

Morgan Stanley Institutional Fund

Advantage Portfolio



Performance Review

For the quarter ending September 30, 2025, the Fund I class shares returned 4.93% (net of fees), while the Russell 1000 Growth Index returned 10.51% and the Lipper Large Cap Growth returned 8.73%.

Counterpoint Global seeks high quality companies, which we define primarily as those with sustainable competitive advantages. We manage concentrated portfolios that are highly differentiated from the benchmark, with securities weighted on our assessment of the quality of the company and our conviction. The value added or detracted in any period of time will typically result from stock selection, given our philosophy and process.

The long-term investment horizon and conviction weighted, highly active investment approach embraced by Counterpoint Global can result in periods of performance deviation from the benchmark and peers. The portfolio underperformed the Russell 1000 Growth Index this quarter due to unfavorable stock selection.

Market Review

Large cap growth equities, as measured by Russell 1000 Growth Index advanced quarter to date. Information Technology, Communication Services and Consumer Discretionary led benchmark gains, while Real Estate, Consumer Staples and Energy underperformed the benchmark.

While tariffs remained a source of uncertainty and overall market volatility, the quarter saw a shift toward a more dovish Fed stance, with expectations for additional rate cuts broadening through year-end. AI optimism continued to drive market leadership, as enthusiasm for the technology's potential supported strength across several industries. Amid heightened market enthusiasm, a growing sense of caution has surfaced around monetization challenges, uncertain productivity outcomes, and intensifying competition. Against this backdrop, our investment approach remains unchanged. We continue to invest in high quality businesses that have sustainable competitive advantages and strong secular growth potential, and that operate in large and growing end markets where the penetration rate for their goods/services can be much higher over time. Companies we own tend to be asset light, have little financial leverage, strong pricing power, attractive unit economics, high margins, solid cash generation capability and the ability to succeed through different market/macro environments. While we have opportunistically added to some positions and initiated new ones, overall, we have made few changes as we remain confident in the long-term prospects for the businesses we own. We will continue to carefully consider and monitor fundamental variables, while managing overall portfolio risk and exposures.

Portfolio Review

QTD underperformance has been primarily driven by unfavorable stock selection in Information Technology and Communication Services, as well as an average sector underweight in Information Technology.

Top detractors QTD include:

- Enterprise analytics platform and Bitcoin development company, Strategy Inc.
- Digital advertising software platform, The Trade Desk Inc.
- Ecommerce and fintech services platform, MercadoLibre Inc.
- Global payments platform, Adyen NV
- Lodging and experience platform, Airbnb Inc.

Strategy, formerly known as MicroStrategy, is a business intelligence and data analytics software provider and bitcoin development company. The company has been using the cash generated from its software business, along with capital market activities, such as raising both convertible debt and equity – to purchase bitcoin. The company now holds over six hundred thousand bitcoin on its balance sheet, which is three percent of the total supply, and is the largest publicly traded corporate holder of bitcoin in the world. After several quarters of very strong stock appreciation, its shares pulled back this quarter. We attribute the underperformance to broader volatility in bitcoin prices and in the premium at which the company's shares trade relative to its underlying holdings.

Detractor Trade Desk, which sells a software suite enabling digital marketers to better manage their advertising spend across channels, underperformed. Its shares remained pressured this year due to slower growth and ongoing execution challenges related to the rollout of its new buying platform, Kokai. The company also experienced leadership turnover, including the departure of its CFO and Chief Commercial Officer, which contributed to investor concerns. While the long-term opportunity in connected TV and retail media remains compelling, we are closely monitoring management's execution in the coming quarters.

MercadoLibre, a leading ecommerce and payments platform in Latin America, also detracted. We attribute the weakness largely to perceived volatility in Argentina and in competitive efforts from low price focused, APAC based cross border players in Brazil – notably Shopee. The company reported solid revenue growth but somewhat weaker profit growth due to strategic investments the company is making in logistics, marketing campaigns, and free shipping. We believe these are the right long-term investments for the business to be making despite short-term margin pressures as the opportunity for MELI continues to be robust across LATAM.

Conversely, an average sector underweight position in Consumer Staples, Industrials and Communication Services contributed to relative performance.

Top contributors QTD include:

- Videogame platform, Roblox Corp.
- Ecommerce solutions platform, Shopify Inc.
- Web performance and security company, Cloudflare Inc.
- Electric vehicle developer, Tesla Inc.
- U.S government sponsored entity providing mortgage financing, Federal National Mortgage Association

Gaming platform Roblox was the top contributor. Following a large investment period post COVID, the company's recent growth has been resilient and efficient, with free cash flow generation outpacing revenue growth and providing the company with the opportunity to create the YouTube of gaming— a multi sided, social community platform of content creation and consumption. The company's user growth inflected even higher this quarter, reaching forty-five million concurrent users at peak. Roblox's next leg of revenue growth will be driven by advertising, but also expansion from its core mobile distribution channel and into the PC and console channels, where the company has historically been mostly absent, despite those two channels accounting for fifty percent of the total addressable market (TAM). Overall, we remain confident in the company's ability to continue to grow and monetize its ecosystem.

Contributor Shopify is a software and services company that provides merchants with world-class commerce tools, enabling them to sell directly to consumers and manage their businesses across all sales channels. The company outperformed on continued strong execution and improving macro sentiment, reporting broad-based strength across geographies and product lines. Results and outlook were ahead of expectations, while the company maintained expense discipline. Despite ongoing tariff concerns, Shopify's merchants remained resilient, and sentiment improved further following new partnership announcements across several initiatives, including stablecoins and agentic commerce.

Cloudflare, a global cloud platform that provides a number of network services, also remained a strong contributor to portfolio performance, due to solid results that outpaced consensus expectations. Management commented that the company is seeing benefits of its investment in the sales effort through improving salesforce productivity, higher deal close rates, and better than expected new sales pipeline generation.

Outlook

Counterpoint Global looks to own a portfolio of unique companies with diverse business drivers, strong competitive advantages and positioning, and healthy secular growth prospects whose market value we believe can increase significantly over the long-term for underlying fundamental reasons, independent of the macro or market environment. We find these companies through fundamental research. Our emphasis is on secular growth, and as a result short-term market events are not as meaningful in the stock selection process.

Counterpoint Global believes having a market outlook can be an anchor. We focus on assessing company prospects over a five year investment horizon. Current portfolio positioning reflects what we believe are the best long-term investment opportunities.

The views, opinions, forecasts and estimates expressed are those of the investment team at the time of writing and are subject to change at any time due to market, economic, or other conditions, and may not necessarily come to pass. These comments are not representative of the opinions and views of the firm as a whole. Portfolio holdings and sectors are subject to change daily. All information provided is for informational purposes only and should not be deemed as a recommendation to buy or sell the securities mentioned or securities in the sectors referenced. Past performance is no guarantee of future results.

Performance (%)

Class I Share at NAV, as of September 30, 2025.

	MTD	QTD	YTD	1 YR	3 YR	5 YR	10 YR
MSIF Advantage Portfolio	4.28	4.93	27.09	54.46	33.63	5.01	14.02
Russell 1000 Growth Index	5.31	10.51	17.24	25.53	31.61	17.58	18.83
Lipper Large Cap Growth Index	4.52	8.73	16.13	22.53	30.41	14.80	16.84

Performance data quoted represents past performance, which is no guarantee of future results, and current performance may be lower or higher than the figures shown. For the most recent month end performance figures, please visit morganstanley.com/im or call 1-800-548-7786. Investment returns and principal value will fluctuate and fund shares, when redeemed, may be worth more or less than their original cost.

The gross expense ratio is 1.03% for Class I shares and the net expense ratio is 0.85%. Where the net expense ratio is lower than the gross expense ratio, certain fees have been waived and/or reimbursed. These waivers and/or reimbursements will continue for at least one year from the date of the applicable fund's current prospectus (unless otherwise noted in the applicable prospectus) or until such time as the fund's Board of Directors acts to discontinue all or a portion of such waivers and/or reimbursements. Absent such waivers and/or reimbursements, returns would have been lower. Expenses are based on the fund's current prospectus, in effect as of the date of this document. The minimum initial investment is \$1,000,000 for Class I shares. The minimum initial investment may be waived in certain situations. Please see the Fund's prospectus for additional information.

Returns are net of fees and assume the reinvestment of all dividends and income. They are compared to an unmanaged market index. Returns for less than one year are cumulative (unannualized). Performance for one year or more is based on average annual total returns. The returns are reported for Class I shares. Performance for other share classes will vary.

Please keep in mind that high double-digit returns are highly unusual and cannot be sustained. Investors should also be aware that these returns were primarily achieved during favorable market conditions.

The **Russell 1000® Growth Index** measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000® Index companies with higher price-to-book ratios and higher forecasted growth values. The Russell 1000® Index is an index of approximately 1,000 of the largest U.S. companies based on a combination of market capitalization and current index membership.

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

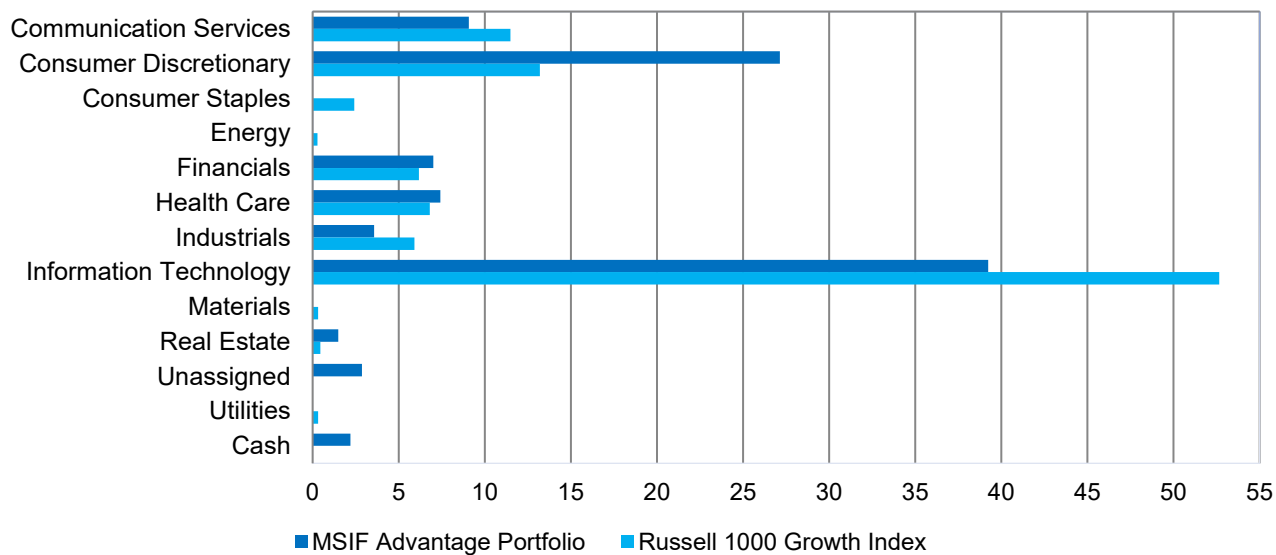
Top Ten Holdings

% of Total Net Assets, as of September 30, 2025. Subject to change.

Cloudflare	13.5
Tesla	8.2
Roblox	7.5
Shopify	6.9
DoorDash	6.3
MercadoLibre	5.3
CrowdStrike Holdings	4.9
Snowflake	4.7
Royalty Pharma	4.5
Strategy	4.3
TOTAL	66.1

Sector Allocation

As of September 30, 2025.



Source: FactSet Research Systems, Inc. / Morgan Stanley Investment Management.
Cash is frictional and accounted for 2.20% of the portfolio.

Risk considerations There is no assurance that a mutual fund will achieve its investment objective. Funds are subject to market risk, which is the possibility that the market values of securities owned by the portfolio will decline and that the value of portfolio shares may therefore be less than what you paid for them. Market values can change daily due to economic and other events (e.g. natural disasters, health crises, terrorism, conflicts and social unrest) that affect markets, countries, companies or governments. It is difficult to predict the timing, duration, and potential adverse effects (e.g. portfolio liquidity) of events. Accordingly, you can lose money investing in this portfolio. Please be aware that this portfolio may be subject to certain additional risks. In general, **equities securities'** values also fluctuate in response to activities specific to a company. Investments in **foreign markets** entail special risks such as currency, political, economic, market and liquidity risks. The risks of investing in **emerging market** countries are greater than risks associated with investments in foreign developed countries. **Privately placed and restricted securities** may be subject to resale restrictions as well as a lack of publicly available information, which will increase their illiquidity and could adversely affect the ability to value and sell them (**liquidity risk**). **Derivative instruments** may disproportionately increase losses and have a significant impact on performance. They also may be subject to counterparty, liquidity, valuation, correlation and market risks. To the extent that the Fund invests in a limited number of issuers (**focused investing**), the Fund will be more susceptible to negative events affecting those issuers and a decline in the value of a particular instrument may cause the Fund's overall value to decline to a greater degree than if the Fund were invested more widely. **Active Management Risk.** In pursuing the Portfolio's investment objective, the Adviser has considerable leeway in deciding which investments to buy, hold or sell on a day-to-day basis, and which trading strategies to use. The success or failure of such decisions will affect performance. To the extent the Portfolio invests a substantial portion of its assets in the **information technology sector**, the Portfolio may be particularly impacted by events that adversely affect the sector, such as rapid changes in technology product cycles, product obsolescence, government regulation, and competition, and may fluctuate more than that of a portfolio that does not invest significantly in companies in the technology sector. The views and opinions and/or analysis expressed are those of the author or the investment team as of the date of preparation of this material and are subject to change at any time without notice due to market or economic conditions and may not necessarily come to pass. Furthermore, the views will not be updated or otherwise revised to reflect information that subsequently becomes available or circumstances existing, or changes occurring, after the date of publication. The views expressed do not reflect the opinions of all investment personnel at Morgan Stanley Investment Management (MSIM) and its subsidiaries and affiliates (collectively the Firm") or the views of the firm as a whole, and may not be reflected in all the strategies and products that the Firm offers.

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