Morgan Stanley
INVESTMENT MANAGEMENT

COMMENTARY
May 31, 2024

Morgan Stanley Institutional Fund

Advantage Portfolio

COUNTERPOINT GLOBAL

Performance Review

For the month ending May 31, 2024, the Fund I class shares returned -2.37% (net of fees) and the Russell 1000 Growth Index returned 5.99%.

Year to date, the Fund returned -2.26% (net of fees), underperforming the benchmark return of 13.08%.

Top detractors YTD include:

- Cloud data platform, Snowflake
- Ecommerce solutions platform, Shopify
- Web performance and security company, Cloudflare
- Videogame platform, Roblox
- Social network, Meta Platforms, due to an average underweight position

Top contributors YTD include:

- Enterprise analytics platform and Bitcoin developing company, MicroStrategy
- Digital advertising software platform, The Trade Desk
- Mobility and food delivery platform, Uber Technologies
- Food delivery company, DoorDash
- Ecommerce and payments company, MercadoLibre

Market Review

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

Portfolio Review

Concerns around inflation, as well as the related timing and pace of potential interest rate cuts in the U.S. led to broader market volatility and weaker sentiment for high growth equities during April and May, which pressured YTD performance for the Advantage Portfolio.

YTD Fund underperformance has been driven by unfavorable stock selection in Information Technology and Communication Services and sector overweight in Consumer Discretionary. Conversely, stock selection in Industrials and Real Estate and sector underweight in Consumer Staples contributed to relative performance.

The fundamentals of our portfolio holdings remain strong despite an uncertain macroeconomic environment. Over the next three years, our companies are expected to grow revenues at 16% versus 14% for the benchmark[1] and 99% of the portfolio is expected to be free cash flow positive or neutral in 2024 (estimated)[2]. We have confidence that our companies are making the right investments to maximize the long-term end game potential of their businesses.

The portfolio is currently overweight Consumer Discretionary, Real Estate, and Financials, and underweight Information Technology, Consumer Staples, and Health Care.

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.

[1] Based on FactSet Consensus Estimates. Three Year Forward Weighted Average Revenue Growth is the increase in net sales for the next three years. Data as of 05/31/24.

[2] Based on 2024 FactSet Consensus Estimates or CapitalIQ consensus estimates and Counterpoint Global analysis when consensus estimates are not available. Neutral Free Cash Flow is defined as FCFE margin >=-5% and <-=0%. Estimates as of 04/05/24.

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 May 31, 2024.

	MTD	QTD	YTD	1 YR	3 YR	5 YR	10 YR
MSIF Advantage Portfolio	-2.37	-11.69	-2.26	14.34	-14.65	2.74	8.94
Russell 1000 Growth Index	5.99	1.49	13.08	33.60	11.12	19.37	15.80
Lipper Large Cap Growth Index	5.71	0.79	14.03	34.12	7.81	16.96	14.19

Class I Share at NAV, as of March 31, 2024.

	MTD	QTD	YTD	1 YR	3 YR	5 YR	10 YR
MSIF Advantage Portfolio	0.93	10.68	10.68	35.76	-10.26	5.69	10.41
Russell 1000 Growth Index	1.76	11.41	11.41	39.00	12.50	18.52	15.98
Lipper Large Cap Growth Index	2.03	13.14	13.14	41.07	9.60	16.31	14.30

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 1.01% 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. 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.

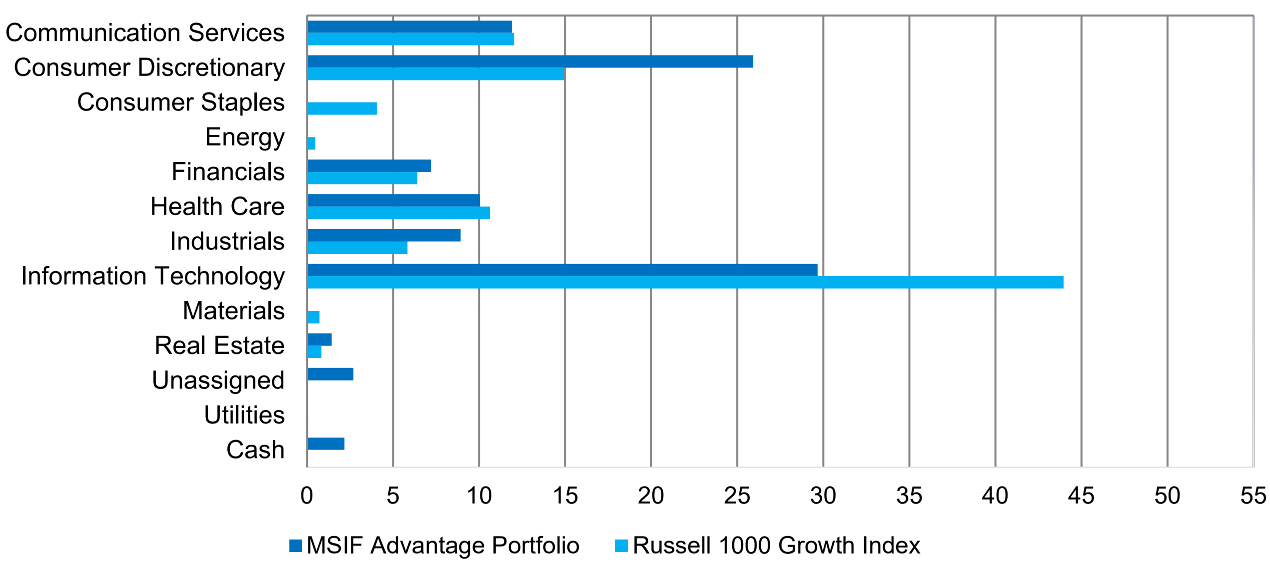
Top Ten Holdings

% of Total Net Assets, as of May 31, 2024. Subject to change.

Cloudflare	8.0
DoorDash	7.7
Trade Desk	6.8
Tesla	5.7
Shopify	5.6
Snowflake	5.3
Intercontinental Exchange	5.0
Royalty Pharma	4.9
Amazon.com	4.7
Airbnb	4.6
TOTAL	**58.3**

Sector Allocation

As of March 31, 2024.



Source: FactSet Research Systems, Inc. / Morgan Stanley Investment Management.
Cash is frictional and accounted for 2.18% 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.

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Please consider the investment objective, risks, charges and expenses of the Fund carefully before investing. The prospectus contains this and other information about the Fund. To obtain a prospectus, download one at morganstanley.com/im or call 1.800.548.7786. Please read the prospectus carefully before investing.

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