

Morgan Stanley

Global Infrastructure Portfolio

The Fund is intended to be a funding vehicle for variable annuity contracts and variable life insurance policies offered by the separate accounts of certain life insurance companies.

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Expense Example (unaudited)

Global Infrastructure Portfolio

As a shareholder of the Global Infrastructure Portfolio (the “Fund”), you incur two types of costs: (1) insurance company charges; and (2) ongoing costs, which may include advisory fees, administration fees, distribution (12b-1) 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, 2020 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 insurance company charges. Therefore, the table below is useful in comparing ongoing costs, but will not help you determine the relative total cost of owning different funds. In addition, if these insurance company charges were included, your costs would have been higher.

	Beginning Account Value 7/1/20	Actual Ending Account Value 12/31/20	Hypothetical Ending Account Value	Actual Expenses Paid During Period*	Hypothetical Expenses Paid During Period*	Net Expense Ratio During Period**
Global Infrastructure Portfolio Class I	\$1,000.00	\$1,099.50	\$1,020.76	\$4.59	\$4.42	0.87%
Global Infrastructure Portfolio Class II	1,000.00	1,098.80	1,019.51	5.91	5.69	1.12

* 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 184/366 (to reflect the most recent one-half year period).

** Annualized.

Investment Overview (unaudited)

Global Infrastructure Portfolio

The Fund seeks both capital appreciation and current income.

Performance

For the fiscal year ended December 31, 2020, the Fund's Class I shares had a total return based on net asset value and reinvestment of distributions per share of -1.15%, net of fees, and -1.43%, net of fees, for Class II shares. The Fund's Class I and Class II shares outperformed the Fund's benchmark, the Dow Jones Brookfield Global Infrastructure IndexSM (the "Index"), which returned -6.97%, but underperformed the S&P Global BMI Index, a proxy for global equities, which returned 16.78%.

Factors Affecting Performance

- Infrastructure shares declined 6.97% in the year ending December 31, 2020, as measured by the Index. From a sector perspective, water & waste, communications, European regulated utilities, electricity transmission & distribution, and toll roads outperformed the Index, while gas midstream, pipeline companies, ports, airports, diversified, and gas distribution utilities underperformed.
- Overall for 2020, global listed infrastructure securities performed poorly relative to the broader equity markets due to exposure to industries directly impacted by COVID-19, exposure to sectors anticipated to be adversely impacted by the "green" energy transition, as well as infrastructure's perceived defensiveness in a largely procyclical market following the first quarter 2020 equity market lows. In fact, on a full-year basis, infrastructure securities trailed global equities by a wider margin than in any calendar year period post-Global Financial Crisis, with global equities finishing solidly in positive territory for the year while infrastructure securities remained in the red. 2020 was a broadly thematic market, where asset classes fitting into "en vogue" themes (e.g., work-from-home, energy transition) performed well, largely untethered to fundamental trends. After the depths of the pandemic in March 2020, investors also used the comfort of central bank and government "backstops" to broadly bid up equity share prices, as long as the companies being bid were not perceived to have risks associated with future impairment brought on by disruption. In this market, that meant companies with resilient operating fundamentals but little operating leverage were not rewarded. As a result, infrastructure was negatively impacted in 2020 both in sectors with direct, fundamental challenges brought on by the pandemic, as well as those sectors traditionally known for their resilience. In some ways, it was a perfect storm

impacting an asset class where utilities, transportation and energy infrastructure combined represent roughly 80% of the Index. However, the difficult year experienced in 2020 may also present an opportunity moving forward.

- For the full-year 2020, the Fund outperformed the Index. From a bottom-up perspective, the Fund benefited from favorable stock selection in the gas distribution utilities, communications and pipeline companies sectors, which was offset by adverse stock selection in the airports, water & waste, and diversified sectors. From a top-down perspective, the Fund benefited from out-of-benchmark positions in renewables and railroads, underweights to gas midstream and pipeline companies, and an overweight to water & waste, which was only modestly offset by underweights to communications and diversified and an overweight to toll roads.

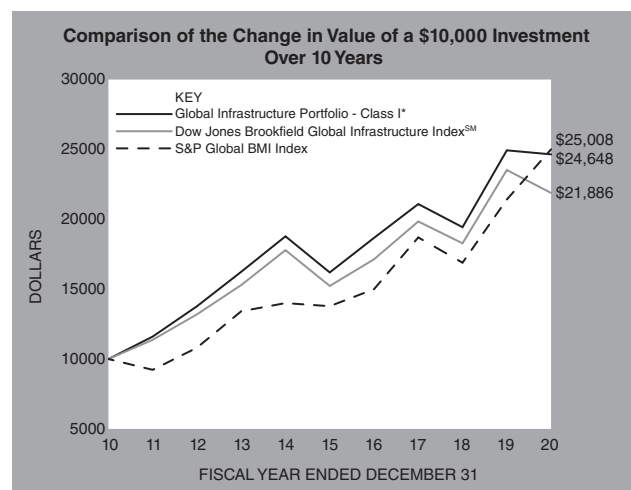
Management Strategies

- We remain committed to our core investment philosophy as an infrastructure value investor. As value-oriented, bottom-up driven investors, our investment perspective is that over the medium and long term, the key factor in determining the performance of infrastructure securities will be underlying infrastructure asset values. Given the large and growing private infrastructure market, we believe that there are limits as to the level of premium or discount at which the public sector should trade relative to its underlying private infrastructure value. These limits can be viewed as the point at which the arbitrage opportunity between owning infrastructure in the private versus public markets becomes compelling. In aiming to achieve core infrastructure exposure in a cost-effective manner, we invest in equity securities of publicly listed infrastructure companies we believe offer the best value relative to their underlying infrastructure value and Net Asset Value growth prospects.
- Our research currently leads us to an overweighting in the Fund to a group of companies in the toll roads, water & waste, airports and gas midstream sectors, and an underweighting to companies in the electricity transmission & distribution, pipeline companies, communications, European regulated utilities, gas distribution utilities and diversified sectors. Our weighting to ports is roughly in line with the Index. Finally, we continue to retain out-of-benchmark positions in renewables, railroads and certain other utilities that are not contained in the Index.

Investment Overview (unaudited) (cont'd)

Global Infrastructure Portfolio

- Looking forward into 2021, we are highly constructive on infrastructure securities. The relative underperformance of infrastructure versus the broader equity markets has been extreme, and we look for some of that gap to converge, in particular given the fact that fundamental deterioration for infrastructure was much more modest than that for the broader market outside of airports and toll roads, two areas directly impacted by work-from-home policies and the pandemic. Indeed, even in the area of energy infrastructure, where overall demand for natural gas, crude oil and natural gas liquids was reduced as a result of the pandemic, actual cash flow per share revisions were quite modest overall, and in select cases cash flows continued to grow.
- As a general comment, we view valuations in infrastructure securities as attractive, particularly in a relative sense, and believe there are fundamental tailwinds across all sectors, with recovery anticipated in transportation and energy. We acknowledge that rising interest rates may be a short-term headwind for select areas of infrastructure and the equity markets more broadly, but we do not anticipate that headwind to be material or long lasting. Core to this belief is that while we do believe risk-free sovereign rates have scope to rise, we do not believe they will rise to extreme levels, and indeed are likely to remain lower than base rates prior to the pandemic (recall, the U.S. 10-year Treasury yield was roughly 1.90% entering 2020).⁽ⁱ⁾ Furthermore, we believe the velocity of change matters more than the absolute levels, and there is no indication central banks will materially alter their messaging in 2021, prompting a “taper tantrum.” Finally, we believe this rise in rates is likely the result of increased expectations with regard to growth and inflation, both positive inputs to infrastructure cash flows through demand and pricing increases.



* Performance shown for the Fund's Class I shares reflects the performance of the Class X shares of VIS Global Infrastructure for periods prior to April 28, 2014.

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 II shares will vary from the performance of Class I shares based upon its different inception date and will be negatively impacted by additional fees assessed to that class.

⁽ⁱ⁾ Source: Bloomberg L.P.

Investment Overview (unaudited) (cont'd)

Global Infrastructure Portfolio

Performance Compared to the Dow Jones Brookfield Global Infrastructure Index^{SM(1)} and the S&P Global BMI Index⁽²⁾

	Period Ended December 31, 2020			
	Total Returns ⁽³⁾			
	Average Annual			
	One Year	Five Years	Ten Years	Since Inception ⁽⁵⁾
Fund – Class I ⁽⁴⁾	-1.15%	8.76%	9.44%	8.01%
Dow Jones Brookfield Global Infrastructure Index SM	-6.97	7.52	8.15	8.82
S&P Global BMI Index	16.78	12.66	9.60	8.40
Fund – Class II ⁽⁴⁾	-1.43	8.48	9.17	5.02
Dow Jones Brookfield Global Infrastructure Index SM	-6.97	7.52	8.15	7.01
S&P Global BMI Index	16.78	12.66	9.60	6.39

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 contact the issuing insurance company or speak with your financial advisor. 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 shown does not reflect fees and expenses imposed by your insurance company's separate account. If performance information included the effect of these additional charges, the total returns would be lower.

⁽¹⁾ The Dow Jones Brookfield Global Infrastructure IndexSM is a float-adjusted market capitalization weighted index that measures the stock performance of companies that exhibit strong infrastructure characteristics. The Index intends to measure all sectors of the infrastructure market. The Index was first published in July 2008; however, back-tested hypothetical performance information is available for this Index since December 31, 2002. Returns are calculated using the return data of the S&P Global BMI Index through December 31, 2002 and the return data of the Dow Jones Brookfield Global Infrastructure Index for periods thereafter. 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 Standard & Poor's Global BMI Index (S&P Global BMI Index) is a broad market index designed to capture exposure to equities in all countries in the world that meet minimum size and liquidity requirements. The index members represent developed and emerging market countries. The Index is unmanaged and its returns do not include any sales charges or fees. Such costs would lower performance. It is not possible to invest directly in an index.

⁽³⁾ 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⁾ On April 28, 2014, the Variable Insurance Fund, Inc. (formerly Universal Institutional Funds, Inc.,) on behalf of the Fund, acquired substantially all of the assets and liabilities of Morgan Stanley Select Dimensions Investment Series — Global Infrastructure Portfolio ("SD Global Infrastructure") and Morgan Stanley Variable Investment Series — Global Infrastructure Portfolio ("VIS Global Infrastructure") in exchange for shares of the Fund. The Fund adopted the financial and performance history of VIS Global Infrastructure. As a result, performance shown for Class I shares and Class II shares reflects the performance history of VIS Global Infrastructure's Class X shares and Class Y shares, respectively, for periods prior to April 28, 2014. VIS Global Infrastructure's Class X shares commenced operations on March 1, 1990 and Class Y shares commenced operations on June 5, 2000.

⁽⁵⁾ For comparative purposes, average annual since inception returns listed for the Indexes refer to the inception date or initial offering of the respective share class of the Fund, not the inception of the Index.

Portfolio of Investments

Global Infrastructure Portfolio

	Shares	Value (000)
Common Stocks (95.4%)		
Australia (4.4%)		
Atlas Arteria Ltd.	165,208	\$ 831
Sydney Airport (a)	114,463	566
Transurban Group	191,413	2,017
		3,414
Brazil (0.4%)		
Energisa SA (Units) (b)	29,900	303
Canada (10.4%)		
Canadian National Railway Co.	8,421	926
Enbridge, Inc.	58,227	1,862
Gibson Energy, Inc. (c)	149,162	2,410
Keyera Corp. (c)	21,222	377
Pembina Pipeline Corp. (c)	28,541	675
TC Energy Corp.	42,754	1,738
		7,988
China (7.5%)		
China Everbright International Ltd. (d)	3,093,000	1,747
China Gas Holdings Ltd. (d)	582,800	2,309
China Merchants Port Holdings Co., Ltd. (d)	343,034	420
China Tower Corp. Ltd. H Shares (d)	2,922,000	430
Jiangsu Expressway Co., Ltd. H Shares (d)	562,000	629
Zhejiang Expressway Co., Ltd., Class H (d)	264,000	223
		5,758
Denmark (0.4%)		
Orsted A/S	1,641	336
France (5.9%)		
Aéroports de Paris (ADP) (a)	1,712	221
Getlink SE (a)	37,840	655
Vinci SA	37,054	3,691
		4,567
Hong Kong (1.0%)		
Power Assets Holdings Ltd.	137,500	745
India (2.0%)		
Azure Power Global Ltd. (a)	37,499	1,529
Italy (3.5%)		
Atlantia SpA (a)	24,321	439
Infrastrutture Wireless Italiane SpA	72,760	882
Snam SpA	74,679	422
Terna Rete Elettrica Nazionale SpA	126,304	971
		2,714
Japan (2.3%)		
Central Japan Railway Co.	3,600	509
East Japan Railway Co.	18,800	1,254
		1,763

	Shares	Value (000)
Mexico (4.3%)		
Grupo Aeroportuario del Pacifico SAB de CV, Class B (a)	54,853	\$ 612
Grupo Aeroportuario del Sureste SAB de CV, Class B (a)	39,221	650
Promotora y Operadora de Infraestructura SAB de CV	228,514	2,026
		3,288
New Zealand (1.0%)		
Auckland International Airport Ltd. (a)	136,787	748
Spain (4.2%)		
Aena SME SA (a)	5,914	1,028
Cellnex Telecom SA	18,220	1,094
Ferrovial SA	41,363	1,144
		3,266
Switzerland (0.9%)		
Flughafen Zurich AG (Registered) (a)	4,083	720
United Kingdom (5.1%)		
National Grid PLC	238,430	2,818
Pennon Group PLC	38,065	493
Severn Trent PLC	20,232	631
		3,942
United States (42.1%)		
Ameren Corp.	10,410	813
American Electric Power Co., Inc.	12,674	1,055
American Tower Corp. REIT	23,374	5,247
American Water Works Co., Inc.	9,548	1,465
Atmos Energy Corp.	14,578	1,391
Avangrid, Inc.	15,868	721
Cheniere Energy, Inc. (a)	25,291	1,518
CMS Energy Corp.	9,624	587
Crown Castle International Corp. REIT	24,258	3,862
Edison International	22,297	1,401
Essential Utilities, Inc.	35,459	1,677
Eversource Energy	16,280	1,408
NiSource, Inc.	54,162	1,242
ONEOK, Inc.	49,269	1,891
Republic Services, Inc.	5,322	513
SBA Communications Corp. REIT	6,569	1,853
Sempra Energy	15,906	2,027
Targa Resources Corp.	40,143	1,059
Waste Management, Inc.	9,015	1,063
Williams Cos., Inc. (The)	49,012	983
Xcel Energy, Inc.	10,112	674
		32,450
Total Common Stocks (Cost \$57,738)		73,531

Portfolio of Investments (cont'd)

Global Infrastructure Portfolio

	Shares	Value (000)
Short-Term Investments (5.8%)		
Securities held as Collateral on Loaned Securities (3.2%)		
Investment Company (2.8%)		
Morgan Stanley Institutional Liquidity Funds — Treasury Securities Portfolio — Institutional Class (See Note H)	2,133,048	\$ 2,133
	Face Amount (000)	
Repurchase Agreements (0.4%)		
Barclays Capital, Inc., (0.05%, dated 12/31/20, due 1/4/21; proceeds \$65; fully collateralized by a U.S. Government obligation; 1.63% due 11/15/22; valued at \$66)	\$ 65	65
HSBC Securities USA, Inc., (0.05%, dated 12/31/20, due 1/4/21; proceeds \$254; fully collateralized by a U.S. Government obligation; 0.15% due 10/31/22; valued at \$259)	254	254
Merrill Lynch & Co., Inc., (0.06%, 12/31/20, due 1/4/21; proceeds \$26; fully collateralized by a U.S. Government obligation; 2.50% due 5/15/46; valued at \$27)	26	26
		345
Total Securities held as Collateral on Loaned Securities (Cost \$2,478)		2,478
	Shares	
Investment Company (2.6%)		
Morgan Stanley Institutional Liquidity Funds — Treasury Portfolio — Institutional Class (See Note H) (Cost \$2,036)	2,036,420	2,036
Total Short-Term Investments (Cost \$4,514)		4,514
Total Investments (101.2%) (Cost \$62,252)		
Including \$3,303 of Securities Loaned (e)(f)		78,045
Liabilities in Excess of Other Assets (-1.2%)		(900)
Net Assets (100.0%)		\$77,145

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) Consists of one or more classes of securities traded together as a unit; stocks with attached warrants.
- (c) All or a portion of this security was on loan at December 31, 2020.
- (d) Security trades on the Hong Kong exchange.
- (e) The approximate fair value and percentage of net assets, \$28,276,000 and 36.7%, 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) At December 31, 2020, the aggregate cost for federal income tax purposes is approximately \$64,411,000. The aggregate gross unrealized appreciation is approximately \$16,954,000 and the aggregate gross unrealized depreciation is approximately \$3,320,000, resulting in net unrealized appreciation of approximately \$13,634,000.

REIT Real Estate Investment Trust.

Portfolio Composition*

Classification	Percentage of Total Investments
Oil & Gas Storage & Transportation	26.3%
Communications	17.7
Electricity Transmission & Distribution	13.4
Other**	13.2
Toll Roads	9.0
Water	8.0
Diversified	6.4
Airports	6.0
Total Investments	<u>100.0%</u>

* Percentages indicated are based upon total investments (excluding Securities held as Collateral on Loaned Securities) as of December 31, 2020.

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

Global Infrastructure Portfolio

Statement of Assets and Liabilities

December 31, 2020
(000)**Assets:**

Investments in Securities of Unaffiliated Issuers, at Value ⁽¹⁾ (Cost \$58,083)	\$ 73,876
Investment in Security of Affiliated Issuer, at Value (Cost \$4,169)	4,169
Total Investments in Securities, at Value (Cost \$62,252)	78,045
Foreign Currency, at Value (Cost \$57)	58
Receivable for Investments Sold	2,201
Dividends Receivable	203
Receivable for Fund Shares Sold	31
Tax Reclaim Receivable	12
Receivable from Affiliate	—@
Receivable from Securities Lending Income	—@
Other Assets	11
Total Assets	80,561

Liabilities:

Collateral on Securities Loaned, at Value	2,478
Payable for Investments Purchased	761
Payable for Advisory Fees	56
Payable for Servicing Fees	41
Payable for Fund Shares Redeemed	21
Payable for Professional Fees	18
Payable for Custodian Fees	15
Payable for Distribution Fees — Class II Shares	9
Payable for Administration Fees	5
Payable for Transfer Agency Fees	1
Other Liabilities	11
Total Liabilities	3,416

NET ASSETS \$ 77,145**Net Assets Consist of:**

Paid-in-Capital	\$ 58,455
Total Distributable Earnings	18,690

Net Assets \$ 77,145**CLASS I:****Net Assets** \$ 35,868**Net Asset Value, Offering and Redemption Price Per Share** Applicable to 4,621,698 Outstanding

\$0.001 Par Value Shares (Authorized 500,000,000 Shares) \$ 7.76

CLASS II:**Net Assets** \$ 41,277**Net Asset Value, Offering and Redemption Price Per Share** Applicable to 5,358,726 Outstanding

\$0.001 Par Value Shares (Authorized 500,000,000 Shares) \$ 7.70

⁽¹⁾ **Including:**

Securities on Loan, at Value:	\$ 3,303
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@ Amount is less than \$500.

Global Infrastructure Portfolio

Statement of Operations

Year Ended
December 31, 2020
(000)

Investment Income:

Dividends from Securities of Unaffiliated Issuers (Net of \$94 of Foreign Taxes Withheld)	\$ 2,223
Income from Securities Loaned — Net	5
Dividends from Security of Affiliated Issuer (Note H)	3
Total Investment Income	2,231

Expenses:

Advisory Fees (Note B)	647
Professional Fees	118
Servicing Fees (Note D)	113
Distribution Fees — Class II Shares (Note E)	100
Administration Fees (Note C)	61
Custodian Fees (Note G)	41
Shareholder Reporting Fees	25
Transfer Agency Fees (Note F)	6
Directors' Fees and Expenses	6
Pricing Fees	4
Other Expenses	15
Total Expenses	1,136
Waiver of Advisory Fees (Note B)	(374)
Rebate from Morgan Stanley Affiliate (Note H)	(2)
Net Expenses	760

Net Investment Income

1,471

Realized Gain:

Investments Sold	2,383
Foreign Currency Translation	9
Net Realized Gain	2,392

Change in Unrealized Appreciation (Depreciation):

Investments	(5,625)
Foreign Currency Translation	(@)
Net Change in Unrealized Appreciation (Depreciation)	(5,625)

Net Realized Gain and Change in Unrealized Appreciation (Depreciation) (3,233)

Net Decrease in Net Assets Resulting from Operations \$(1,762)

Global Infrastructure Portfolio

	Year Ended December 31, 2020 (000)	Year Ended December 31, 2019 (000)
Statements of Changes in Net Assets		
Increase (Decrease) in Net Assets:		
Operations:		
Net Investment Income	\$ 1,471	\$ 2,087
Net Realized Gain	2,392	1,333
Net Change in Unrealized Appreciation (Depreciation)	(5,625)	17,287
Net Increase (Decrease) in Net Assets Resulting from Operations	(1,762)	20,707
Dividends and Distributions to Shareholders:		
Class I	(1,168)	(3,030)
Class II	(1,196)	(3,020)
Total Dividends and Distributions to Shareholders	(2,364)	(6,050)
Capital Share Transactions:⁽¹⁾		
Class I:		
Subscribed	1,652	691
Distributions Reinvested	1,168	3,030
Redeemed	(7,202)	(7,493)
Class II:		
Subscribed	5,363	5,255
Distributions Reinvested	1,196	3,020
Redeemed	(9,123)	(7,778)
Net Decrease in Net Assets Resulting from Capital Share Transactions	(6,946)	(3,275)
Total Increase (Decrease) in Net Assets	(11,072)	11,382
Net Assets:		
Beginning of Period	88,217	76,835
End of Period	\$ 77,145	\$88,217
⁽¹⁾ Capital Share Transactions:		
Class I:		
Shares Subscribed	225	90
Shares Issued on Distributions Reinvested	164	394
Shares Redeemed	(958)	(974)
Net Decrease in Class I Shares Outstanding	(569)	(490)
Class II:		
Shares Subscribed	714	682
Shares Issued on Distributions Reinvested	169	395
Shares Redeemed	(1,237)	(1,018)
Net Increase (Decrease) in Class II Shares Outstanding	(354)	59

Financial Highlights

Global Infrastructure Portfolio

Selected Per Share Data and Ratios	Class I				
	Year Ended December 31,				
	2020	2019	2018	2017	2016 ⁽¹⁾
Net Asset Value, Beginning of Period	\$8.12	\$6.80	\$7.91	\$7.53	\$7.08
Income (Loss) from Investment Operations:					
Net Investment Income ⁽²⁾	0.15	0.20	0.20	0.23	0.22
Net Realized and Unrealized Gain (Loss)	(0.26)	1.69	(0.79)	0.72	0.88
Total from Investment Operations	(0.11)	1.89	(0.59)	0.95	1.10
Distributions from and/or in Excess of:					
Net Investment Income	(0.13)	(0.22)	(0.23)	(0.19)	(0.18)
Net Realized Gain	(0.12)	(0.35)	(0.29)	(0.38)	(0.47)
Total Distributions	(0.25)	(0.57)	(0.52)	(0.57)	(0.65)
Net Asset Value, End of Period	\$7.76	\$8.12	\$6.80	\$7.91	\$7.53
Total Return⁽³⁾	(1.15)%	28.30%	(7.85)%	12.96%	15.27%
Ratios to Average Net Assets and Supplemental Data:					
Net Assets, End of Period (Thousands)	\$35,868	\$42,162	\$38,642	\$50,116	\$51,786
Ratio of Expenses Before Expense Limitation	1.36%	1.33%	1.34%	1.34%	1.29%
Ratio of Expenses After Expense Limitation	0.87% ⁽⁴⁾	0.87% ⁽⁴⁾	0.87% ⁽⁴⁾	0.86% ⁽⁴⁾	0.86% ⁽⁴⁾
Ratio of Net Investment Income	2.06% ⁽⁴⁾	2.58% ⁽⁴⁾	2.80% ⁽⁴⁾	2.98% ⁽⁴⁾	2.87% ⁽⁴⁾
Ratio of Rebate from Morgan Stanley Affiliates	0.00% ⁽⁵⁾	0.00% ⁽⁵⁾	0.00% ⁽⁵⁾	0.01%	0.01%
Portfolio Turnover Rate	62%	30%	44%	43%	51%

(1) Reflects prior period custodian out-of-pocket expenses that were reimbursed in September 2016. The amount of the reimbursement was immaterial on a per share basis and did not impact the total return of Class I shares. The Ratio of Expenses After Expense Limitation and the Ratio of Net Investment Income would be unchanged as the reimbursement of custodian fees was offset against expense waivers/reimbursements with no impact to net expenses or net investment income.

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

(3) Calculated based on the net asset value as of the last business day of the period. Performance does not reflect fees and expenses imposed by your insurance company's separate account. If performance information included the effect of these additional charges, the total return would be lower.

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

(5) Amount is less than 0.005%.

Financial Highlights

Global Infrastructure Portfolio

Selected Per Share Data and Ratios	Class II				
	Year Ended December 31,				
	2020	2019	2018	2017	2016 ⁽¹⁾
Net Asset Value, Beginning of Period	\$8.06	\$6.76	\$7.85	\$7.49	\$7.05
Income (Loss) from Investment Operations:					
Net Investment Income ⁽²⁾	0.13	0.18	0.18	0.21	0.20
Net Realized and Unrealized Gain (Loss)	(0.26)	1.67	(0.77)	0.71	0.87
Total from Investment Operations	(0.13)	1.85	(0.59)	0.92	1.07
Distributions from and/or in Excess of:					
Net Investment Income	(0.11)	(0.20)	(0.21)	(0.18)	(0.16)
Net Realized Gain	(0.12)	(0.35)	(0.29)	(0.38)	(0.47)
Total Distributions	(0.23)	(0.55)	(0.50)	(0.56)	(0.63)
Net Asset Value, End of Period	\$7.70	\$8.06	\$6.76	\$7.85	\$7.49
Total Return⁽³⁾	(1.43)%	27.87%	(7.89)%	12.54%	14.97%
Ratios to Average Net Assets and Supplemental Data:					
Net Assets, End of Period (Thousands)	\$41,277	\$46,055	\$38,193	\$45,234	\$37,747
Ratio of Expenses Before Expense Limitation	1.61%	1.58%	1.59%	1.59%	1.54%
Ratio of Expenses After Expense Limitation	1.12% ⁽⁴⁾	1.12% ⁽⁴⁾	1.12% ⁽⁴⁾	1.11% ⁽⁴⁾	1.11% ⁽⁴⁾
Ratio of Net Investment Income	1.81% ⁽⁴⁾	2.33% ⁽⁴⁾	2.55% ⁽⁴⁾	2.73% ⁽⁴⁾	2.62% ⁽⁴⁾
Ratio of Rebate from Morgan Stanley Affiliates	0.00% ⁽⁵⁾	0.00% ⁽⁵⁾	0.00% ⁽⁵⁾	0.01%	0.01%
Portfolio Turnover Rate	62%	30%	44%	43%	51%

(1) Reflects prior period custodian out-of-pocket expenses that were reimbursed in September 2016. The amount of the reimbursement was immaterial on a per share basis and did not impact the total return of Class II shares. The Ratio of Expenses After Expense Limitation and the Ratio of Net Investment Income would be unchanged as the reimbursement of custodian fees was offset against expense waivers/reimbursements with no impact to net expenses or net investment income.

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

(3) Calculated based on the net asset value as of the last business day of the period. Performance does not reflect fees and expenses imposed by your insurance company's separate account. If performance information included the effect of these additional charges, the total return would be lower.

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

(5) Amount is less than 0.005%.

Notes to Financial Statements

Morgan Stanley Variable Insurance 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 ten separate active, diversified and non-diversified funds (individually referred to as a “Fund,” collectively as the “Funds”). The Company applies investment company accounting and reporting guidance.

The accompanying financial statements relate to the Global Infrastructure Portfolio. The Fund seeks both capital appreciation and current income. The Fund offers two classes of shares — Class I and Class II. Both classes of shares have identical voting rights (except that shareholders of a Class have exclusive voting rights regarding any matter relating solely to that Class of shares), dividend, liquidation and other rights.

The Company is intended to be a funding vehicle for variable annuity contracts and variable life insurance policies offered by the separate accounts of certain life insurance companies.

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

1. Security Valuation: (1) An equity portfolio security listed or traded on an exchange is valued at its latest reported sales price (or at the exchange official closing price if such exchange reports an official closing price), and if there were no sales on a given day and if there is no official exchange closing price for that day, the security is valued at the mean between the last reported bid and asked prices if such bid and asked prices are available on the relevant exchanges. If only bid prices are available then the latest bid price may be used. Listed equity securities not traded on the valuation date with no reported bid and asked prices available on the exchange are valued at the mean between the current bid and asked prices obtained from one or more reputable brokers or dealers. In cases where a security is traded on more than one exchange, the security is valued on the exchange designated as the primary market; (2) all other equity portfolio securities for which over-the-counter (“OTC”) market quotations are readily available are valued at the latest reported sales price (or at the market official closing price if such market reports an official closing price), and if there was no trading in the security on a given day and if there is

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

Notes to Financial Statements (cont'd)

by the Adviser using a pricing service and/or procedures approved by the Directors; (5) quotations of foreign portfolio securities, other assets and liabilities and forward contracts stated in foreign currency are translated into U.S. dollar equivalents at the prevailing market rates prior to the close of the NYSE; and (6) investments in mutual funds, including the Morgan Stanley Institutional Liquidity Funds, are valued at the net asset value (“NAV”) as of the close of each business day.

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

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

- Level 1 – unadjusted quoted prices in active markets for identical investments

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

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

The following is a summary of the inputs used to value the Fund's investments as of December 31, 2020:

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				
Airports	\$ 1,262	\$ 3,283	\$—	\$ 4,545
Commercial Services & Supplies	513	—	—	513
Communications	10,962	2,406	—	13,368
Diversified	—	4,835	—	4,835
Electricity				
Transmission & Distribution	5,259	4,837	—	10,096
Oil & Gas Storage & Transportation	17,173	2,731	—	19,904
Ports	—	420	—	420
Railroads	926	1,763	—	2,689
Renewables	1,529	336	—	1,865
Toll Roads	2,026	4,794	—	6,820
Utilities	2,463	—	—	2,463
Water	3,142	2,871	—	6,013
Total Common Stocks	45,255	28,276	—	73,531
Short-Term Investments				
Investment Company	4,169	—	—	4,169
Repurchase Agreements	—	345	—	345
Total Short-Term Investments	4,169	345	—	4,514
Total Assets	\$49,424	\$28,621	\$—	\$78,045

Notes to Financial Statements (cont'd)

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

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

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

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

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

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

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

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

Notes to Financial Statements (cont'd)

Fund. The Fund would receive cash or securities as collateral in an amount equal to or exceeding 100% of the current fair value of the loaned securities. The collateral is marked-to-market daily by State Street Bank and Trust Company ("State Street"), the securities lending agent, to ensure that a minimum of 100% collateral coverage is maintained.

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

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

The following table presents financial instruments that are subject to enforceable netting arrangements as of December 31, 2020:

Gross Amounts Not Offset in the Statement of Assets and Liabilities

Gross Asset Amounts Presented in the Statement of Assets and Liabilities (000)	Financial Instrument (000)	Collateral Received (000)	Net Amount (not less than \$0) (000)
\$3,303(a)	\$—	\$ (3,303)(b)(c)	\$0

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

(b) The Fund received cash collateral of approximately \$2,478,000, which was subsequently invested in Repurchase Agreements and Morgan Stanley Institutional Liquidity Funds as reported in the Portfolio of Investments. In addition, the Fund received non-cash collateral of approximately \$992,000 in the form of U.S. Government obligations, which the Fund cannot sell or repledge, and accordingly are not reflected in the Portfolio of Investments.

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

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

The following table displays a breakdown of transactions accounted for as secured borrowings, the gross obligations by class of collateral pledged and the remaining contractual maturity of those transactions as of December 31, 2020:

	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	\$ 2,478	\$—	\$—	\$—	\$ 2,478
Total Borrowings	\$2,478	\$—	\$—	\$—	\$2,478
Gross amount of recognized liabilities for securities lending transactions					\$2,478

6. 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.

7. 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 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) and realized and unrealized gains or losses are allocated to each class of shares based upon their relative net assets.

Settlement and registration of foreign securities transactions may be subject to significant risks not normally associated with investments in the United States. In certain markets, ownership of shares is defined according to entries in the issuer's share register. It is possible that a Fund holding these securities could lose its share registration through fraud, negligence or even mere oversight. In addition, shares being delivered for sales and cash being paid for purchases may be delivered before the exchange

Notes to Financial Statements (cont'd)

is complete. This may subject the Fund to further risk of loss in the event of a failure to complete the transaction by the counterparty.

8. 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.

B. 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 an annual rate of 0.85% of the daily net assets of the Fund.

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 0.87% for Class I shares and 1.12% for Class II 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, 2020, approximately \$374,000 of advisory fees were waived pursuant to this arrangement.

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. Servicing Fees: The Company accrues daily and pays quarterly a servicing fee of up to 0.17% of the average daily value of shares of the Fund held in an insurance company's account. Certain insurance companies have entered into a servicing agreement with the Company to provide administrative and other contract-owner related services on behalf of the Fund.

E. Distribution 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 Distributor of the Fund and provides the Fund's Class II shareholders with distribution services pursuant to a Distribution Plan (the "Plan") in accordance with Rule 12b-1

under the Act. Under the Plan, the Fund is authorized to pay the Distributor a distribution fee, which is accrued daily and paid monthly, at an annual rate of 0.25% of the Fund's average daily net assets attributable to Class II shares.

F. 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.

G. 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.

H. Security Transactions and Transactions with Affiliates: For the year ended December 31, 2020, purchases and sales of investment securities for the Fund, other than long-term U.S. Government securities and short-term investments were approximately \$46,759,000 and \$57,148,000, respectively. There were no purchases and sales of long-term U.S. Government securities for the year ended December 31, 2020.

The Fund invests in the Institutional Class of the Morgan Stanley Institutional Liquidity Funds (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, 2020, advisory fees paid were reduced by approximately \$2,000 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, 2020 is as follows:

Affiliated Investment Company	Value	Purchases	Proceeds	Dividend
	December 31, 2019 (000)	at Cost (000)	from Sales (000)	Income (000)
Liquidity Funds	\$924	\$29,373	\$26,128	\$3

Affiliated Investment Company (cont'd)	Realized Gain (Loss)	Change in Unrealized Appreciation (Depreciation)	Value December 31, 2020
	(000)	(000)	(000)
Liquidity Funds	\$—	\$—	\$4,169

Notes to Financial Statements (cont'd)

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, 2020, the Fund did not engage in any cross-trade transactions.

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

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

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

FASB ASC 740-10, “Income Taxes — Overall”, sets forth a minimum threshold for financial statement recognition of the benefit of a tax position taken or expected to be taken in a tax return. Management has concluded there are no significant uncertain tax positions that would require recognition in the financial statements. If applicable, the Fund recognizes interest accrued related to unrecognized tax benefits in “Interest Expense” and penalties in “Other Expenses” in the Statement of Operations. The Fund files tax returns with the U.S. Internal Revenue Service, New York and various states. Generally, each of the tax years in the four-year period ended December 31, 2020 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 2020 and 2019 was as follows:

2020 Distributions Paid From:		2019 Distributions Paid From:	
Ordinary Income (000)	Long-Term Capital Gain (000)	Ordinary Income (000)	Long-Term Capital Gain (000)
\$1,179	\$1,185	\$2,240	\$3,810

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.

The Fund had no permanent differences causing reclassifications among the components of net assets for the year ended December 31, 2020.

At December 31, 2020, 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)
\$2,113	\$2,941

J. 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. 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, 2020, the Fund did not have any borrowings under the Facility.

K. Other: At December 31, 2020, 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 69.0%.

L. Market Risk: Certain impacts to public health conditions particular to the coronavirus (COVID-19) outbreak

Notes to Financial Statements (cont'd)

could impact the operations and financial performance of certain of the Fund's investments. The extent of the impact to the financial performance of the Fund's investments will depend on future developments, including (i) the duration and spread of the outbreak, (ii) the restrictions and advisories, (iii) the effects on the financial markets, and (iv) the effects on the economy overall, all of which are highly uncertain and cannot be predicted. If the financial performance of the Fund's investments is impacted because of these factors for an extended period, the Fund's investment results may be adversely affected.

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of
Morgan Stanley Variable Insurance Fund, Inc. —
Global Infrastructure Portfolio

Opinion on the Financial Statements

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

Basis for Opinion

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

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

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2020 by correspondence with the custodian and others or by other appropriate auditing procedures where replies from others were not received. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Ernst & Young LLP

We have served as the auditor of one or more Morgan Stanley investment companies since 2000.
Boston, Massachusetts
February 19, 2021

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 April 22-23, 2020, 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 December 1, 2018, through December 31, 2019, as required under the Liquidity Rule. 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, 2020. For corporate shareholders 26.3% of the dividends qualified for the dividends received deduction.

The Fund designated and paid approximately \$1,185,000 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, 2020. 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 \$1,250,000 as taxable at this lower rate.

The Fund intends to pass through foreign tax credits of approximately \$94,000 and has derived net income from sources within foreign countries amounting to approximately \$1,348,000.

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

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***
Frank L. Bowman c/o Perkins Coie LLP Counsel to the Independent Directors 1155 Avenue of the Americas, 22nd Floor New York, NY 10036 Birth Year: 1944	Director	Since August 2006	President, Strategic Decisions, LLC (consulting) (since February 2009); Director or Trustee of various Morgan Stanley Funds (since August 2006); Chairperson of the Compliance and Insurance Committee (since October 2015); formerly, Chairperson of the Insurance Sub-Committee of the Compliance and Insurance Committee (2007-2015); served as President and Chief Executive Officer of the Nuclear Energy Institute (policy organization) (February 2005-November 2008); retired as Admiral, U.S. Navy after serving over 38 years on active duty including 8 years as Director of the Naval Nuclear Propulsion Program in the Department of the Navy and the U.S. Department of Energy (1996-2004); served as Chief of Naval Personnel (July 1994-September 1996) and on the Joint Staff as Director of Political Military Affairs (June 1992-July 1994); knighted as Honorary Knight Commander of the Most Excellent Order of the British Empire; awarded the Officier de l'Ordre National du Mérite by the French Government; elected to the National Academy of Engineering (2009).	79	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; Trustee of Fairhaven United Methodist Church; Member of the Board of Advisors of the Dolphin Scholarship Foundation; Director of other various non-profit 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 (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).	79	Board Member, University of Albany Foundation (2012-present); Board Member, Mutual Funds Directors Forum (2014-present); Director of various non-profit organizations.
Nancy C. Everett c/o Perkins Coie LLP Counsel to the Independent Directors 1155 Avenue of the Americas, 22nd Floor New York, NY 10036 Birth Year: 1955	Director	Since January 2015	Chairperson of the Equity Investment Committee (since January 2021); Director or Trustee of various Morgan Stanley Funds (since January 2015); Chief Executive Officer, Virginia Commonwealth University Investment Company (since November 2015); Owner, OBIR, LLC (institutional investment management consulting) (since June 2014); formerly, Managing Director, BlackRock, Inc. (February 2011-December 2013); and Chief Executive Officer, General Motors Asset Management (a/k/a Promark Global Advisors, Inc.) (June 2005-May 2010).	80	Formerly, Member of Virginia Commonwealth University School of Business Foundation (2005-2016); Member of Virginia Commonwealth University Board of Visitors (2013-2015); Member of Committee on Directors for Emerging Markets Growth Fund, Inc. (2007-2010); Chairperson of Performance Equity Management, LLC (2006-2010); and Chairperson, GMAM Absolute Return Strategies Fund, LLC (2006-2010).

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

Independent Directors (cont'd):

Name, Address and Birth Year of Independent Director	Position(s) Held with Registrant	Length of Time Served*	Principal Occupation(s) During Past 5 Years and Other Relevant Professional Experience	Number of Funds in Fund Complex Overseen by Independent Director**	Other Directorships Held by Independent Director***
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 (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).	80	Director of Cincinnati Bell Inc. and Member, Audit Committee and Chairman, Governance and Nominating Committee; Director of Service Corporation International and Member, Audit Committee and Investment Committee; Director of Northern Kentucky University Foundation and Member, Investment Committee; Member of Chase College of Law Transactional Law Practice Center Board of Advisors; Director of Best Transport; Director of Chase College of Law Board of Visitors; formerly, Member, University of Cincinnati Foundation Investment Committee; Member, Miami University Board of Visitors (2008-2011); Trustee of Victory Funds (2005-2008) and Chairman, Investment Committee (2007-2008); and Member, Service Provider Committee (2005-2008).
Dr. Manuel H. Johnson c/o Johnson Smick International, Inc. 220 I Street, NE — Suite 200 Washington, D.C. 20002 Birth Year: 1949	Director	Since July 1991	Senior Partner, Johnson Smick International, Inc. (consulting firm); Chairperson of the Fixed Income, Liquidity and Alternatives Investment Committee (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.	79	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).	80	Director, Rubicon Investment (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).	79	Director of certain investment funds managed or sponsored by Aetos Alternatives Management, LP; Director of Sanitized AG and Sanitized Marketing AG (specialty chemicals).

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***
Patricia 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).	80	None.
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 Boards 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).	79	Formerly, Director of Legg Mason, Inc. (2006-2019); and Director of the Auburn University Foundation (2010-2015).

* 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, 2020) 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; Head of Public Markets Product Development (since 2006).
Timothy J. Knierim 1633 Broadway New York, NY 10019 Birth Year: 1959	Chief Compliance Officer	Since December 2016	Managing Director of the Adviser and various entities affiliated with the Adviser; Chief Compliance Officer of various Morgan Stanley Funds and the Adviser (since December 2016) and Chief Compliance Officer of Morgan Stanley AIP GP LP (since 2014). Formerly, Managing Director and Deputy Chief Compliance Officer of the Adviser (2014-2016).
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 a one-year term, until his or her successor is elected and qualifies.

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Adviser and Administrator

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Custodian

State Street Bank and Trust Company
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Boston, Massachusetts 02111

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 submitted for the general information of the shareholders of the Fund. For more detailed information about the Fund, its fees and expenses and other pertinent information, please read its Prospectus. The Company's Statement of Additional Information contains additional information about the Fund, including its Directors. It is available, without charge, by calling 1 (800) 548-7786.

This report is not authorized for distribution to prospective investors in the Fund unless preceded or accompanied by an effective Prospectus. Read the Prospectus carefully before investing.