Morgan Stanley

INVESTMENT MANAGEMENT

Morgan Stanley Institutional Fund, Inc.

International Advantage 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 International Advantage 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,

John H. Gernon
President and Principal Executive Officer

January 2022

Consolidated Expense Example (unaudited)

International Advantage 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**
International Advantage Portfolio Class I	$1,000.00	$1,031.00	$1,020.21	$ 5.07	$ 5.04	0.99%
International Advantage Portfolio Class A	1,000.00	1,029.50	1,018.70	6.60	6.56	1.29
International Advantage Portfolio Class L	1,000.00	1,026.40	1,015.88	9.45	9.40	1.85
International Advantage Portfolio Class C	1,000.00	1,025.70	1,015.22	10.11	10.06	1.98
International Advantage Portfolio Class IS	1,000.00	1,031.60	1,020.77	4.51	4.48	0.88

* 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)
International Advantage Portfolio

The Fund seeks long-term capital appreciation.

Performance

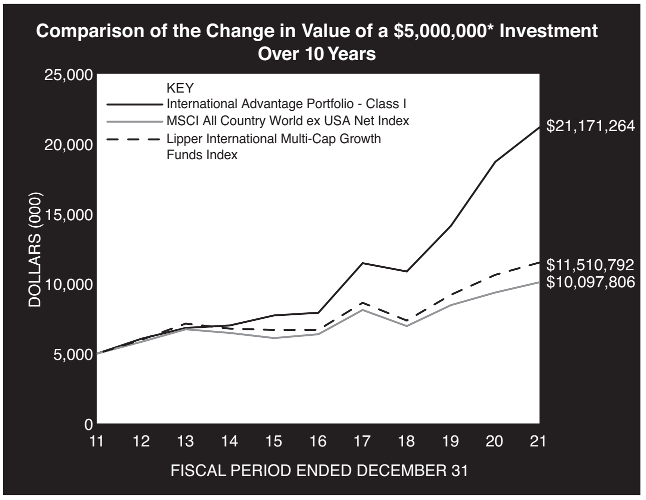
For the fiscal year ended December 31, 2021, the Fund's Class I shares had a total return based on net asset value and reinvestment of distributions per share of 13.16%, net of fees. The Fund's Class I shares outperformed the Fund's benchmark, the MSCI All Country World ex USA Net Index (the "Index"), which returned 7.82%.

Factors Affecting Performance

- International equities advanced during the 12-month period ended December 31, 2021. The move was a result of a general market recovery from the COVID-19- related decline in 2020, as well as optimism following successful COVID-19 vaccine rollouts and reopening efforts in various countries in the first half of the year. Uncertainty pertaining to the discovery of new COVID-19 variants, increasing case numbers, and reimposition of restrictions in various countries in the latter half of the year, as well as new regulatory action by the Chinese government additionally affected markets.
- International equity markets advanced by 7.82% for the 12-month period ended December 31, 2021, as measured by the Index. Our team remained focused on assessing company prospects over a longer-term period of three to five years, and owning a portfolio of high quality companies with diverse business drivers not tied to a particular market environment.
- The team manages concentrated portfolios that are highly differentiated from the benchmark, with securities weighted on our assessment of the quality of the company and our conviction. Our longer-term focus results in lower turnover than many of our peers. The value added or detracted in any period of time will typically result from stock selection, given our philosophy and process. For the 12-month period, the Fund outperformed the Index due to favorable stock selection despite unfavorable sector allocation.
- The Fund's relative performance was primarily driven by our strong stock selection in the information technology, health care and industrials sectors.
- Detracting from relative gains was stock selection in the consumer staples and financials sectors, along with our sector overweight position in consumer discretionary.

Management Strategies

- There were no changes to our bottom-up investment process during the period. The Fund seeks long-term capital appreciation by investing internationally in high-quality established companies that the investment team believes are undervalued at the time of purchase. To achieve its objective, the investment team typically favors companies it believes have sustainable competitive advantages that can be monetized through growth. The investment process integrates analysis of sustainability with respect to disruptive change, financial strength, environmental and social externalities and governance (also referred to as ESG).
- At the close of the period ended December 31, 2021, information technology represented the largest sector weight in the Fund, followed by consumer discretionary and consumer staples. Our bottom-up investment process resulted in sector overweight positions in information technology, consumer discretionary, consumer staples and utilities, and underweight positions in financials, industrials, health care, communication services, materials, real estate and energy. The Fund had no energy and real estate holdings at the end of the reporting period.



* 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 and IS 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).

Investment Overview (unaudited) (cont'd)

International Advantage Portfolio

Performance Compared to the MSCI All Country World ex USA Net Index[(1)] and the Lipper International Multi-Cap Growth Funds Index[(2)]

	Period Ended December 31, 2021 Total Returns[(3)]			
		Average Annual		
	One Year	Five Years	Ten Years	Since Inception[(7)]
Fund — Class I Shares w/o sales charges[(4)]	13.16%	21.73%	15.53%	13.86%
Fund — Class A Shares w/o sales charges[(4)]	12.87	21.35	15.18	13.52
Fund — Class A Shares with maximum 5.25% sales charges[(4)]	6.95	20.05	14.56	12.97
Fund — Class L Shares w/o sales charges[(4)]	12.21	20.69	14.58	12.93
Fund — Class C Shares w/o sales charges[(5)]	12.06	20.48	—	14.76
Fund — Class C Shares with maximum 1.00% deferred sales charges[(5)]	11.06	20.48	—	14.76
Fund — Class IS Shares w/o sales charges[(6)]	13.29	—	—	15.28
MSCI All Country World ex USA Net Index	7.82	9.61	7.28	5.28
Lipper International Multi-Cap Growth Funds Index	8.28	11.44	8.70	6.43

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.

(1) The MSCI All Country World ex USA Net Index is a free float-adjusted market capitalization weighted index designed to measure the equity market performance of developed and emerging markets, excluding the United States. The term "free float" represents the portion of shares outstanding that are deemed to be available for purchase in the public equity markets by investors. The performance of the Index is listed in U.S. dollars and assumes reinvestment of net dividends. 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.

(2) The Lipper International Multi-Cap Growth Funds Index is an equally weighted performance index of the largest qualifying funds (based on net assets) in the Lipper International Multi-Cap Growth 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 International Multi-Cap Growth Funds classification.

(3) 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.

(4) Commenced operations on December 28, 2010.

(5) Commenced offering on April 30, 2015.

(6) Commenced offering on June 15, 2018.

(7) 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.

Consolidated Portfolio of Investments

International Advantage Portfolio

	Shares	Value (000)
Common Stocks (91.5%)		
Australia (3.7%)		
Brookfield Infrastructure Partners LP	3,971,932	$ 241,533
Canada (8.9%)		
Brookfield Asset Management, Inc., Class A	4,659,710	281,353
Canada Goose Holdings, Inc. (a) (See Note G)	4,789,656	177,505
Shopify, Inc., Class A (a)	86,277	118,837
		577,695
China (2.8%)		
Foshan Haitian Flavouring & Food Co., Ltd., Class A	11,057,201	182,357
Denmark (9.0%)		
Chr Hansen Holding A/S	1,529,352	120,590
DSV Panalpina A/S	2,006,112	467,481
		588,071
France (8.4%)		
Dassault Systemes SE	1,680,695	100,094
Hermes International	201,478	352,332
Pernod Ricard SA	401,401	96,654
		549,080
Germany (6.8%)		
Adidas AG	647,648	186,487
HelloFresh SE (a)	1,671,640	128,111
Puma SE	1,033,291	126,190
		440,788
Hong Kong (1.9%)		
AIA Group Ltd.	12,420,300	125,198
India (4.7%)		
HDFC Bank Ltd.	15,278,133	304,060
Italy (6.8%)		
Davide Campari-Milano N.V.	10,819,178	157,876
Moncler SpA	3,941,919	284,876
		442,752
Japan (5.9%)		
Change, Inc. (a)(b)	1,297,700	21,360
Keyence Corp.	428,100	269,171
Pigeon Corp. (b)	4,789,600	91,661
		382,192
Netherlands (7.8%)		
Adyen N.V. (a)	64,379	169,423
ASML Holding N.V.	419,255	337,323
		506,746
Norway (0.7%)		
AutoStore Holdings Ltd. (a)	11,928,982	47,118
Sweden (3.6%)		
Evolution AB	955,062	134,989
Vitrolife AB	1,642,021	101,307
		236,296
Switzerland (6.6%)		
Chocoladefabriken Lindt & Spruengli AG (Registered)	859	$ 115,153
Kuehne & Nagel International AG (Registered)	402,556	129,646
Straumann Holding AG (Registered)	87,751	185,557
		430,356
Taiwan (4.1%)		
Taiwan Semiconductor Manufacturing Co., Ltd. ADR	2,229,848	268,273
United Kingdom (4.5%)		
Diageo PLC	1,778,829	97,176
Rightmove PLC	17,998,978	193,682
		290,858
United States (5.3%)		
Brookfield Asset Management Reinsurance Partners Ltd., Class A	27,496	1,722
EPAM Systems, Inc. (a)	451,134	301,560
Grab Holdings Ltd., Class A (a)(c)	4,009,631	27,445
Grab Holdings Ltd., Class A (a)	1,955,061	13,940
		344,667
Total Common Stocks (Cost $4,080,577)		5,958,040
Investment Company (0.7%)		
United States (0.7%)		
Grayscale Bitcoin Trust BTC (a) **(Cost $59,144)**	1,337,540	45,811
Short-Term Investments (7.4%)		
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)	9,225,829	9,226
	Face Amount (000)	
Repurchase Agreements (0.0%) (d)		
HSBC Securities USA, Inc., (0.05%, dated 12/31/21, due 1/3/22; proceeds $92; fully collateralized by U.S. Government obligations; 0.00% due 5/15/25 - 11/15/28; valued at $94)	$ 92	92
Merrill Lynch & Co., Inc., (0.05%, dated 12/31/21, due 1/3/22; proceeds $1,661; fully collateralized by U.S. Government obligations; 0.13% - 2.88% due 7/31/23 - 7/31/25; valued at $1,694)	1,661	1,661
		1,753
Total Securities held as Collateral on Loaned Securities (Cost $10,979)		10,979

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Portfolio of Investments (cont'd)

International Advantage Portfolio

	Shares	Value (000)
Investment Company (7.3%)		
Morgan Stanley Institutional Liquidity Funds — Treasury Securities Portfolio — Institutional Class (See Note G) **(Cost $473,553)**	473,553,202	$ 473,553
Total Short-Term Investments (Cost $484,532)		484,532
Total Investments Excluding Purchased Options (99.6%) (Cost $4,624,253)		6,488,383
Total Purchased Options Outstanding (0.0%) (d) (Cost $5,869)		1,183
Total Investments (99.6%) (Cost $4,630,122) Including $14,581 of Securities Loaned (e)(f)(g)		6,489,566
Other Assets in Excess of Liabilities (0.4%)		23,692
Net Assets (100.0%)		$6,513,258

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) Non-income producing security.

(b) All or a portion of this security was on loan at December 31, 2021.

(c) Security cannot be offered for public resale without first being registered under the Securities Act of 1933 and related rules ("restricted security"). Acquisition date represents the day on which an enforceable right to acquire such security is obtained and is presented along with related cost in the security description. The Fund has registration rights for certain restricted securities. Any costs related to such registration are borne by the issuer. The aggregate value of restricted securities (excluding 144A holdings) at December 31, 2021 amounts to approximately $27,445,000 and represents 0.4% of net assets.

(d) Amount is less than 0.05%.

(e) The approximate fair value and percentage of net assets, $2,520,456,000 and 38.7%, 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.

(f) Securities are available for collateral in connection with purchased options.

(g) At December 31, 2021, the aggregate cost for federal income tax purposes is approximately $4,646,917,000. The aggregate gross unrealized appreciation is approximately $2,100,126,000 and the aggregate gross unrealized depreciation is approximately $264,207,000, resulting in net unrealized appreciation of approximately $1,835,919,000.

ADR American Depositary Receipt.

Call Options Purchased:
The Fund had the following call options purchased open at December 31, 2021:

Counterparty	Description	Strike Price	Expiration Date	Number of Contracts	Notional Amount (000)	Value (000)	Premiums Paid (000)	Unrealized Depreciation (000)
JP Morgan Chase Bank NA	USD/CNH	CNH 7.38	Jul-22	358,023,641	$358,024	$ 396	$ 1899	$(1,503)
JP Morgan Chase Bank NA	USD/CNH	CNH 7.31	Aug-22	584,432,525	584,433	787	3,970	(3,183)
						$1,183	$5,869	$(4,686)

CNH — Chinese Yuan Renminbi Offshore
USD — United States Dollar

Portfolio Composition*

Classification	Percentage of Total Investments
Other**	43.9%
Textiles, Apparel & Luxury Goods	17.4
Information Technology Services	9.4
Semiconductors & Semiconductor Equipment	9.4
Short-Term Investments	7.3
Air Freight & Logistics	7.2
Beverages	5.4
Total Investments	100.0%

* 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.

International Advantage Portfolio

Consolidated Statement of Assets and Liabilities

	December 31, 2021 (000)
Assets:	
Investments in Securities of Unaffiliated Issuers, at Value[1] (Cost $4,017,724)	$ 5,829,282
Investment in Security of Affiliated Issuer, at Value (Cost $612,398)	660,284
Total Investments in Securities, at Value (Cost $4,630,122)	6,489,566
Foreign Currency, at Value (Cost $6,957)	6,972
Cash from Securities Lending	2,292
Receivable for Investments Sold	69,405
Receivable for Fund Shares Sold	14,629
Tax Reclaim Receivable	2,751
Dividends Receivable	2,384
Receivable from Securities Lending Income	9
Receivable from Affiliate	3
Other Assets	239
Total Assets	6,588,250
Liabilities:	
Payable for Investments Purchased	40,479
Payable for Advisory Fees	12,087
Collateral on Securities Loaned, at Value	10,992
Deferred Capital Gain Country Tax	6,746
Payable for Fund Shares Redeemed	1,481
Due to Broker	1,230
Payable for Sub Transfer Agency Fees — Class I	487
Payable for Sub Transfer Agency Fees — Class A	94
Payable for Sub Transfer Agency Fees — Class L	—@
Payable for Sub Transfer Agency Fees — Class C	4
Payable for Custodian Fees	496
Payable for Administration Fees	432
Payable for Shareholder Services Fees — Class A	162
Payable for Distribution and Shareholder Services Fees — Class L	—@
Payable for Distribution and Shareholder Services Fees — Class C	36
Payable for Transfer Agency Fees — Class I	61
Payable for Transfer Agency Fees — Class A	3
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 Organization Costs for Subsidiary	23
Payable for Professional Fees	22
Other Liabilities	155
Total Liabilities	74,992
Net Assets	$ 6,513,258
Net Assets Consist of:	
Paid-in-Capital	$ 4,548,061
Total Distributable Earnings	1,965,197
Net Assets	$ 6,513,258

The accompanying notes are an integral part of the consolidated financial statements.

International Advantage Portfolio

Consolidated Statement of Assets and Liabilities (cont'd)

	December 31, 2021 (000)
CLASS I:	
Net Assets	$ 5,419,831
Shares Outstanding $0.001 par value shares of beneficial interest (unlimited shares authorized) (not in 000's)	178,855,719
Net Asset Value, Offering and Redemption Price Per Share	$ 30.30
CLASS A:	
Net Assets	$ 776,662
Shares Outstanding $0.001 par value shares of beneficial interest (unlimited shares authorized) (not in 000's)	26,160,641
Net Asset Value, Redemption Price Per Share	$ 29.69
Maximum Sales Load	5.25%
Maximum Sales Charge	$ 1.65
Maximum Offering Price Per Share	$ 31.34
CLASS L:	
Net Assets	$ 279
Shares Outstanding $0.001 par value shares of beneficial interest (unlimited shares authorized) (not in 000's)	9,811
Net Asset Value, Offering and Redemption Price Per Share	$ 28.46
CLASS C:	
Net Assets	$ 42,922
Shares Outstanding $0.001 par value shares of beneficial interest (unlimited shares authorized) (not in 000's)	1,531,284
Net Asset Value, Offering and Redemption Price Per Share	$ 28.03
CLASS IS:	
Net Assets	$ 273,564
Shares Outstanding $0.001 par value shares of beneficial interest (unlimited shares authorized) (not in 000's)	9,004,860
Net Asset Value, Offering and Redemption Price Per Share	$ 30.38
(1) **Including:**	
Securities on Loan, at Value:	$ 14,581

@ Amount is less than $500.

International Advantage Portfolio

Consolidated Statement of Operations

	Year Ended December 31, 2021 (000)
Investment Income:	
Dividends from Securities of Unaffiliated Issuers (Net of $4,944 of Foreign Taxes Withheld)	$ 38,919
Dividends from Security of Affiliated Issuer (Note G)	30
Income from Securities Loaned — Net	19
Total Investment Income	38,968
Expenses:	
Advisory Fees (Note B)	42,719
Sub Transfer Agency Fees — Class I	4,605
Sub Transfer Agency Fees — Class A	991
Sub Transfer Agency Fees — Class L	—@
Sub Transfer Agency Fees — Class C	28
Administration Fees (Note C)	4,503
Shareholder Services Fees — Class A (Note D)	1,755
Distribution and Shareholder Services Fees — Class L (Note D)	3
Distribution and Shareholder Services Fees — Class C (Note D)	353
Custodian Fees (Note F)	813
Registration Fees	411
Shareholder Reporting Fees	244
Transfer Agency Fees — Class I (Note E)	222
Transfer Agency Fees — Class A (Note E)	9
Transfer Agency Fees — Class L (Note E)	2
Transfer Agency Fees — Class C (Note E)	4
Transfer Agency Fees — Class IS (Note E)	5
Professional Fees	125
Directors' Fees and Expenses	56
Organization Costs for Subsidiary	32
Pricing Fees	2
Other Expenses	96
Total Expenses	56,978
Rebate from Morgan Stanley Affiliate (Note G)	(116)
Reimbursement of Class Specific Expenses — Class L (Note B)	(2)
Net Expenses	56,860
Net Investment Loss	(17,892)
Realized Gain (Loss):	
Investments Sold (Net of $1,873 of Capital Gain Country Tax)	168,054
Investments in Affiliates	2,998
Foreign Currency Translation	(186)
Net Realized Gain	170,866
Change in Unrealized Appreciation (Depreciation):	
Investments (Net of Decrease in Deferred Capital Gain Country Tax of $4,509)	462,039
Investments in Affiliates	34,659
Foreign Currency Translation	(107)
Net Change in Unrealized Appreciation (Depreciation)	496,591
Net Realized Gain and Change in Unrealized Appreciation (Depreciation)	667,457
Net Increase in Net Assets Resulting from Operations	$649,565

@ Amount is less than $500.

The accompanying notes are an integral part of the consolidated financial statements.

International Advantage Portfolio

Consolidated 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 Loss	$ (17,892)	$ (10,963)
Net Realized Gain	170,866	8,518
Net Change in Unrealized Appreciation (Depreciation)	496,591	1,023,199
Net Increase in Net Assets Resulting from Operations	649,565	1,020,754
Dividends and Distributions to Shareholders:		
Class I	(52,085)	(1,584)
Class A	(7,650)	(247)
Class L	(3)	(—@)
Class C	(447)	(11)
Class IS	(2,652)	(36)
Total Dividends and Distributions to Shareholders	(62,837)	(1,878)
Capital Share Transactions:(1)		
Class I:		
Subscribed	1,810,800	1,715,375
Distributions Reinvested	47,135	1,565
Redeemed	(770,937)	(634,403)
Class A:		
Subscribed	257,294	230,781
Distributions Reinvested	7,650	247
Redeemed	(150,608)	(154,359)
Class L:		
Exchanged	—	50
Distributions Reinvested	3	—@
Redeemed	(118)	(5)
Class C:		
Subscribed	18,942	6,350
Distributions Reinvested	444	11
Redeemed	(4,422)	(4,795)
Class IS:		
Subscribed	166,066	98,784
Distributions Reinvested	2,089	9
Redeemed	(11,705)	(23,225)
Net Increase in Net Assets Resulting from Capital Share Transactions	1,372,633	1,236,385
Redemption Fees	—@	—
Total Increase in Net Assets	1,959,361	2,255,261
Net Assets:		
Beginning of Period	4,553,897	2,298,636
End of Period	$6,513,258	$4,553,897

International Advantage Portfolio

Consolidated 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	61,556	79,907
	Shares Issued on Distributions Reinvested	1,614	59
	Shares Redeemed	(26,337)	(30,862)
	Net Increase in Class I Shares Outstanding	36,833	49,104
	Class A:		
	Shares Subscribed	8,994	10,972
	Shares Issued on Distributions Reinvested	267	9
	Shares Redeemed	(5,272)	(7,624)
	Net Increase in Class A Shares Outstanding	3,989	3,357
	Class L:		
	Shares Exchanged	—	2
	Shares Issued on Distributions Reinvested	—@@	—@@
	Shares Redeemed	(4)	(—@@)
	Net Increase (Decrease) in Class L Shares Outstanding	(4)	2
	Class C:		
	Shares Subscribed	689	300
	Shares Issued on Distributions Reinvested	16	—@@
	Shares Redeemed	(160)	(256)
	Net Increase in Class C Shares Outstanding	545	44
	Class IS:		
	Shares Subscribed	5,710	4,622
	Shares Issued on Distributions Reinvested	71	—@@
	Shares Redeemed	(401)	(1,035)
	Net Increase in Class IS Shares Outstanding	5,380	3,587

* Not consolidated.
@ Amount is less than $500.
@@ Amount is less than 500 shares.

Consolidated Financial Highlights

International Advantage Portfolio

	Class I				
	Year Ended December 31,				
Selected Per Share Data and Ratios	**2021**	**2020[(1)]**	**2019[(1)]**	**2018[(1)]**	**2017[(1)]**
Net Asset Value, Beginning of Period	$27.05	$20.45	$15.74	$16.89	$11.91
Income (Loss) from Investment Operations:					
Net Investment Income (Loss)[(2)]	(0.08)	(0.07)	0.06	0.04	0.00[(3)]
Net Realized and Unrealized Gain (Loss)	3.63	6.68	4.67	(0.91)	5.32
Total from Investment Operations	3.55	6.61	4.73	(0.87)	5.32
Distributions from and/or in Excess of:					
Net Investment Income	—	(0.01)	(0.00)[(3)]	—	—
Net Realized Gain	(0.30)	—	(0.02)	(0.28)	(0.34)
Total Distributions	(0.30)	(0.01)	(0.02)	(0.28)	(0.34)
Redemption Fees	0.00[(3)]	—	0.00[(3)]	0.00[(3)]	0.00[(3)]
Net Asset Value, End of Period	$30.30	$27.05	$20.45	$15.74	$16.89
Total Return[(4)]	13.16%	32.33%	30.09%	(5.19)%	44.75%
Ratios to Average Net Assets and Supplemental Data:					
Net Assets, End of Period (Thousands)	$5,419,831	$3,841,122	$1,900,219	$569,408	$166,189
Ratio of Expenses Before Expense Limitation	0.97%	N/A	1.03%	1.11%	1.21%
Ratio of Expenses After Expense Limitation	0.97%[(5)]	0.98%[(5)]	0.98%[(5)]	0.98%[(5)]	0.98%[(5)]
Ratio of Expenses After Expense Limitation Excluding Interest Expenses	N/A	0.98%[(5)]	N/A	N/A	N/A
Ratio of Net Investment Income (Loss)	(0.28)%[(5)]	(0.31)%[(5)]	0.32%[(5)]	0.21%[(5)]	0.02%[(5)]
Ratio of Rebate from Morgan Stanley Affiliates	0.00%[(6)]	0.01%	0.02%	0.02%	0.02%
Portfolio Turnover Rate	22%	18%	15%	29%	30%

(1) Not consolidated.
(2) Per share amount is based on average shares outstanding.
(3) Amount is less than $0.005 per share.
(4) Calculated based on the net asset value as of the last business day of the period.
(5) 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."
(6) Amount is less than 0.005%.

Consolidated Financial Highlights

International Advantage Portfolio

	Class A				
	Year Ended December 31,				
Selected Per Share Data and Ratios	**2021**	**2020[1]**	**2019[1]**	**2018[1]**	**2017[1]**
Net Asset Value, Beginning of Period	$26.58	$20.16	$15.56	$16.75	$11.86
Income (Loss) from Investment Operations:					
Net Investment Income (Loss)[2]	(0.17)	(0.13)	0.01	(0.02)	(0.07)
Net Realized and Unrealized Gain (Loss)	3.58	6.56	4.61	(0.89)	5.30
Total from Investment Operations	3.41	6.43	4.62	(0.91)	5.23
Distributions from and/or in Excess of:					
Net Investment Income	—	(0.01)	—	—	—
Net Realized Gain	(0.30)	—	(0.02)	(0.28)	(0.34)
Total Distributions	(0.30)	(0.01)	(0.02)	(0.28)	(0.34)
Redemption Fees	0.00[3]	—	0.00[3]	0.00[3]	0.00[3]
Net Asset Value, End of Period	$29.69	$26.58	$20.16	$15.56	$16.75
Total Return[4]	12.87%	31.90%	29.72%	(5.48)%	44.18%
Ratios to Average Net Assets and Supplemental Data:					
Net Assets, End of Period (Thousands)	$776,662	$589,317	$379,237	$202,732	$144,112
Ratio of Expenses Before Expense Limitation	1.26%	N/A	1.30%	1.37%	1.42%
Ratio of Expenses After Expense Limitation	1.26%[5]	1.27%[5]	1.28%[5]	1.33%[5]	1.31%[5]
Ratio of Expenses After Expense Limitation Excluding Interest Expenses	N/A	1.27%[5]	N/A	N/A	N/A
Ratio of Net Investment Income (Loss)	(0.57)%[5]	(0.60)%[5]	0.04%[5]	(0.10)%[5]	(0.46)%[5]
Ratio of Rebate from Morgan Stanley Affiliates	0.00%[6]	0.01%	0.02%	0.02%	0.02%
Portfolio Turnover Rate	22%	18%	15%	29%	30%

(1) Not consolidated.

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

(3) Amount is less than $0.005 per share.

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

(5) 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.”

(6) Amount is less than 0.005%.

Consolidated Financial Highlights

International Advantage Portfolio

	Class L				
	Year Ended December 31,				
Selected Per Share Data and Ratios	**2021**	**2020[(1)]**	**2019[(1)]**	**2018[(1)]**	**2017[(1)]**
Net Asset Value, Beginning of Period	$25.64	$19.56	$15.18	$16.43	$11.70
Income (Loss) from Investment Operations:					
Net Investment Loss[(2)]	(0.32)	(0.24)	(0.09)	(0.09)	(0.11)
Net Realized and Unrealized Gain (Loss)	3.44	6.33	4.49	(0.88)	5.18
Total from Investment Operations	3.12	6.09	4.40	(0.97)	5.07
Distributions from and/or in Excess of:					
Net Investment Income	—	(0.01)	—	—	—
Net Realized Gain	(0.30)	—	(0.02)	(0.28)	(0.34)
Total Distributions	(0.30)	(0.01)	(0.02)	(0.28)	(0.34)
Redemption Fees	0.00[(3)]	—	0.00[(3)]	0.00[(3)]	0.00[(3)]
Net Asset Value, End of Period	$28.46	$25.64	$19.56	$15.18	$16.43
Total Return[(4)]	12.21%	31.14%	29.01%	(5.95)%	43.41%
Ratios to Average Net Assets and Supplemental Data:					
Net Assets, End of Period (Thousands)	$279	$350	$226	$161	$135
Ratio of Expenses Before Expense Limitation	2.29%	2.48%	2.59%	2.82%	3.82%
Ratio of Expenses After Expense Limitation	1.85%[(5)]	1.84%[(5)]	1.83%[(5)]	1.83%[(5)]	1.84%[(5)]
Ratio of Expenses After Expense Limitation Excluding Interest Expenses	N/A	1.84%[(5)]	N/A	N/A	N/A
Ratio of Net Investment Loss	(1.16)%[(5)]	(1.17)%[(5)]	(0.48)%[(5)]	(0.55)%[(5)]	(0.77)%[(5)]
Ratio of Rebate from Morgan Stanley Affiliates	0.00%[(6)]	0.01%	0.02%	0.02%	0.01%
Portfolio Turnover Rate	22%	18%	15%	29%	30%

(1) Not consolidated.
(2) Per share amount is based on average shares outstanding.
(3) Amount is less than $0.005 per share.
(4) Calculated based on the net asset value as of the last business day of the period.
(5) The Ratio of Expenses After Expense Limitation and Ratio of Net Investment 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.”
(6) Amount is less than 0.005%.

Consolidated Financial Highlights

International Advantage Portfolio

	Class C				
	Year Ended December 31,				
Selected Per Share Data and Ratios	**2021**	**2020[(1)]**	**2019[(1)]**	**2018[(1)]**	**2017[(1)]**
Net Asset Value, Beginning of Period	$25.29	$19.31	$15.02	$16.30	$11.63
Income (Loss) from Investment Operations:					
Net Investment Loss[(2)]	(0.35)	(0.26)	(0.12)	(0.15)	(0.17)
Net Realized and Unrealized Gain (Loss)	3.39	6.25	4.43	(0.85)	5.18
Total from Investment Operations	3.04	5.99	4.31	(1.00)	5.01
Distributions from and/or in Excess of:					
Net Investment Income	—	(0.01)	—	—	—
Net Realized Gain	(0.30)	—	(0.02)	(0.28)	(0.34)
Total Distributions	(0.30)	(0.01)	(0.02)	(0.28)	(0.34)
Redemption Fees	0.00[(3)]	—	0.00[(3)]	0.00[(3)]	0.00[(3)]
Net Asset Value, End of Period	$28.03	$25.29	$19.31	$15.02	$16.30
Total Return[(4)]	12.06%	31.03%	28.72%	(6.18)%	43.16%
Ratios to Average Net Assets and Supplemental Data:					
Net Assets, End of Period (Thousands)	$42,922	$24,926	$18,180	$11,087	$6,760
Ratio of Expenses Before Expense Limitation	1.96%	N/A	2.03%	2.10%	2.25%
Ratio of Expenses After Expense Limitation	1.96%[(5)]	1.97%[(5)]	2.01%[(5)]	2.07%[(5)]	2.08%[(5)]
Ratio of Expenses After Expense Limitation Excluding Interest Expenses	N/A	1.97%[(5)]	N/A	N/A	N/A
Ratio of Net Investment Loss	(1.27)%[(5)]	(1.29)%[(5)]	(0.69)%[(5)]	(0.88)%[(5)]	(1.12)%[(5)]
Ratio of Rebate from Morgan Stanley Affiliates	0.00%[(6)]	0.01%	0.02%	0.02%	0.02%
Portfolio Turnover Rate	22%	18%	15%	29%	30%

(1) Not consolidated.
(2) Per share amount is based on average shares outstanding.
(3) Amount is less than $0.005 per share.
(4) Calculated based on the net asset value which does not reflect sales charges, if applicable, as of the last business day of the period.
(5) The Ratio of Expenses After Expense Limitation and Ratio of Net Investment 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.”
(6) Amount is less than 0.005%.

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Financial Highlights

International Advantage Portfolio

	Class IS			
	Year Ended December 31,			Period from June 15, 2018[2] to
Selected Per Share Data and Ratios	**2021**	**2020[1]**	**2019[1]**	**December 31, 2018[1]**
Net Asset Value, Beginning of Period	$27.09	$20.46	$15.75	$18.90
Income (Loss) from Investment Operations:				
Net Investment Income (Loss)[3]	(0.06)	(0.06)	0.05	(0.00)[4]
Net Realized and Unrealized Gain (Loss)	3.65	6.70	4.69	(2.87)
Total from Investment Operations	3.59	6.64	4.74	(2.87)
Distributions from and/or in Excess of:				
Net Investment Income	—	(0.01)	(0.01)	—
Net Realized Gain	(0.30)	—	(0.02)	(0.28)
Total Distributions	(0.30)	(0.01)	(0.03)	(0.28)
Redemption Fees	0.00[4]	—	0.00[4]	0.00[4]
Net Asset Value, End of Period	$30.38	$27.09	$20.46	$15.75
Total Return[5]	13.29%	32.46%	30.14%	(15.22)%[8]
Ratios to Average Net Assets and Supplemental Data:				
Net Assets, End of Period (Thousands)	$273,564	$98,182	$774	$8
Ratio of Expenses Before Expense Limitation	0.87%	N/A	3.28%	19.51%[9]
Ratio of Expenses After Expense Limitation	0.87%[6]	0.89%[6]	0.93%[6]	0.93%[6][9]
Ratio of Expenses After Expense Limitation Excluding Interest Expenses	N/A	0.89%[6]	N/A	N/A
Ratio of Net Investment Income (Loss)	(0.19)%[6]	(0.26)%[6]	0.24%[6]	(0.04)%[6][9]
Ratio of Rebate from Morgan Stanley Affiliates	0.00%[7]	0.01%	0.02%	0.02%[9]
Portfolio Turnover Rate	22%	18%	15%	29%

(1) Not consolidated.
(2) Commencement of Offering.
(3) Per share amount is based on average shares outstanding.
(4) Amount is less than $0.005 per share.
(5) Calculated based on the net asset value as of the last business day of the period.
(6) 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.”
(7) Amount is less than 0.005%.
(8) Not annualized.
(9) Annualized.

Notes to Consolidated 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 consolidated financial statements relate to the International Advantage Portfolio. The Fund seeks long-term capital appreciation.

The Fund offers five classes of shares — Class I, Class A, Class L, Class C and Class IS. 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 consolidated financial statements. GAAP may require management to make estimates and assumptions that affect the reported amounts and disclosures in the consolidated financial statements. Actual results may differ from those estimates.

The Fund may, consistent with its principal investment strategies, invest up to 25% of its total assets in a wholly-owned subsidiary of the Fund organized as a company under the laws of the Cayman Islands, International Advantage Cayman Portfolio, Ltd. (the "Subsidiary"). The Subsidiary may invest in bitcoin indirectly through cash settled futures or indirectly through investments in Grayscale Bitcoin Trust (BTC) ("GBTC"), a privately offered investment vehicle that invests in bitcoin. The Fund is the sole shareholder of the Subsidiary, and it is not currently expected that shares of the Subsidiary will be sold or offered to other investors. The consolidated portfolio of investments and consolidated financial statements include the positions and accounts of the Fund and the Subsidiary. All intercompany accounts and transactions of the Fund and the Subsidiary have been eliminated in consolidation and all accounting policies of the Subsidiary are consistent with those of the Fund. As of December 31, 2021, the Subsidiary represented approximately $47,732,000 or approximately 0.73% of the total net assets of the Fund.

Investments in the Subsidiary are expected to provide the Fund with exposure to bitcoin within the limitations of Subchapter M of the Code and recent Internal Revenue Service ("IRS") revenue rulings, which require that a mutual fund receive no more than ten percent of its gross income from such investments in order to receive favorable tax treatment as a regulated investment company ("RIC"). Tax treatment of the income received from the Subsidiary may potentially be affected by changes in legislation, regulations or other legally binding authority, which could affect the character, timing and amount of the Fund's taxable income and distributions. If such changes occur, the Fund may need to significantly change its investment strategy and recognize unrealized gains in order to remain qualified for taxation as a RIC, which could adversely affect the Fund.

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) listed options are valued at the last reported

Notes to Consolidated Financial Statements (cont'd)

sales price on the exchange on which they are listed (or at the exchange official closing price if such exchange reports an official closing price). If an official closing price or last reported sales price is unavailable, the listed option should be fair valued at the mean between its latest bid and ask prices. Unlisted options are valued at the mean between their latest bid and ask prices from a broker/dealer or valued by a pricing service/vendor; (4) 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 Company ("MSIM Company") (the "Sub-Adviser"), 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; (5) when market quotations are not readily available, including circumstances under which the Adviser or the Sub-Adviser determines 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 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; (6) 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; (7) Private Investment in Public Equity ("PIPE") investments may be valued based on the underlying stock price less a discount until the commitment is fulfilled and shares are registered; and (8) 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.

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)

Notes to Consolidated Financial Statements (cont'd)

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.

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				
Air Freight & Logistics	$ —	$ 467,481	$—	$ 467,481
Banks	304,060	—	—	304,060
Beverages	193,830	157,876	—	351,706
Biotechnology	—	101,307	—	101,307
Common Stocks (cont'd)				
Capital Markets	$ 281,353	$ —	$—	$ 281,353
Chemicals	—	120,590	—	120,590
Electronic Equipment, Instruments & Components	—	269,171	—	269,171
Food & Staples Retailing	—	128,111	—	128,111
Food Products	182,357	115,153	—	297,510
Health Care Equipment & Supplies	—	185,557	—	185,557
Hotels, Restaurants & Leisure	—	134,989	—	134,989
Household Products	—	91,661	—	91,661
Information Technology Services	589,820	21,360	—	611,180
Insurance	126,920	—	—	126,920
Interactive Media & Services	193,682	—	—	193,682
Internet & Direct Marketing Retail	13,940	27,445	—	41,385
Machinery	47,118	—	—	47,118
Marine	—	129,646	—	129,646
Multi-Utilities	241,533	—	—	241,533
Semiconductors & Semiconductor Equipment	605,596	—	—	605,596
Software	100,094	—	—	100,094
Textiles, Apparel & Luxury Goods	529,837	597,553	—	1,127,390
Total Common Stocks	**3,410,140**	**2,547,900**	**—**	**5,958,040**
Investment Company	45,811	—	—	45,811
Call Options Purchased	—	1,183	—	1,183
Short-Term Investments				
Investment Company	482,779	—	—	482,779
Repurchase Agreements	—	1,753	—	1,753
Total Short-Term Investments	**482,779**	**1,753**	**—**	**484,532**
Total Assets	**$3,938,730**	**$2,550,836**	**$—**	**$6,489,566**

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

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

Notes to Consolidated Financial Statements (cont'd)

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 Consolidated 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 Consolidated 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. **Derivatives:** The Fund may, but is not required to, use derivative instruments for a variety of purposes, including hedging, risk management, portfolio management or to earn income. Derivatives are financial instruments whose value is based, in part, on the value of an underlying asset, interest rate, index or financial instrument. Prevailing interest rates and volatility levels, among other things, also affect the value of derivative instruments. A derivative

Notes to Consolidated Financial Statements (cont'd)

instrument often has risks similar to its underlying asset and may have additional risks, including imperfect correlation between the value of the derivative and the underlying asset, risks of default by the counterparty to certain transactions, magnification of losses incurred due to changes in the market value of the securities, instruments, indices or interest rates to which the derivative instrument relates, risks that the transactions may not be liquid and risks arising from margin requirements. The use of derivatives involves risks that are different from, and possibly greater than, the risks associated with other portfolio investments. Derivatives may involve the use of highly specialized instruments that require investment techniques and risk analyses different from those associated with other portfolio investments. All of the Fund's holdings, including derivative instruments, are marked-to-market each day with the change in value reflected in unrealized appreciation (depreciation). Upon disposition, a realized gain or loss is recognized.

Certain derivative transactions may give rise to a form of leverage. Leverage magnifies the potential for gain and the risk of loss. Leverage associated with derivative transactions may cause the Fund to liquidate portfolio positions when it may not be advantageous to do so to satisfy its obligations or to meet earmarking or segregation requirements, pursuant to applicable Securities and Exchange Commission ("SEC") rules and regulations, or may cause the Fund to be more volatile than if the Fund had not been leveraged. Although the Adviser seeks to use derivatives to further the Fund's investment objectives, there is no assurance that the use of derivatives will achieve this result.

Following is a description of the derivative instruments and techniques that the Fund used during the period and their associated risks:

Options: With respect to options, the Fund is subject to equity risk, interest rate risk and foreign currency exchange risk in the normal course of pursuing its investment objectives. If the Fund buys an option, it buys a legal contract giving it the right to buy or sell a specific amount of the underlying instrument or foreign currency, or futures contract on the underlying instrument or foreign currency, at an agreed-upon price during a period of time or on a specified date typically in exchange for a premium paid by the Fund. The Fund may purchase and/or sell put and call options. Purchasing call options tends to increase the Fund's exposure to the underlying (or similar) instrument. Purchasing put options tends to decrease the Fund's exposure to the underlying (or similar) instrument. When entering into purchased option contracts, the Fund bears the risk of interest or exchange rates or securities prices moving unexpectedly, in which case, the Fund may not achieve the anticipated benefits of the purchased option contracts; however the risk of loss is limited to the premium paid. Purchased options are reported as part of "Total Investments in Securities" in the Consolidated Statement of Assets and Liabilities. Premiums paid for purchasing options which expired are treated as realized losses. If the Fund sells an option, it sells to another party the right to buy from or sell to the Fund a specific amount of the underlying instrument or foreign currency, or futures contract on the underlying instrument or foreign currency, at an agreed-upon price during a period of time or on a specified date typically in exchange for a premium received by the Fund. When options are purchased OTC, the Fund bears the risk that the counterparty that wrote the option will be unable or unwilling to perform its obligations under the option contract. Options may also be illiquid and the Fund may have difficulty closing out its position. A decision as to whether, when and how to use options involves the exercise of skill and judgment and even a well-conceived option transaction may be unsuccessful because of market behavior or unexpected events. The prices of options can be highly volatile and the use of options can lower total returns.

Private Investment in Public Equity: The Fund may acquire equity securities of an issuer that are issued through a private investment in public equity transaction, including on a when-issued basis. PIPE transactions typically involve the purchase of securities directly from a publicly traded company or its affiliates in a private placement transaction, typically at a discount to the market price of the company's securities. The Fund's PIPE investment represents an unfunded subscription agreement in a private investment in public equity. The Fund will earmark or segregate cash or liquid assets or establish a segregated account on the Fund's books in which it will continually maintain cash or cash equivalents or other liquid portfolio securities equal in value to commitments to purchase securities on a forward commitment basis.

As of December 31, 2021, the Fund did not have any open PIPE contract.

Notes to Consolidated Financial Statements (cont'd)

FASB ASC 815, "Derivatives and Hedging" ("ASC 815"), is intended to improve financial reporting about derivative instruments by requiring enhanced disclosures to enable investors to better understand how and why the Fund uses derivative instruments, how these derivative instruments are accounted for and their effects on the Fund's financial position and results of operations.

The following table sets forth the fair value of the Fund's derivative contracts by primary risk exposure as of December 31, 2021:

	Asset Derivatives Consolidated Statement of Assets and Liabilities Location	Primary Risk Exposure	Value (000)
Purchased Options	Investments, at Value (Purchased Options)	Currency Risk	$1,183(a)

(a) Amounts are included in Investments in Securities in the Consolidated Statement of Assets and Liabilities.

The following table sets forth by primary risk exposure the Fund's change in unrealized appreciation (depreciation) by type of derivative contract for the year ended December 31, 2021 in accordance with ASC 815:

Change in Unrealized Appreciation (Depreciation)		
Primary Risk Exposure	Derivative Type	Value (000)
Currency Risk	Investments (Purchased Options)	$(4,686)(b)

(b) Amounts are included in Change in Unrealized Appreciation (Depreciation) on Investments in the Consolidated Statement of Operations.

At December 31, 2021, the Fund's derivative assets and liabilities are as follows:

Gross Amounts of Assets and Liabilities Presented in the Consolidated Statement of Assets and Liabilities		
Derivatives	Assets(c) (000)	Liabilities(c) (000)
Purchased Options	$1,183(a)	$—

(a) Amounts are included in Investments in Securities in the Consolidated Statement of Assets and Liabilities.
(c) Absent an event of default or early termination, OTC derivative assets and liabilities are presented gross and not offset in the Consolidated Statement of Assets and Liabilities.

The Fund typically enters into International Swaps and Derivatives Association, Inc. Master Agreements ("ISDA Master Agreements") or similar master agreements (collectively, "Master Agreements") with its contract counterparties for certain OTC derivatives in order to, among other things, reduce its credit risk to counterparties. ISDA Master Agreements include provisions for general obligations, representations, collateral and events of default or termination. Under an ISDA Master Agreement, the Fund typically may offset with the counterparty certain OTC derivative financial instruments' payables and/or receivables with collateral held and/or posted and create one single net payment (close-out netting) in the event of default, termination and/or potential deterioration in the credit quality of the counterparty. Various Master Agreements govern the terms of certain transactions with counterparties, including transactions such as swap, forward, repurchase and reverse repurchase agreements. These Master Agreements typically attempt to reduce the counterparty risk associated with such transactions by specifying credit protection mechanisms and providing standardization that improves legal certainty. Cross-termination provisions under Master Agreements typically provide that a default in connection with one transaction between the Fund and a counterparty gives the non-defaulting party the right to terminate any other transactions in place with the defaulting party to create one single net payment due to/due from the defaulting party and may be a feature in certain Master Agreements. In the event the Fund exercises its right to terminate a Master Agreement after a counterparty experiences a termination event as defined in the Master Agreement, the return of collateral with market value in excess of the Fund's net liability may be delayed or denied.

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

Gross Amounts Not Offset in the Consolidated Statement of Assets and Liabilities				
Counterparty	Gross Asset Derivatives Presented in the Consolidated Statement of Assets and Liabilities(a) (000)	Financial Instrument (000)	Collateral Received(d) (000)	Net Amount (not less than $0) (000)
JP Morgan Chase Bank NA	$1,183	$—	$(1,183)	$0

(a) Amounts are included in Investments in Securities in the Consolidated Statement of Assets and Liabilities.
(d) In some instances, the actual collateral received may be more than the amount shown here due to overcollateralization.

For the year ended December 31, 2021, the approximate average monthly amount outstanding for each derivative type is as follows:

Purchased Options:
Average monthly notional amount 422,525,000

Derivative Contract — PIPE:
Average monthly notional amount $35,641,000

Notes to Consolidated Financial Statements (cont'd)

6. **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 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 Consolidated 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 Consolidated Statement of Assets and Liabilities			
Gross Asset Amounts Presented in the Consolidated Statement of Assets and Liabilities (000)	Financial Instrument (000)	Collateral Received (000)	Net Amount (not less than $0) (000)
$14,581(e)	$—	$(14,581)(f)(g)	$0

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

(f) The Fund received cash collateral of approximately $10,992,000, of which approximately $10,979,000 was subsequently invested in Repurchase Agreements and Morgan Stanley Institutional Liquidity Funds as reported in the Consolidated Portfolio of Investments. As of December 31, 2021, there was uninvested cash of approximately $13,000, which is not reflected in the Consolidated Portfolio of Investments. In addition, the Fund received non-cash collateral of approximately $4,342,000 in the form of U.S. Government obligations, which the Fund cannot sell or repledge, and accordingly are not reflected in the Consolidated Portfolio of Investments.

(g) 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				
	Overnight and Continuous (000)	<30 days (000)	Between 30 & 90 days (000)	>90 days (000)	Total (000)
Securities Lending Transactions					
Common Stocks	$10,992	$—	$—	$—	$10,992
Total Borrowings	**$10,992**	**$—**	**$—**	**$—**	**$10,992**
Gross amount of recognized liabilities for securities lending transactions					**$10,992**

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

Notes to Consolidated Financial Statements (cont'd)

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. 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.

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 $1 billion	Over $1 billion
0.80%	0.75%

For the year ended December 31, 2021, the advisory fee rate (net of rebate) was equivalent to an annual effective rate of 0.76% 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 and 0.95% for Class IS 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 as 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 $2,000 of other expenses were reimbursed by the Adviser pursuant to this arrangement.

Effective March 5, 2021, the Adviser has entered into a Sub-Advisory Agreement with the Sub-Adviser, a wholly-owned subsidiary of Morgan Stanley. The Sub-Adviser provides the Fund with advisory services subject to the overall supervision of the Adviser and the Fund's Officers and Directors. The Adviser pays the Sub-Adviser on a monthly basis a portion of the net advisory fees the Adviser receives from the Fund.

The Adviser provides investment advisory services to the Subsidiary pursuant to the Subsidiary Investment Management Agreement (the "Agreement"). Under the Agreement, the Subsidiary will pay the Adviser at the end of each fiscal quarter, calculated by applying a quarterly rate, based on the annual rate of 0.05%, to the average daily net assets of the Subsidiary.

The Adviser has agreed to waive its advisory fees by the amount of advisory fees it receives from the Subsidiary.

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, 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 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

Notes to Consolidated Financial Statements (cont'd)

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 $2,287,037,000 and $1,154,446,000, 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 Securities 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 $116,000 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/Issuer	Value December 31, 2020 (000)	Purchases at Cost (000)	Proceeds from Sales (000)	Dividend Income (000)
Liquidity Funds	$374,199	$1,776,317	$1,667,737	$30
Canada Goose Holdings, Inc.	142,867	11,432	14,451	—
	$517,066	$1,787,749	$1,682,188	$30

Affiliated Investment Company/Issuer (cont'd)	Realized Gain (Loss) (000)	Change in Unrealized Appreciation (Depreciation) (000)	Value December 31, 2021 (000)
Liquidity Funds	$ —	$ —	$482,779
Canada Goose Holdings, Inc.	2,998	34,659	177,505
	$2,998	$34,659	$660,284

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

Notes to Consolidated Financial Statements (cont'd)

options 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 consolidated 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 consolidated 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 consolidated financial statements. If applicable, the Fund recognizes interest accrued related to unrecognized tax benefits in "Interest Expense" and penalties in "Other Expenses" in the Consolidated 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)
$—	$62,837	$1,866	$12

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, primarily due to a net operating loss, resulted in the following reclassifications among the components of net assets at December 31, 2021:

Total Distributable Earnings (000)	Paid-in-Capital (000)
$19,919	$(19,919)

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)
$—	$129,318

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 43.5%.

K. Market Risk and Risks Relating to Certain Financial Instruments:

Bitcoin: The Fund may have exposure to bitcoin indirectly through investments in GBTC, a privately offered investment vehicle that invests in bitcoin. Cryptocurrencies (also referred to as "virtual currencies" and "digital currencies") are digital assets designed to act as a medium of exchange. Although cryptocurrency is an emerging asset class, there are thousands of

Notes to Consolidated Financial Statements (cont'd)

cryptocurrencies, the most well-known of which is bitcoin. Cryptocurrency facilitates decentralized, peer-to-peer financial exchange and value storage that is used like money, without the oversight of a central authority or banks. The value of cryptocurrency is not backed by any government, corporation, or other identified body. Similar to fiat currencies (i.e., a currency that is backed by a central bank or a national, supra-national or quasi-national organization), cryptocurrencies are susceptible to theft, loss and destruction. For example, the bitcoin held by GBTC (and the Fund's indirect exposure to such bitcoin) is also susceptible to these risks. The value of the GBTC investments in cryptocurrency is subject to fluctuations in the value of the cryptocurrency, which have been and may in the future be highly volatile. The value of cryptocurrencies is determined by the supply and demand for cryptocurrency in the global market for the trading of cryptocurrency, which consists primarily of transactions on electronic exchanges. The price of bitcoin could drop precipitously (including to zero) for a variety of reasons, including, but not limited to, regulatory changes, a crisis of confidence, flaw or operational issue in the bitcoin network or a change in user preference to competing cryptocurrencies. The GBTC exposure to cryptocurrency could result in substantial losses to the Fund.

Market: 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 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.

Special Purpose Acquisition Companies ("SPAC"): The Fund may invest in stock, warrants, and other securities of SPACs or similar special purpose entities. A SPAC is typically a publicly traded company that raises investment capital via an initial public offering ("IPO") for the purpose of acquiring the equity securities of one or more existing companies (or interests therein) via merger, combination, acquisition or other similar transactions. The Fund may acquire an interest in a SPAC in an IPO or a secondary market transaction.

Unless and until an acquisition is completed, a SPAC generally invests its assets (less a portion retained to cover expenses) in U.S. government securities, money market securities and cash. To the extent the SPAC is invested in cash or similar securities, this may negatively affect the Fund's performance. Because SPACs and similar entities are in essence blank check companies without operating history or ongoing business other than seeking acquisitions, the value of their securities is particularly dependent on the ability of the entity's management to identify and complete a profitable acquisition. There is no guarantee that the SPACs in which the Fund invests will complete an acquisition or that any acquisitions that are completed will be profitable. Some SPACs may pursue acquisitions only within certain industries or regions, which may increase the volatility of their prices. In addition, these securities, which are typically traded in the over-the-counter market, may be considered illiquid and/or be subject to restrictions on resale.

Other risks of investing in SPACs include that a significant portion of the monies raised by the SPAC may be expended during the search for a target transaction; an attractive transaction may not be identified at all (or any requisite approvals may not be obtained) and the SPAC may dissolve and be required to return any remaining monies to shareholders, causing the Fund to incur the opportunity cost of missed investment opportunities the Fund otherwise could have benefited from; a transaction once identified or effected may prove unsuccessful and an investment in the SPAC may lose value; the warrants or other rights with respect to the SPAC held by the Fund may expire worthless or may be repurchased or retired by the SPAC at an unfavorable price; and an investment in a SPAC may be diluted by additional later offerings of interests in the SPAC or by other investors exercising existing rights to purchase shares of the SPAC. In addition, a SPAC target company may have limited operating experience, a smaller size, limited product lines, markets, distribution channels and financial and managerial resources. Investing in the securities of smaller companies involves greater risk, and portfolio price volatility.

Private Investment in Public Equity: The Fund may acquire equity securities of an issuer that are issued through a PIPE

Notes to Consolidated Financial Statements (cont'd)

transaction, including on a when-issued basis. The Fund will generally earmark an amount of cash or high quality securities equal (on a daily mark to market basis) to the amount of its commitment to purchase the when-issued securities. PIPE transactions typically involve the purchase of securities directly from a publicly traded company or its affiliates in a private placement transaction, including through a SPAC, typically at a discount to the market price of the company's securities. There is a risk that if the market price of the securities drops below a set threshold, the company may have to issue additional stock at a significantly reduced price, which may dilute the value of the Fund's investment. Shares in PIPEs generally are not registered with the SEC until after a certain time period from the date the private sale is completed. This restricted period can last many months. Until the public registration process is completed, PIPEs are restricted as to resale and the Fund cannot freely trade the securities. Generally, such restrictions cause the PIPEs to be illiquid during this time. PIPEs may contain provisions that the issuer will pay specified financial penalties to the holder if the issuer does not publicly register the restricted equity securities within a specified period of time, but there is no assurance that the restricted equity securities will be publicly registered, or that the registration will remain in effect.

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of
Morgan Stanley Institutional Fund, Inc. —
International Advantage Portfolio

Opinion on the Financial Statements

We have audited the accompanying consolidated statement of assets and liabilities of International Advantage Portfolio (the "Fund") (one of the funds constituting Morgan Stanley Institutional Fund, Inc. (the "Company")), including the consolidated portfolio of investments, as of December 31, 2021, and the related consolidated statements of operations and changes in net assets for the year then ended and the statement of changes in net assets for the year ended December 31, 2021, the consolidated financial highlights for the year ended December 31, 2021 and the financial highlights for each of the four years in the period ended December 31, 2020 and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of International Advantage Portfolio (one of the funds constituting Morgan Stanley Institutional Fund, Inc.) at December 31, 2021, the consolidated results of its operations and the consolidated changes in its net assets for the year then ended and the changes in its net assets for the year ended December 31, 2020 and its consolidated financial highlights for the year ended December 31, 2021 and its financial highlights for each of the four years in the period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Fund's consolidated 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 consolidated 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 consolidated 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 consolidated 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 $62,837,000 as a long-term capital gain distribution.

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 $4,677,000 as taxable at this lower rate.

The Fund intends to pass through foreign tax credits of approximately $4,677,000 and has derived net income from sources within foreign countries amounting to approximately $43,887,000.

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	Call toll-free (844) 312-6327 or email: imprivacyinquiries@morganstanley.com **Please note:** If you are a *new* customer, we can begin sharing your information 30 days from the date we sent this notice. When you are *no longer* 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.
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?	We collect your personal information, for example, when you ■ 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 We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.
Why can't I limit all sharing?	Federal law gives you the right to limit only ■ 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 State laws and individual companies may give you additional rights to limit sharing. See below for more on your rights under state law.

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. ■ *Our affiliates include companies with a Morgan Stanley name and financial companies such as Morgan Stanley Smith Barney LLC and Morgan Stanley & Co.*
Non-affiliates	Companies not related by common ownership or control. They can be financial and non-financial companies. ■ *MSIM does not share with non-affiliates so they can market to you.*
Joint marketing	A formal agreement between non-affiliated financial companies that together market financial products or services to you. ■ *MSIM doesn't jointly market*

Other important information
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. **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.

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'Orde 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.

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***
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).
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).

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***
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).
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/Keiffer, 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-Adviser
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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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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