, as amended (the “Act”), as an open-end management investment company. The Company is comprised of thirty-two separate, active, diversified and non-diversified funds (individually referred to as a “Fund,” collectively as the “Funds”). The Company applies investment company accounting and reporting guidance.

The accompanying financial statements relate to the Global Real Estate Portfolio. The Fund seeks to provide current income and capital appreciation. The Fund has capital subscription commitments to an investee company for this same purpose, the details of which are disclosed in the Unfunded Commitments note.

The Fund offers six classes of shares — Class I, Class A, Class L, Class C, Class IS and Class IR. On April 30, 2015, the Fund suspended offering of Class L shares. Existing Class L shareholders may invest through reinvestment of dividends and distributions. In addition, Class L shares of the Fund may be exchanged for Class L shares of any Morgan Stanley Multi-Class Fund, even though Class L shares are closed to investors.

A. Significant Accounting Policies: The following significant accounting policies are in conformity with U.S. generally accepted accounting principles (“GAAP”). Such policies are consistently followed by the Company in the preparation of its financial statements. GAAP may require management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results may differ from those estimates.

1. Security Valuation: (1) An equity portfolio security listed or traded on an exchange is valued at its latest reported sales price (or at the exchange official closing price if such exchange reports an official closing price), and if there were no sales on a given day and if there is no official exchange closing price for that day, the security is valued at the mean between the last reported bid and asked prices if such bid and asked prices are available on the relevant exchanges. If only bid prices are available then the latest bid price may be used. Listed equity securities not traded on the valuation date with no reported bid and asked prices available on the exchange are valued at the mean between the current bid and asked prices obtained from one or more reputable brokers or dealers. In cases where a security is traded on more than one exchange, the security is valued on the exchange designated as the primary market;

(2) all other equity portfolio securities for which over-the-counter (“OTC”) market quotations are readily available are valued at the latest reported sales price (or at the market official closing price if such market reports an official closing price), and if there was no trading in the security on a given day and if there is no official closing price from relevant markets for that day, the security is valued at the mean between the last reported bid and asked prices if such bid and asked prices are available on the relevant markets. An unlisted equity security that does not trade on the valuation date and for which bid and asked prices from the relevant markets are unavailable is valued at the mean between the current bid and asked prices obtained from one or more reputable brokers or dealers; (3) certain portfolio securities may be valued by an outside pricing service/vendor approved by the Company’s Board of Directors (the “Directors”). The pricing service/vendor may employ a pricing model that takes into account, among other things, bids, yield spreads and/or other market data and specific security characteristics. Alternatively, if a valuation is not available from an outside pricing service/vendor, and the security trades on an exchange, the security may be valued at its latest reported sale price (or at the exchange official closing price if such exchange reports an official closing price), prior to the time when assets are valued. If there are no sales on a given day and if there is no official exchange closing price for that day, the security is valued at the mean between the last reported bid and asked prices if such bid and asked prices are available in the relevant exchanges. If only bid prices are available then the latest bid price may be used. If Morgan Stanley Investment Management Inc. (the “Adviser”) or Morgan Stanley Investment Management Limited (“MSIM Limited”) and Morgan Stanley Investment Management Company (“MSIM Company”) (together, the “Sub-Advisers”), each a wholly-owned subsidiary of Morgan Stanley, determines that the price provided by the outside pricing service/vendor or exchange does not reflect the security’s fair value or is unable to provide a price, prices from brokers or dealers may also be utilized. In these circumstances, the value of the security will be the mean of bid and asked prices obtained from brokers or dealers; (4) when market quotations are not readily available, including circumstances under which the Adviser or Sub-Advisers determine that the closing price, last sale price or the mean between the last reported bid and asked prices are not reflective of a security’s market value, portfolio securities are valued at

Notes to Financial Statements (cont'd)

their fair value as determined in good faith under procedures established by and under the general supervision of the Directors. Occasionally, developments affecting the closing prices of securities and other assets may occur between the times at which valuations of such securities are determined (that is, close of the foreign market on which the securities trade) and the close of business of the New York Stock Exchange ("NYSE"). If developments occur during such periods that are expected to materially affect the value of such securities, such valuations may be adjusted to reflect the estimated fair value of such securities as of the close of the NYSE, as determined in good faith by the Directors or by the Adviser using a pricing service and/or procedures approved by the Directors; (5) quotations of foreign portfolio securities, other assets and liabilities and forward contracts stated in foreign currency are translated into U.S. dollar equivalents at the prevailing market rates prior to the close of the NYSE; and (6) investments in mutual funds, including the Morgan Stanley Institutional Liquidity Funds, are valued at the net asset value ("NAV") as of the close of each business day.

The Directors have responsibility for determining in good faith the fair value of the investments, and the Directors may appoint others, such as the Company's Adviser or a valuation committee, to assist the Directors in determining fair value and to make the actual calculations pursuant to the fair valuation methodologies previously approved by the Directors. Under procedures approved by the Directors, the Company's Adviser has formed a Valuation Committee whose members are approved by the Directors. The Valuation Committee provides administration and oversight of the Company's valuation policies and procedures, which are reviewed at least annually by the Directors. These procedures allow the Company to utilize independent pricing services, quotations from securities and financial instrument dealers and other market sources to determine fair value.

The Fund invests a significant portion of its assets in securities of real estate investment trusts ("REITs"). The market's perception of prospective declines in private real estate values and other financial assets may result in increased volatility of market prices that can negatively impact the valuation of certain issuers held by the Fund.

2. Fair Value Measurement: Financial Accounting Standards Board ("FASB") Accounting Standards Codification™ ("ASC") 820, "Fair Value Measurement"

("ASC 820"), defines fair value as the value that the Fund would receive to sell an investment or pay to transfer a liability in a timely transaction with an independent buyer in the principal market, or in the absence of a principal market, the most advantageous market for the investment or liability. ASC 820 establishes a three-tier hierarchy to distinguish between (1) inputs that reflect the assumptions market participants would use in valuing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in valuing an asset or liability developed based on the best information available in the circumstances (unobservable inputs) and to establish classification of fair value measurements for disclosure purposes. Various inputs are used in determining the value of the Fund's investments. The inputs are summarized in the three broad levels listed below:

- Level 1 – unadjusted quoted prices in active markets for identical investments
- Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – significant unobservable inputs including the Fund's own assumptions in determining the fair value of investments. Factors considered in making this determination may include, but are not limited to, information obtained by contacting the issuer, analysts, or the appropriate stock exchange (for exchange-traded securities), analysis of the issuer's financial statements or other available documents and, if necessary, available information concerning other securities in similar circumstances.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities and the determination of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to each security.

Notes to Financial Statements (cont'd)

The following is a summary of the inputs used to value the Fund's investments as of December 31, 2021:

Investment Type	Level 1 Unadjusted quoted prices (000)	Level 2 Other significant observable inputs (000)	Level 3 Significant unobservable inputs (000)	Total (000)
Assets:				
Common Stocks				
Diversified	\$ 12,820	\$ 5,260	\$ —	\$ 18,080
Health Care	7,064	—	—	7,064
Industrial	11,513	1,341	123	12,977
Industrial/Office Mixed	428	35	—	463
Lodging/Resorts	1,357	335	—	1,692
Office	6,498	2,984	—	9,482
Residential	12,871	2,346	44	15,261
Retail	10,905	263	—	11,168
Self Storage	8,185	—	—	8,185
Specialty	2,547	—	—	2,547
Total Common Stocks	74,188	12,564	167	86,919
Short-Term Investments				
Investment Company	259	—	—	259
Repurchase Agreements	—	23	—	23
Total Short-Term Investments	259	23	—	282
Total Assets	\$74,447	\$12,587	\$167	\$87,201

Transfers between investment levels may occur as the markets fluctuate and/or the availability of data used in an investment's valuation changes.

Following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining fair value:

	Common Stocks (000)
Beginning Balance	\$144
Purchases	—
Sales	—
Amortization of discount	—
Transfers in	—
Transfers out	—
Corporate actions	—
Change in unrealized appreciation (depreciation)	23
Realized gains (losses)	—
Ending Balance	\$167
Net change in unrealized appreciation (depreciation) from investments still held as of December 31, 2021	\$ 23

The following table presents additional information about valuation techniques and inputs used for investments that are measured at fair value and categorized within Level 3 as of December 31, 2021. Various valuation techniques were used in the valuation of certain investments and weighted based on the level of significance.

	Fair Value at December 31, 2021 (000)	Valuation Technique	Unobservable Input	Amount*	Impact to Valuation from an Increase in Input**
Common Stocks	\$167	Reported Capital balance, adjustments for NAV practical expedient; including adjustments for subsequent Capital Calls, Return of Capital and Significant Market Changes between last Capital Statement and Valuation Date	Adjusted Capital Balance		
		Market Transaction Method	Transaction Valuation	\$0.003	Increase

* Amount is indicative of the weighted average.

** Represents the expected directional change in the fair value of the Level 3 investments that would result from an increase in the corresponding input. A decrease to the unobservable input would have the opposite effect. Significant changes in these inputs could result in significantly higher or lower fair value measurements.

Notes to Financial Statements (cont'd)

3. Repurchase Agreements: The Fund may enter into repurchase agreements under which the Fund lends cash and takes possession of securities with an agreement that the counterparty will repurchase such securities. In connection with transactions in repurchase agreements, a bank as custodian for the Fund takes possession of the underlying securities which are held as collateral, with a market value at least equal to the amount of the repurchase transaction, including principal and accrued interest. To the extent that any repurchase transaction exceeds one business day, the value of the collateral is marked-to-market on a daily basis to determine that the value of the collateral does not decrease below the repurchase price plus accrued interest as earned. If such a decrease occurs, additional collateral will be requested and, when received, will be added to the account to maintain full collateralization. In the event of default on the obligation to repurchase, the Fund has the right to liquidate the collateral and apply the proceeds in satisfaction of the obligation. In the event of default or bankruptcy by the counterparty to the agreement, realization of the collateral proceeds may be subject to cost and delays. The Fund, along with other affiliated investment companies, may utilize a joint trading account for the purpose of entering into repurchase agreements.

4. Foreign Currency Translation and Foreign Investments: The books and records of the Fund are maintained in U.S. dollars. Foreign currency amounts are translated into U.S. dollars as follows:

- investments, other assets and liabilities at the prevailing rate of exchange on the valuation date;
- investment transactions and investment income at the prevailing rates of exchange on the dates of such transactions.

Although the net assets of the Fund are presented at the foreign exchange rates and market values at the close of the period, the Fund does not isolate that portion of the results of operations arising as a result of changes in the foreign exchange rates from the fluctuations arising from changes in the market prices of securities held at period end. Similarly, the Fund does not isolate the effect of changes in foreign exchange rates from the fluctuations arising from changes in the market prices of securities sold during the period. Accordingly, realized and unrealized foreign currency gains (losses) on investments in securities are included in the reported net

realized and unrealized gains (losses) on investment transactions and balances. However, pursuant to U.S. federal income tax regulations, gains and losses from certain foreign currency transactions and the foreign currency portion of gains and losses realized on sales and maturities of foreign denominated debt securities are treated as ordinary income for U.S. federal income tax purposes.

Net realized gains (losses) on foreign currency transactions represent net foreign exchange gains (losses) from foreign currency forward exchange contracts, disposition of foreign currencies, currency gains (losses) realized between the trade and settlement dates on securities transactions, and the difference between the amount of investment income and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent amounts actually received or paid. The change in unrealized currency gains (losses) on foreign currency transactions for the period is reflected in the Statement of Operations.

Foreign security and currency transactions may involve certain considerations and risks not typically associated with those of U.S. dollar denominated transactions as a result of, among other factors, fluctuations of exchange rates in relation to the U.S. dollar, the possibility of lower levels of governmental supervision and regulation of foreign securities markets and the possibility of political or economic instability.

Governmental approval for foreign investments may be required in advance of making an investment under certain circumstances in some countries, and the extent of foreign investments in domestic companies may be subject to limitation in other countries. Foreign ownership limitations also may be imposed by the charters of individual companies to prevent, among other concerns, violations of foreign investment limitations. As a result, an additional class of shares (identified as "Foreign" in the Portfolio of Investments) may be created and offered for investment. The "local" and "foreign shares" market values may differ. In the absence of trading of the foreign shares in such markets, the Fund values the foreign shares at the closing exchange price of the local shares.

5. Securities Lending: The Fund lends securities to qualified financial institutions, such as broker-dealers, to earn additional income. Any increase or decrease in the fair

Notes to Financial Statements (cont'd)

value of the securities loaned that might occur and any interest earned or dividends declared on those securities during the term of the loan would remain in the Fund. The Fund would receive cash or securities as collateral in an amount equal to or exceeding 100% of the current fair value of the loaned securities. The collateral is marked-to-market daily by State Street Bank and Trust Company ("State Street"), the securities lending agent, to ensure that a minimum of 100% collateral coverage is maintained.

Based on pre-established guidelines, the securities lending agent invests any cash collateral that is received in an affiliated money market portfolio and repurchase agreements. Securities lending income is generated from the earnings on the invested collateral and borrowing fees, less any rebates owed to the borrowers and compensation to the lending agent, and is recorded as "Income from Securities Loaned — Net" in the Fund's Statement of Operations. Risks in securities lending transactions are that a borrower may not provide additional collateral when required or return the securities when due, and that the value of the short-term investments will be less than the amount of cash collateral plus any rebate that is required to be returned to the borrower.

The Fund has the right under the securities lending agreement to recover the securities from the borrower on demand.

The following table presents financial instruments that are subject to enforceable netting arrangements as of December 31, 2021:

Gross Amounts Not Offset in the Statement of Assets and Liabilities			
Gross Asset Amounts Presented in the Statement of Assets and Liabilities (000)	Financial Instrument (000)	Collateral Received (000)	Net Amount (not less than \$0) (000)
\$273(a)	\$—	\$(273)(b)(c)	\$0

(a) Represents market value of loaned securities at year end.

(b) The Fund received cash collateral of approximately \$143,000, of which approximately \$143,000 was subsequently invested in Repurchase Agreements and Morgan Stanley Institutional Liquidity Funds as reported in the Portfolio of Investments. As of December 31, 2021, there was uninvested cash of less than \$500, which is not reflected in the Portfolio of Investments. In addition, the Fund received non-cash collateral of approximately \$163,000 in the form of U.S. Government obligations, which the Fund cannot sell or repledge, and accordingly are not reflected in the Portfolio of Investments.

(c) The actual collateral received is greater than the amount shown here due to overcollateralization.

FASB ASC 860, "Transfers & Servicing: Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures", is intended to provide increased transparency about the types of collateral pledged in securities lending transactions and other similar transactions that are accounted for as secured borrowing.

The following table displays a breakdown of transactions accounted for as secured borrowings, the gross obligations by class of collateral pledged and the remaining contractual maturity of those transactions as of December 31, 2021:

	Remaining Contractual Maturity of the Agreements				Total (000)
	Overnight and Continuous (000)	<30 days (000)	Between 30 & 90 days (000)	>90 days (000)	
Securities Lending Transactions					
Common Stocks	\$143	\$—	\$—	\$—	\$143
Total Borrowings	\$143	\$—	\$—	\$—	\$143
Gross amount of recognized liabilities for securities lending transactions					\$143

6. Unfunded Commitments: Subject to the terms of a Subscription Agreement between the Fund and Exeter Industrial Value Fund LP, the Fund has made a subscription commitment of \$2,000,000 for which it will receive 2,000,000 shares of common stock. As of December 31, 2021, Exeter Industrial Value Fund LP has drawn down approximately \$1,860,000, which represents 93.0% of the commitment.

7. Restricted Securities: The Fund invests in unregistered or otherwise restricted securities. The term "restricted securities" refers to securities that are unregistered or are held by control persons of the issuer and securities that are subject to contractual restrictions on their resale. As a result, restricted securities may be more difficult to value and the Fund may have difficulty disposing of such assets either in a timely manner or for a reasonable price. In order to dispose of an unregistered security, the Fund, where it has contractual rights to do so, may have to cause such security to be registered. A considerable period may elapse between the time the decision is made to sell the security and the time the security is registered so that the Fund can sell it. Contractual restrictions on the resale of securities vary in length and scope and are generally the result of a negotiation between the issuer and the acquirer of the securities. The Fund would, in either case, bear market

Notes to Financial Statements (cont'd)

risks during that period. Restricted securities are identified in the Portfolio of Investments.

8. Indemnifications: The Company enters into contracts that contain a variety of indemnifications. The Company's maximum exposure under these arrangements is unknown. However, the Company has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

9. Dividends and Distributions to Shareholders: Dividends and distributions to shareholders are recorded on the ex-dividend date. Dividends from net investment income, if any, are declared and paid annually. Net realized capital gains, if any, are distributed at least annually.

10. Security Transactions, Income and Expenses: Security transactions are accounted for on the trade date (date the order to buy or sell is executed). Realized gains and losses on the sale of investment securities are determined on the specific identified cost method. Dividend income and other distributions are recorded on the ex-dividend date (except for certain foreign dividends which may be recorded as soon as the Fund is informed of such dividends) net of applicable withholding taxes. Non-cash dividends received in the form of stock, if any, are recognized on the ex-dividend date and recorded as non-cash dividend income at fair value. Interest income is recognized on the accrual basis net of applicable withholding taxes except where collection is in doubt. Discounts are accreted and premiums are amortized over the life of the respective securities. Most expenses of the Company can be directly attributed to a particular Fund. Expenses which cannot be directly attributed are apportioned among the Funds based upon relative net assets or other appropriate methods. Income, expenses (other than class specific expenses — distribution and shareholder services, transfer agency and sub transfer agency fees) and realized and unrealized gains or losses are allocated to each class of shares based upon their relative net assets.

The Fund owns shares of REITs which report information on the source of their distributions annually in the following calendar year. A portion of distributions received from REITs during the year is estimated to be a return of capital and is recorded as a reduction of their cost.

B. Advisory/Sub-Advisory Fees: The Adviser, a wholly-owned subsidiary of Morgan Stanley, provides the Fund with advisory services under the terms of an Investment Advisory

Agreement, paid quarterly, at the annual rate based on the daily net assets as follows:

First \$2 billion	Over \$2 billion
0.80%	0.75%

For the year ended December 31, 2021, the advisory fee rate (net of waiver/rebate) was equivalent to an annual effective rate of 0.62% of the Fund's average daily net assets.

The Adviser has agreed to reduce its advisory fee and/or reimburse the Fund so that total annual Fund operating expenses, excluding certain investment related expenses, taxes, interest and other extraordinary expenses (including litigation), will not exceed 1.00% for Class I shares, 1.35% for Class A shares, 1.85% for Class L shares, 2.10% for Class C shares, 0.94% for Class IS shares and 0.94% for Class IR shares. The fee waivers and/or expense reimbursements will continue for at least one year from the date of the Fund's prospectus or until such time that the Directors act to discontinue all or a portion of such waivers and/or reimbursements when they deem such action is appropriate. For the year ended December 31, 2021, approximately \$280,000 of advisory fees were waived and approximately \$30,000 of other expenses were reimbursed by the Adviser pursuant to this arrangement.

The Adviser has entered into Sub-Advisory Agreements with the Sub-Advisers, each a wholly-owned subsidiary of Morgan Stanley. The Sub-Advisers provide the Fund with advisory services subject to the overall supervision of the Adviser and the Company's Officers and Directors. The Adviser pays the Sub-Advisers on a monthly basis a portion of the net advisory fees the Adviser receives from the Fund.

C. Administration Fees: The Adviser also serves as Administrator to the Company and provides administrative services pursuant to an Administration Agreement for an annual fee, accrued daily and paid monthly, of 0.08% of the Fund's average daily net assets.

Under a Sub-Administration Agreement between the Administrator and State Street Bank and Trust Company ("State Street"), State Street provides certain administrative services to the Company. For such services, the Administrator pays State Street a portion of the fee the Administrator receives from the Fund.

D. Distribution and Shareholder Services Fees: Morgan Stanley Distribution, Inc. ("MSDI" or the "Distributor"), a wholly-owned subsidiary of the Adviser and an indirect subsidiary of Morgan Stanley, serves as the Company's

Notes to Financial Statements (cont'd)

Distributor of Fund shares pursuant to a Distribution Agreement. The Company has adopted a Shareholder Services Plan with respect to Class A shares pursuant to Rule 12b-1 under the Act. Under the Shareholder Services Plan, the Fund pays the Distributor a shareholder services fee, accrued daily and paid monthly, at an annual rate of 0.25% of the Fund's average daily net assets attributable to Class A shares.

The Company has adopted a Distribution and Shareholder Services Plan with respect to Class L shares pursuant to Rule 12b-1 under the Act. Under the Distribution and Shareholder Services Plan, the Fund pays the Distributor a distribution fee, accrued daily and paid monthly, at an annual rate of 0.50% and a shareholder services fee, accrued daily and paid monthly, at an annual rate of 0.25% of the Fund's average daily net assets attributable to Class L shares.

The Company has adopted a Distribution and Shareholder Services Plan with respect to Class C shares pursuant to Rule 12b-1 under the Act. Under the Distribution and Shareholder Services Plan, the Fund pays the Distributor a distribution fee, accrued daily and paid monthly, at an annual rate of 0.75% and a shareholder services fee, accrued daily and paid monthly, at an annual rate of 0.25% of the Fund's average daily net assets attributable to Class C shares.

The distribution and shareholder services fees are used to support the expenses associated with servicing and maintaining accounts. The Distributor may compensate other parties for providing shareholder support services to investors who purchase Class A, Class L and Class C shares.

E. Dividend Disbursing and Transfer Agent: The Company's dividend disbursing and transfer agent is DST Asset Manager Solutions, Inc. ("DST"). Pursuant to a Transfer Agency Agreement, the Company pays DST a fee based on the number of classes, accounts and transactions relating to the Funds of the Company.

F. Custodian Fees: State Street (the "Custodian") also serves as Custodian for the Company in accordance with a Custodian Agreement. The Custodian holds cash, securities and other assets of the Company as required by the Act. Custody fees are payable monthly based on assets held in custody, investment purchases and sales activity and account maintenance fees, plus reimbursement for certain out-of-pocket expenses.

G. Security Transactions and Transactions with Affiliates: For the year ended December 31, 2021, purchases and sales of investment securities for the Fund, other than

long-term U.S. Government securities and short-term investments were approximately \$211,212,000 and \$461,765,000, respectively. There were no purchases and sales of long-term U.S. Government securities for the year ended December 31, 2021.

The Fund invests in the Institutional Class of the Morgan Stanley Institutional Liquidity Funds — Treasury Portfolio (the "Liquidity Funds"), an open-end management investment company managed by the Adviser, both directly and as a portion of the securities held as collateral on loaned securities. Advisory fees paid by the Fund are reduced by an amount equal to its pro-rata share of the advisory and administration fees paid by the Fund due to its investment in the Liquidity Funds. For the year ended December 31, 2021, advisory fees paid were reduced by approximately \$1,000 relating to the Fund's investment in the Liquidity Funds.

A summary of the Fund's transactions in shares of affiliated investments during the year ended December 31, 2021 is as follows:

Affiliated Investment Company	Value December 31, 2020 (000)	Purchases at Cost (000)	Proceeds from Sales (000)	Dividend Income (000)
Liquidity Funds	\$5,325	\$42,488	\$47,554	\$—@

Affiliated Investment Company (cont'd)	Realized Gain (Loss) (000)	Change in Unrealized Appreciation (Depreciation) (000)	Value December 31, 2021 (000)
Liquidity Funds	\$—	\$—	\$259

@ Amount is less than \$500.

The Fund is permitted to purchase and sell securities ("cross-trade") from and to other Morgan Stanley funds as well as other funds and client accounts for which the Adviser or an affiliate of the Adviser serves as investment adviser, pursuant to procedures approved by the Directors in compliance with Rule 17a-7 under the Act (the "Rule"). Each cross-trade is executed at the current market price in compliance with provisions of the Rule. For the year ended December 31, 2021, the Fund did not engage in any cross-trade transactions.

The Fund has an unfunded Deferred Compensation Plan (the "Compensation Plan"), which allows each independent Director to defer payment of all, or a portion, of the fees he or she receives for serving on the Board of Directors. Each eligible Director generally may elect to have the deferred amounts credited with a return equal to the total return on one or more of the Morgan Stanley funds that are offered as investment options

Notes to Financial Statements (cont'd)

under the Compensation Plan. Appreciation/depreciation and distributions received from these investments are recorded with an offsetting increase/decrease in the deferred compensation obligation and do not affect the NAV of the Fund.

H. Federal Income Taxes: It is the Fund's intention to continue to qualify as a regulated investment company and distribute all of its taxable and tax-exempt income. Accordingly, no provision for federal income taxes is required in the financial statements.

The Fund may be subject to taxes imposed by countries in which it invests. Such taxes are generally based on income and/or capital gains earned or repatriated. Taxes are accrued based on net investment income, net realized gains and net unrealized appreciation as such income and/or gains are earned. Taxes may also be based on transactions in foreign currency and are accrued based on the value of investments denominated in such currency.

FASB ASC 740-10, "Income Taxes — Overall", sets forth a minimum threshold for financial statement recognition of the benefit of a tax position taken or expected to be taken in a tax return. Management has concluded there are no significant uncertain tax positions that would require recognition in the financial statements. If applicable, the Fund recognizes interest accrued related to unrecognized tax benefits in "Interest Expense" and penalties in "Other Expenses" in the Statement of Operations. The Fund files tax returns with the U.S. Internal Revenue Service, New York and various states. Generally, each of the tax years in the four-year period ended December 31, 2021 remains subject to examination by taxing authorities.

The tax character of distributions paid may differ from the character of distributions shown for GAAP purposes due to short-term capital gains being treated as ordinary income for tax purposes. The tax character of distributions paid during fiscal years 2021 and 2020 was as follows:

2021 Distributions Paid From:		2020 Distributions Paid From:	
Ordinary Income (000)	Long-Term Capital Gain (000)	Ordinary Income (000)	Long-Term Capital Gain (000)
\$18,710	\$7,102	\$4,300	\$3,129

The amount and character of income and gains to be distributed are determined in accordance with income tax regulations which may differ from GAAP. These book/tax differences are either considered temporary or permanent in nature.

Temporary differences are attributable to differing book and tax treatments for the timing of the recognition of gains (losses) on certain investment transactions and the timing of the deductibility of certain expenses.

Permanent differences, due to equalization debits, resulted in the following reclassifications among the components of net assets at December 31, 2021:

Total Distributable Earnings (000)	Paid-in- Capital (000)
\$(11,586)	\$11,586

At December 31, 2021, the components of distributable earnings for the Fund on a tax basis were as follows:

Undistributed Ordinary Income (000)	Undistributed Long-Term Capital Gain (000)
\$6,923	\$3,795

During the year ended December 31, 2021, the Fund utilized capital loss carryforwards for U.S. federal income taxes purposes of approximately \$25,926,000.

I. Credit Facility: The Company and other Morgan Stanley funds participated in a \$300,000,000 committed, unsecured revolving line of credit facility (the "Facility") with State Street. This Facility is to be used for temporary emergency purposes or funding of shareholder redemption requests. The interest rate on borrowings is based on the federal funds rate or 1 month LIBOR rate plus a spread. Effective April 19, 2021, the interest rate on borrowings is based on the federal funds effective rate or overnight bank funding rate plus a spread. The Facility also has a commitment fee of 0.25% per annum based on the unused portion of the Facility. During the year ended December 31, 2021, the Fund did not have any borrowings under the Facility.

J. Other: At December 31, 2021, the Fund had record owners of 10% or greater. Investment activities of these shareholders could have a material impact on the Fund. The aggregate percentage of such owners was 57.4%.

K. Market Risk: The outbreak of the coronavirus ("COVID-19") and the recovery responses could adversely impact the operations of the Fund and its service providers and financial performance of the Fund and the Fund's investments. The extent of such impact depends on future developments, including (i) the duration and spread of the outbreak, (ii) the restrictions and advisories, (iii) the effects on the financial markets, (iv) government and regulatory responses, and (v) the effects on the economy overall as a result of developments such

Notes to Financial Statements (cont'd)

as disruption to consumer demand, economic output and supply chains. The duration and extent of COVID-19 and associated economic and market conditions and uncertainty over the long term cannot be reasonably estimated at this time. The ultimate impact of COVID-19 and the extent to which the associated conditions impact the Fund will also depend on future developments, which are highly uncertain, difficult to accurately predict and subject to change at any time. If the financial performance of the Fund's investments is impacted because of these factors for an extended period, the Fund's investment results may be adversely affected.

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of
Morgan Stanley Institutional Fund, Inc. —
Global Real Estate Portfolio

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of Global Real Estate Portfolio (the “Fund”) (one of the funds constituting Morgan Stanley Institutional Fund, Inc. (the “Company”)), including the portfolio of investments, as of December 31, 2021, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period ended, the financial highlights for each of the five years in the period ended and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of Global Real Estate Portfolio (one of the funds constituting Morgan Stanley Institutional Fund, Inc.) at December 31, 2021, the results of its operations for the year then ended and the changes in its net assets for each of the two years in the period ended and its financial highlights for each of the five years in the period ended, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Fund’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities law and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of the Company’s internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2021 by correspondence with the custodian and others or by other appropriate auditing procedures where replies from others were not received. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Ernst + Young LLP

We have served as the auditor of one or more Morgan Stanley investment companies since 2000.

Boston, Massachusetts

February 28, 2022

Liquidity Risk Management Program (unaudited)

In compliance with Rule 22e-4 under the Investment Company Act of 1940, as amended (the “Liquidity Rule”), the Fund has adopted and implemented a liquidity risk management program (the “Program”), which is reasonably designed to assess and manage the risk that the Fund could not meet requests to redeem shares issued by the Fund without significant dilution of remaining investors’ interests in the Fund (i.e., liquidity risk). The Fund’s Board of Directors (the “Board”) previously approved the designation of the Liquidity Risk Subcommittee (the “LRS”) as Program administrator. The LRS is comprised of representatives from various divisions within Morgan Stanley Investment Management.

At a meeting held on March 3-4, 2021, the Board reviewed a written report prepared by the LRS that addressed the Program’s operation and assessed its adequacy, and effectiveness of implementation for the period from January 1, 2020, through December 31, 2020, as required under the Liquidity Rule, and discussed the impact of the COVID-19 pandemic on liquidity and the LRS’s assessment of liquidity risk during the reporting period, including during the distressed market environment caused by the onset of the COVID-19 pandemic. The report concluded that the Program operated effectively and was adequately and effectively implemented in all material aspects, and that the relevant controls and safeguards were appropriately designed to enable the LRS to administer the Program in compliance with the Liquidity Rule.

In accordance with the Program, the LRS assessed each Fund’s liquidity risk no less frequently than annually taking into consideration certain factors, as applicable, such as (i) investment strategy and liquidity of portfolio investments, (ii) short-term and long-term cash flow projections and (iii) holdings of cash and cash equivalents and borrowing arrangements and other funding sources. Certain factors are considered under both normal and reasonably foreseeable stressed conditions.

Each Fund portfolio investment is classified into one of four liquidity categories, which classification is assessed at least monthly by the LRS. The classification is based on a determination of the number of days it is reasonably expected to take to convert the investment into cash, or sell or dispose of the investment, in current market conditions without significantly changing the market value of the investment. Liquidity classification determinations take into account various market, trading and investment-specific considerations, as well as market depth, and in some cases utilize third-party vendor data.

The Liquidity Rule limits a fund’s investments in illiquid investments to 15% of its net assets and requires funds that do not primarily hold assets that are highly liquid investments to determine and maintain a minimum percentage of the fund’s net assets to be invested in highly liquid investments (highly liquid investment minimum or “HLIM”). The LRS believes that the Program includes provisions reasonably designed to review, monitor and comply with the 15% limit on illiquid investments and for determining, periodically reviewing and complying with the HLIM requirement, as applicable.

There can be no assurance that the Program will achieve its objectives under all circumstances in the future. Please refer to the Fund’s prospectus for more information regarding the Fund’s exposure to liquidity risk and other risks to which it may be subject.

Federal Tax Notice (unaudited)

For federal income tax purposes, the following information is furnished with respect to the distributions paid by the Fund during its taxable year ended December 31, 2021.

The Fund designated and paid approximately \$16,816,000 as a long-term capital gain distribution.

The Fund designated approximately \$3,318,000 of its distributions paid as qualified business income.

For federal income tax purposes, the following information is furnished with respect to the Fund's earnings for its taxable year ended December 31, 2021. When distributed, certain earnings may be subject to a maximum tax rate of 15% as provided for by the Jobs and Growth Tax Relief Reconciliation Act of 2003. The Fund designated up to a maximum of approximately \$2,174,000 as taxable at this lower rate.

In January, the Fund provides tax information to shareholders for the preceding calendar year.

U.S. Customer Privacy Notice (unaudited)

April 2021

FACTS**WHAT DOES MSIM DO WITH YOUR PERSONAL INFORMATION?****Why?**

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

What?

The types of personal information we collect and share depend on the product or service you have with us. This information can include:

- Social Security number and income
- investment experience and risk tolerance
- checking account number and wire transfer instructions

How?

All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons MSIM chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does MSIM share?	Can you limit this sharing?
For our everyday business purposes — such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes — to offer our products and services to you	Yes	No
For joint marketing with other financial companies	No	We don't share
For our investment management affiliates' everyday business purposes — information about your transactions, experiences, and creditworthiness	Yes	Yes
For our affiliates' everyday business purposes — information about your transactions and experiences	Yes	No
For our affiliates' everyday business purposes — information about your creditworthiness	No	We don't share
For our investment management affiliates to market to you	Yes	Yes
For our affiliates to market to you	No	We don't share
For non-affiliates to market to you	No	We don't share

U.S. Customer Privacy Notice (unaudited) (cont'd)

April 2021

To limit our sharing	<p>Call toll-free (844) 312-6327 or email: imprivacyinquiries@morganstanley.com</p> <p>Please note: If you are a <i>new</i> customer, we can begin sharing your information 30 days from the date we sent this notice. When you are <i>no longer</i> our customer, we continue to share your information as described in this notice. However, you can contact us at any time to limit our sharing.</p>
Questions?	Call toll-free (844) 312-6327 or email: imprivacyinquiries@morganstanley.com
Who we are	
Who is providing this notice?	Morgan Stanley Investment Management Inc. and its investment management affiliates ("MSIM") (see Investment Management Affiliates definition below)
What we do	
How does MSIM protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings. We have policies governing the proper handling of customer information by personnel and requiring third parties that provide support to adhere to appropriate security standards with respect to such information.
How does MSIM collect my personal information?	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> ■ open an account or make deposits or withdrawals from your account ■ buy securities from us or make a wire transfer ■ give us your contact information <p>We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.</p>
Why can't I limit all sharing?	<p>Federal law gives you the right to limit only</p> <ul style="list-style-type: none"> ■ sharing for affiliates' everyday business purposes — information about your creditworthiness ■ affiliates from using your information to market to you ■ sharing for non-affiliates to market to you <p>State laws and individual companies may give you additional rights to limit sharing. See below for more on your rights under state law.</p>

U.S. Customer Privacy Notice (unaudited) (cont'd)

April 2021

Definitions	
Investment Management Affiliates	MSIM Investment Management Affiliates include registered investment advisers, registered broker-dealers, and registered and unregistered funds in the Investment Management Division. Investment Management Affiliates does not include entities associated with Morgan Stanley Wealth Management, such as Morgan Stanley Smith Barney LLC and Morgan Stanley & Co.
Affiliates	Companies related by common ownership or control. They can be financial and non-financial companies. ■ <i>Our affiliates include companies with a Morgan Stanley name and financial companies such as Morgan Stanley Smith Barney LLC and Morgan Stanley & Co.</i>
Non-affiliates	Companies not related by common ownership or control. They can be financial and non-financial companies. ■ <i>MSIM does not share with non-affiliates so they can market to you.</i>
Joint marketing	A formal agreement between non-affiliated financial companies that together market financial products or services to you. ■ <i>MSIM doesn't jointly market</i>
Other important information	
<p>Vermont: Except as permitted by law, we will not share personal information we collect about Vermont residents with Non-affiliates unless you provide us with your written consent to share such information.</p> <p>California: Except as permitted by law, we will not share personal information we collect about California residents with Non-affiliates and we will limit sharing such personal information with our Affiliates to comply with California privacy laws that apply to us.</p>	

Director and Officer Information (unaudited)

Independent Directors:

Name, Address and Birth Year of Independent Director	Position(s) Held with Registrant	Length of Time Served*	Principal Occupation(s) During Past 5 Years and Other Relevant Professional Experience	Number of Funds in Fund Complex Overseen by Independent Director**	Other Directorships Held by Independent Director During Past 5 Years***
Frank L. Bowman c/o Perkins Coie LLP Counsel to the Independent Directors 1155 Avenue of the Americas 22nd Floor New York, NY 10036 Birth Year: 1944	Director	Since August 2006	President, Strategic Decisions, LLC (consulting) (since February 2009); Director or Trustee of various Morgan Stanley Funds (since August 2006); Chairperson of the Compliance and Insurance Committee (since October 2015); formerly, Chairperson of the Insurance Sub-Committee of the Compliance and Insurance Committee (2007-2015); served as President and Chief Executive Officer of the Nuclear Energy Institute (policy organization) (February 2005-November 2008); retired as Admiral, U.S. Navy after serving over 38 years on active duty including 8 years as Director of the Naval Nuclear Propulsion Program in the Department of the Navy and the U.S. Department of Energy (1996-2004); served as Chief of Naval Personnel (July 1994-September 1996) and on the Joint Staff as Director of Political Military Affairs (June 1992-July 1994); knighted as Honorary Knight Commander of the Most Excellent Order of the British Empire; awarded the Officier de l'Ordre National du Mérite by the French Government; elected to the National Academy of Engineering (2009).	77	Director of Naval and Nuclear Technologies LLP; Director Emeritus of the Armed Services YMCA; Member of the National Security Advisory Council of the Center for U.S. Global Engagement and a member of the CNA Military Advisory Board; Chairman of Fairhaven United Methodist Church; Member of the Board of Advisors of the Dolphin Scholarship Foundation; Director of other various nonprofit organizations; formerly, Director of BP, plc (November 2010-May 2019).
Kathleen A. Dennis c/o Perkins Coie LLP Counsel to the Independent Directors 1155 Avenue of the Americas 22nd Floor New York, NY 10036 Birth Year: 1953	Director	Since August 2006	Chairperson of the Governance Committee (since January 2021), Chairperson of the Liquidity and Alternatives Sub-Committee of the Investment Committee (2006-2020) and Director or Trustee of various Morgan Stanley Funds (since August 2006); President, Cedarwood Associates (mutual fund and investment management consulting) (since July 2006); formerly, Senior Managing Director of Victory Capital Management (1993-2006).	77	Board Member, University of Albany Foundation (2012-present); Board Member, Mutual Funds Directors Forum (2014-present); Director of various non-profit organizations.
Nancy C. Everett c/o Perkins Coie LLP Counsel to the Independent Directors 1155 Avenue of the Americas 22nd Floor New York, NY 10036 Birth Year: 1955	Director	Since January 2015	Chairperson of the Equity Investment Committee (since January 2021); Director or Trustee of various Morgan Stanley Funds (since January 2015); Chief Executive Officer, Virginia Commonwealth University Investment Company (since November 2015); Owner, OBIR, LLC (institutional investment management consulting) (since June 2014); formerly, Managing Director, BlackRock, Inc. (February 2011-December 2013) and Chief Executive Officer, General Motors Asset Management (a/k/a Promark Global Advisors, Inc.) (June 2005-May 2010).	78	Formerly, Member of Virginia Commonwealth University School of Business Foundation (2005-2016); Member of Virginia Commonwealth University Board of Visitors (2013-2015); Member of Committee on Directors for Emerging Markets Growth Fund, Inc. (2007-2010); Chairperson of Performance Equity Management, LLC (2006-2010); and Chairperson, GMAM Absolute Return Strategies Fund, LLC (2006-2010).

Director and Officer Information (unaudited) (cont'd)

Independent Directors (cont'd):

Name, Address and Birth Year of Independent Director	Position(s) Held with Registrant	Length of Time Served*	Principal Occupation(s) During Past 5 Years and Other Relevant Professional Experience	Number of Funds in Fund Complex Overseen by Independent Director**	Other Directorships Held by Independent Director During Past 5 Years***
Jakki L. Haussler c/o Perkins Coie LLP Counsel to the Independent Directors 1155 Avenue of the Americas 22nd Floor New York, NY 10036 Birth Year: 1957	Director	Since January 2015	Director or Trustee of various Morgan Stanley Funds (since January 2015); Chairman, Opus Capital Group (since 1996); formerly, Chief Executive Officer, Opus Capital Group (1996-2019); Director, Capvest Venture Fund, LP (May 2000-December 2011); Partner, Adena Ventures, LP (July 1999-December 2010); Director, The Victory Funds (February 2005-July 2008).	78	Director, Barnes Group Inc. (since July 2021); Director of Cincinnati Bell Inc. and Member, Audit Committee and Chairman, Governance and Nominating Committee; Director of Service Corporation International and Member, Audit Committee and Investment Committee; Director of Northern Kentucky University Foundation and Member, Investment Committee; Member of Chase College of Law Transactional Law Practice Center Board of Advisors; Director of Best Transport; Director of Chase College of Law Board of Visitors; formerly, Member, University of Cincinnati Foundation Investment Committee; Member, Miami University Board of Visitors (2008-2011); Trustee of Victory Funds (2005-2008) and Chairman, Investment Committee (2007-2008) and Member, Service Provider Committee (2005-2008).
Dr. Manuel H. Johnson c/o Johnson Smick International, Inc. 220 I Street, NE Suite 200 Washington, D.C. 20002 Birth Year: 1949	Director	Since July 1991	Senior Partner, Johnson Smick International, Inc. (consulting firm); Chairperson of the Fixed Income, Liquidity and Alternatives Investment Committee (since January 2021), Chairperson of the Investment Committee (2006-2020) and Director or Trustee of various Morgan Stanley Funds (since July 1991); Co-Chairman and a founder of the Group of Seven Council (G7C) (international economic commission); formerly, Chairperson of the Audit Committee (July 1991-September 2006); Vice Chairman of the Board of Governors of the Federal Reserve System and Assistant Secretary of the U.S. Treasury.	77	Director of NVR, Inc. (home construction).

Director and Officer Information (unaudited) (cont'd)

Independent Directors (cont'd):

Name, Address and Birth Year of Independent Director	Position(s) Held with Registrant	Length of Time Served*	Principal Occupation(s) During Past 5 Years and Other Relevant Professional Experience	Number of Funds in Fund Complex Overseen by Independent Director**	Other Directorships Held by Independent Director During Past 5 Years***
Joseph J. Kearns c/o Perkins Coie LLP Counsel to the Independent Directors 1155 Avenue of the Americas 22nd Floor New York, NY 10036 Birth Year: 1942	Director	Since August 1994	Senior Adviser, Kearns & Associates LLC (investment consulting); Chairperson of the Audit Committee (since October 2006) and Director or Trustee of various Morgan Stanley Funds (since August 1994); formerly, Deputy Chairperson of the Audit Committee (July 2003-September 2006) and Chairperson of the Audit Committee of various Morgan Stanley Funds (since August 1994); CFO of the J. Paul Getty Trust (1982-1999).	78	Director, Rubicon Investments (since February 2019); Prior to August 2016, Director of Electro Rent Corporation (equipment leasing); Prior to December 31, 2013, Director of The Ford Family Foundation.
Michael F. Klein c/o Perkins Coie LLP Counsel to the Independent Directors 1155 Avenue of the Americas 22nd Floor New York, NY 10036 Birth Year: 1958	Director	Since August 2006	Chairperson of the Risk Committee (since January 2021); Managing Director, Aetos Alternatives Management, LP (since March 2000); Co-President, Aetos Alternatives Management, LP (since January 2004) and Co-Chief Executive Officer of Aetos Alternatives Management, LP (since August 2013); Chairperson of the Fixed Income Sub-Committee of the Investment Committee (2006-2020) and Director or Trustee of various Morgan Stanley Funds (since August 2006); formerly, Managing Director, Morgan Stanley & Co. Inc. and Morgan Stanley Dean Witter Investment Management and President, various Morgan Stanley Funds (June 1998-March 2000); Principal, Morgan Stanley & Co. Inc. and Morgan Stanley Dean Witter Investment Management (August 1997-December 1999).	77	Director of certain investment funds managed or sponsored by Aetos Alternatives Management, LP; Director of Sanitized AG and Sanitized Marketing AG (specialty chemicals).
Patricia A. Maleski c/o Perkins Coie LLP Counsel to the Independent Directors 1155 Avenue of the Americas 22nd Floor New York, NY 10036 Birth Year: 1960	Director	Since January 2017	Director or Trustee of various Morgan Stanley Funds (since January 2017); Managing Director, JPMorgan Asset Management (2004-2016); Oversight and Control Head of Fiduciary and Conflicts of Interest Program (2015-2016); Chief Control Officer — Global Asset Management (2013-2015); President, JPMorgan Funds (2010-2013); Chief Administrative Officer (2004-2013); various other positions including Treasurer and Board Liaison (since 2001).	78	Trustee, Nutley Family Service Bureau, Inc. (since January 2022).
W. Allen Reed c/o Perkins Coie LLP Counsel to the Independent Directors 1155 Avenue of the Americas 22nd Floor New York, NY 10036 Birth Year: 1947	Chair of the Board and Director	Chair of the Board since August 2020 and Director since August 2006	Chair of the Boards of various Morgan Stanley Funds (since August 2020); Director or Trustee of various Morgan Stanley Funds (since August 2006); formerly, Vice Chair of the Boards of various Morgan Stanley Funds (January 2020-August 2020); President and Chief Executive Officer of General Motors Asset Management; Chairman and Chief Executive Officer of the GM Trust Bank and Corporate Vice President of General Motors Corporation (August 1994-December 2005).	77	Formerly, Director of Legg Mason, Inc. (2006-2019); and Director of the Auburn University Foundation (2010-2015).

Director and Officer Information (unaudited) (cont'd)

Independent Directors (cont'd):

Name, Address and Birth Year of Independent Director	Position(s) Held with Registrant	Length of Time Served*	Principal Occupation(s) During Past 5 Years and Other Relevant Professional Experience	Number of Funds in Fund Complex Overseen by Independent Director**	Other Directorships Held by Independent Director During Past 5 Years***
Frances L. Cashman c/o Perkins Coie LLP Counsel to the Independent Directors 1155 Avenue of the Americas 22nd Floor New York, NY 10036 Birth Year: 1961	Advisory Board Member	Advisory Board Member Since January 2022	Chief Executive Officer, Asset Management Division, Euromoney Institutional Investor PLC (financial information) (May 2021-Present); Executive Vice President and various other roles, Legg Mason & Co. (asset management) (2010-2020); Managing Director, Stifel Nicolaus (2005-2010).	78	Trustee and Investment Committee Member, Georgia Tech Foundation (Since June 2019); Trustee and Chair of Marketing Committee, Loyola Blakefield (Since September 2017); Trustee, MMI Gateway Foundation (since September 2017); Director and Investment Committee Member, Catholic Community Foundation Board (2012-2018); Director and Investment Committee Member, St. Ignatius Loyola Academy (2011-2017).
Eddie A. Grier c/o Perkins Coie LLP Counsel to the Independent Directors 1155 Avenue of the Americas 22nd Floor New York, NY 10036 Birth Year: 1955	Advisory Board Member	Advisory Board Member Since January 2022	Dean, Santa Clara University Leavey School of Business (since April 2021); Dean, Virginia Commonwealth University School of Business (2010-2021); President and various other roles, Walt Disney Company (entertainment and media) (1981-2010).	78	Director, Witt/Kieffer, Inc. (executive search) (since 2016); Director, NuStar GP, LLC (energy) (since August 2021); Director, Sonida Senior Living, Inc. (residential community operator) (2016-2021); Director, NVR, Inc. (homebuilding) (2013-2020); Director, Middleburg Trust Company (wealth management) (2014-2019); Director, Colonial Williamsburg Company (since 2012); Regent, University of Massachusetts Global (since 2021); Director and Chair, ChildFund International (2012-2021); Trustee, Brandman University (2010-2021); Director, Richmond Forum (2012-2019).

* This is the earliest date the Director began serving the Morgan Stanley Funds. Each Director serves an indefinite term, until his or her successor is elected.

** The Fund Complex includes (as of December 31, 2021) all open-end and closed-end funds (including all of their portfolios) advised by Morgan Stanley Investment Management Inc. (the "Adviser") and any funds that have an adviser that is an affiliated person of the Adviser (including, but not limited to, Morgan Stanley AIP GP LP).

*** This includes any directorships at public companies and registered investment companies held by the Director at any time during the past five years.

Director and Officer Information (unaudited) (cont'd)

Executive Officers:

Name, Address and Birth Year of Executive Officer	Position(s) Held with Registrant	Length of Time Served*	Principal Occupation(s) During Past 5 Years
John H. Gernon 522 Fifth Avenue New York, NY 10036 Birth Year: 1963	President and Principal Executive Officer	Since September 2013	President and Principal Executive Officer of the Equity and Fixed Income Funds and the Morgan Stanley AIP Funds (since September 2013) and the Liquidity Funds and various money market funds (since May 2014) in the Fund Complex; Managing Director of the Adviser.
Deidre A. Downes 1633 Broadway New York, NY 10019 Birth Year: 1977	Chief Compliance Officer	Since November 2021	Executive Director of the Adviser (since January 2021) and Chief Compliance Officer of various Morgan Stanley Funds (since November 2021). Formerly, Vice President and Corporate Counsel at PGIM and Prudential Financial (October 2016-December 2020).
Francis J. Smith 522 Fifth Avenue New York, NY 10036 Birth Year: 1965	Treasurer and Principal Financial Officer	Treasurer since July 2003 and Principal Financial Officer since September 2002	Managing Director of the Adviser and various entities affiliated with the Adviser; Treasurer (since July 2003) and Principal Financial Officer of various Morgan Stanley Funds (since September 2002).
Mary E. Mullin 1633 Broadway New York, NY 10019 Birth Year: 1967	Secretary	Since June 1999	Managing Director of the Adviser; Secretary of various Morgan Stanley Funds (since June 1999).
Michael J. Key 522 Fifth Avenue New York, NY 10036 Birth Year: 1979	Vice President	Since June 2017	Vice President of the Equity and Fixed Income Funds, Liquidity Funds, various money market funds and the Morgan Stanley AIP Funds in the Fund Complex (since June 2017); Executive Director of the Adviser; Head of Product Development for Equity and Fixed Income Funds (since August 2013).

* This is the earliest date the officer began serving the Morgan Stanley Funds. Each officer serves an indefinite term, until his or her successor is elected.

Adviser and Administrator

Morgan Stanley Investment Management Inc.
522 Fifth Avenue
New York, New York 10036

Sub-Advisers

Morgan Stanley Investment Management Limited
25 Cabot Square, Canary Wharf
London, E14 4QA, England

Morgan Stanley Investment Management Company
23 Church Street
16-01 Capital Square, Singapore 049481

Distributor

Morgan Stanley Distribution, Inc.
522 Fifth Avenue
New York, New York 10036

Dividend Disbursing and Transfer Agent

DST Asset Manager Solutions, Inc.
2000 Crown Colony Drive
Quincy, Massachusetts 02169

Custodian

State Street Bank and Trust Company
One Lincoln Street
Boston, Massachusetts 02111

Legal Counsel

Dechert LLP
1095 Avenue of the Americas
New York, New York 10036

Counsel to the Independent Directors

Perkins Coie LLP
1155 Avenue of the Americas,
22nd Floor
New York, New York 10036

Independent Registered Public Accounting Firm

Ernst & Young LLP
200 Clarendon Street
Boston, Massachusetts 02116

Reporting to Shareholders

Each Morgan Stanley fund provides a complete schedule of portfolio holdings in its Semi-Annual and the Annual Reports within 60 days of the end of the fund's second and fourth fiscal quarters. The Semi-Annual and Annual Reports are filed electronically with the Securities and Exchange Commission ("SEC") on Form N-CSRS and Form N-CSR, respectively. Morgan Stanley also delivers the Semi-Annual and Annual Reports to fund shareholders and makes these reports available on its public website, www.morganstanley.com/im/shareholderreports. Each Morgan Stanley non-money market fund also files a complete schedule of portfolio holdings with the SEC for the fund's first and third fiscal quarters as an attachment to Form N-PORT. Morgan Stanley does not deliver the reports for the first and third fiscal quarters to shareholders, but makes the complete schedule of portfolio holdings for the fund's first and third fiscal quarters available on its public website. The holdings for each money market fund are also posted to the Morgan Stanley public website. You may obtain the Form N-PORT filings (as well as the Form N-CSR and N-CSRS filings) by accessing the SEC's website, www.sec.gov. You can also request copies of these materials, upon payment of a duplicating fee, by electronic request at the SEC's email address (publicinfo@sec.gov).

Proxy Voting Policies and Procedures and Proxy Voting Record

You may obtain a copy of the Company's Proxy Voting Policy and Procedures and information regarding how the Company voted proxies relating to portfolio securities during the most recent twelve-month period ended June 30, without charge, upon request, by calling toll free 1 (800) 548-7786 or by visiting our website at www.morganstanley.com/im/shareholderreports. This information is also available on the SEC's website at www.sec.gov.

This report is authorized for distribution only when preceded or accompanied by a prospectus or summary prospectus of the applicable fund of Morgan Stanley Institutional Fund, Inc., which describes in detail the fund's investment policies, risks, fees and expenses. Please read the prospectus carefully before you invest or send money. For additional information, including information regarding the investments comprising the Fund, please visit our website at www.morganstanley.com/im/shareholderreports or call toll free 1 (800) 548-7786.

Householding Notice

To reduce printing and mailing costs, the Fund attempts to eliminate duplicate mailings to the same address. The Fund delivers a single copy of certain shareholder documents, including shareholder reports, prospectuses and proxy materials, to investors with the same last name who reside at the same address. Your participation in this program will continue for an unlimited period of time unless you instruct us otherwise. You can request multiple copies of these documents by calling (800) 548-7786, 8:00 a.m. to 6:00 p.m., ET. Once our Customer Service Center has received your instructions, we will begin sending individual copies for each account within 30 days.

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Printed in U.S.A.

This Report has been prepared for shareholders and may be distributed to others only if preceded or accompanied by a current prospectus.

Morgan Stanley Investment Management Inc.
522 Fifth Avenue
New York, New York 10036

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Morgan Stanley

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