

MORGAN STANLEY INSTITUTIONAL FUND

Global Endurance Portfolio

COUNTERPOINT GLOBAL | DECEMBER 31, 2021

Dear Clients:

Total returns for Global Endurance were +9.59% compared to +18.54% by the MSCI All Country World Index for the year.

I am disappointed with our performance at year-end. The share prices of many of our businesses sold off precipitously in the final weeks of the year. Since many of our businesses had already reported their operating results and given the stark correlated nature of the sell-off, it is my opinion that macroeconomic fears around inflation, interest rates and supply chains are weighing heavily on market participants.

With that being said, I have nothing insightful to add to this particular discussion and will refrain from making any macroeconomic predictions as I believe they are an exercise in futility. Benjamin Graham eloquently referred to the market as a voting machine in the short run and a weighing machine in the long run. As a company-focused investor, it is my belief that if the businesses we own continue to execute against their opportunity set and subsequently see their revenues, gross profits and cash flows continue to grow, they can break the weighing scale and produce strong returns for us. I continue to keep a watchful eye on our management teams who I trust to maneuver and lead their companies through these next set of challenges.

In 2021 our top contributors were GameStop, At Home Group, Victoria PLC. AddLife and Colliers International. Our detractors were Cricut, Fastly, Cardlytics, Jfrog Inc. and Stich Fix. Unlike my previous letters, I will abstain from putting a spotlight on one of our top holdings as I would like to remain opportunistic in the marketplace during such times of volatility.

One small milestone to note is that together we have crossed the three-year mark since the launch of Global Endurance. When I embarked on this journey three years ago, little did I know what lay ahead, especially not a global pandemic. Since then, I have remained consistent in what I set out to do, which is to generate returns by investing in a select group of companies located throughout the world with durable competitive advantages, sustainable growth opportunities, valuable business models and strong management teams. While I am disappointed with our 2021 performance, I am quite pleased with our 3-year performance where Global Endurance returned a cumulative +199.91% compared to +74.46% by the MSCI All Country World Index.

It continues to be an absolute privilege to allocate capital on your behalf and I remain committed to doing right by clients for the long run. Strong clients are truly a competitive advantage and at the end of the day, I truly believe that enduring clients allow for an enduring money manager to invest in enduring businesses run by enduring management teams.

What can you expect over the coming years? More of the same – I will continue to apply an interdisciplinary approach to invest in underappreciated businesses that provide a strong value proposition to their customers, are able to take or retain market share all while continuing to re-invest in their businesses for the long-term. And on a personal level, I will continue to remain highly invested in the fund, having not sold a single share, while only adding to the fund over the past three years. You can expect this commitment of eating one's own cooking to continue.

I would also like to take this opportunity to update you on the team front. While I continue to strongly benefit from Counterpoint Global's platform, as Global Endurance scales, it is important to find dedicated teammates who share similar values, vision, and passion for what I set out to achieve. I am pleased to report that I was able to find two such candidates for two separate roles. Please join me in welcoming Kathryne Downs and Michael Moritz, both of whom I have known for a couple of years prior to extending them an offer.

Kathryne Downs will be a Portfolio Specialist focused on client engagement and relationships and making sure your requests and needs are met in a timely manner. Kathryne is a graduate of Middlebury College where she was on the Dean's List and majored in History of Art and Architecture with a minor in French before joining Morgan Stanley Investment Management 10 years ago. She has worked in a similar capacity with the Fixed Income team prior to joining Global Endurance while also having strong experiences in the sales and distribution divisions.

Michael Moritz will be a Research Associate helping me with monitoring companies we own, conducting diligence on companies on our watchlist and tackling special research projects. Michael is an Eagle Scout who is a graduate of Boston College where he was on the Order of the Cross and Crown Honors society and majored in Philosophy with a minor in Chemistry. Prior to joining Global Endurance, he ran his own investment research consulting firm, worked in private equity and was a neuroscience research associate at the Lundquist Institute at UCLA.

Both Kathryne and Michael will report to me and I am excited to learn and grow with them. Their temperaments and values align strongly with mine and both have hit the ground running. As the proverb goes- "If you want to go fast, go alone. If you want to go far, go together."

It is worth noting that our companies' share prices can vary significantly in any short time period; but it is my belief that over time, they reflect the intrinsic value of their underlying businesses. And given that we own a select group of companies – 38 to be exact – a number which is a fraction of the over 3,000 companies held in the index we compete against, the fund's performance may vary in any given year.

I remain optimistic that a company-focused approach to investing will allow us to find exceptional companies around the globe, truly worthy of our capital in the years ahead. Furthermore, the companies we own today are perennially competing for space in the portfolio with ones we do not. I am committed to searching for exceptional companies, while also deepening my understanding of the fundamentals of our existing businesses.

At year-end, our top 10 companies accounted for 56.95% of the portfolio and top 20 companies accounted for 82.70% of the portfolio. From a geographic domicile weighting standpoint, our portfolio was 67.01% in United States, 13.01% in United Kingdom, 5.74% in Israel, 5.70% in Canada, 3.00% in Poland, 2.85% in Sweden, 1.32% in Netherlands, 1.00% in Finland and 0.31% in Switzerland.

I am grateful for your trust in Global Endurance.

With best wishes,
Manas Gautam

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. For the most recent quarter-end commentary, please refer to the Fund's product detail page on morganstanley.com/im

Performance (%) as of December 31, 2021

Class I Share at NAV

	MTD	QTD	YTD	1 YEAR	3 YEAR	5 YEAR	Since Inception*
MSIF Global Endurance Portfolio	-6.67	-10.25	9.59	9.59	44.21	--	9.59
MSCI All Country World Index	4.00	6.68	18.54	18.54	20.38	--	18.54

*The inception date of the MSIF Global Endurance portfolio is 12/31/2018.

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.

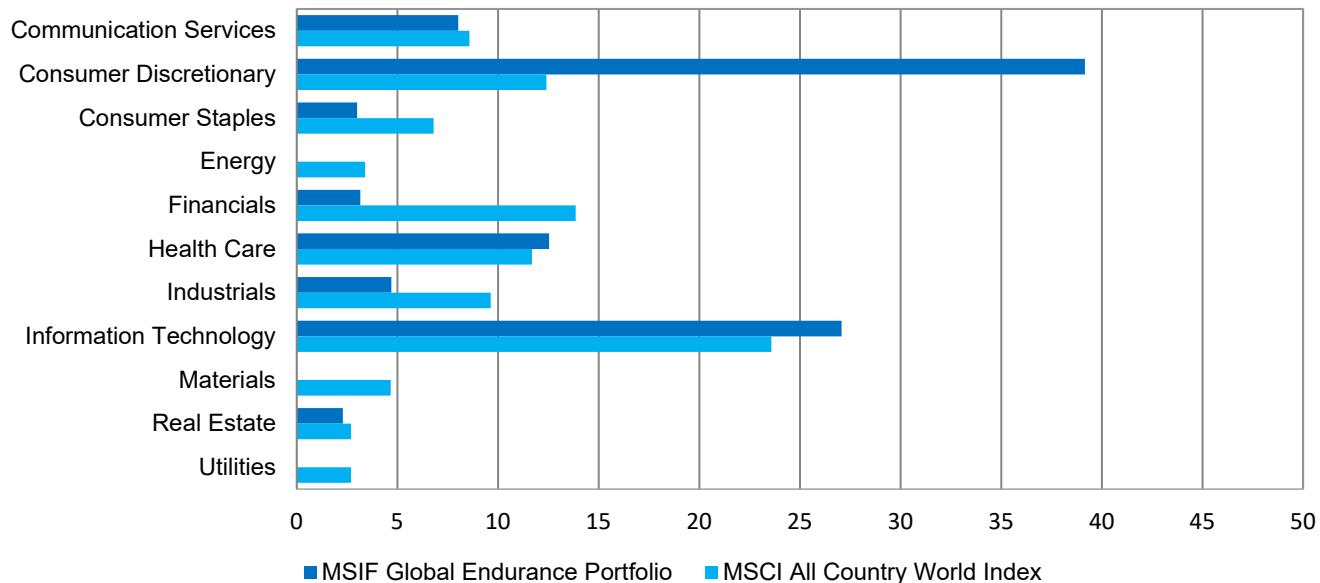
The gross expense ratio is 5.12% for Class I shares and the net expense ratio is 1.00%. Where the net expense ratio is lower than the gross expense ratio, certain fees have been waived and/or expenses reimbursed. These waivers and/or reimbursements will continue for at least one year from the date of 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 \$5,000,000.

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.

Short-term returns may not be indicative of the fund's long-term performance potential. A fund's performance, especially for very short time periods, should not be the sole factor in making your investment decision. Please keep in mind that high double- and triple-digit returns are highly unusual and cannot be sustained.

The **MSCI All Country (MSCI AC) World Index** is a free float-adjusted market-capitalization-weighted index designed to measure the equity market performance of developed and emerging markets. The term "free float" represents the portion of shares outstanding that are deemed to be available for purchase in the public equity markets by investors. The index does not include any expenses, fees or sales charges, which would lower performance. The index is unmanaged and should not be considered an investment. It is not possible to invest directly in an index.

Top Ten Holdings % of Total Net Assets, as of December 31, 2021. Subject to change.	
Cricut	9.5
Victoria	7.2
Fastly	6.6
Global-E Online	5.7
Floor & Décor Holdings	5.4
GoodRx Holdings	5.0
Salesforce.com	4.9
Babcock International Group	4.7
Affirm Holdings	4.5
Cardlytics	3.5
Total	57.0

Sector Allocation As of December 31, 2021.

Source: FactSet Research Systems, Inc. / Morgan Stanley Investment Management. Numbers may not add to 100 due to rounding and the exclusion of cash.

This material is a general communication, which is not impartial and all information provided has been prepared solely for informational and educational purposes and does not constitute an offer or a recommendation to buy or sell any particular security or to adopt any specific investment strategy. The information herein has not been based on a consideration of any individual investor circumstances and is not investment advice, nor should it be construed in any way as tax, accounting, legal or regulatory advice. To that end, investors should seek independent legal and financial advice, including advice as to tax consequences, before making any investment decision.

Certain information herein is based on data obtained from third party sources believed to be reliable. However, we have not verified this information, and we make no representations whatsoever as to its accuracy or completeness.

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. 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. **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**). 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. Investments in **small- and medium- capitalization companies** tend to be more volatile and less liquid than those of larger, more established, companies.

Please consider the investment objectives, risks, charges and expenses of the fund carefully before investing. The prospectus contains this and other information about the fund. To obtain a prospectus, contact your financial advisor or download one at morganstanley.com/im. Please read the prospectus carefully before investing.

Morgan Stanley Investment Management is the asset management division of Morgan Stanley.