Morgan Stanley | INVESTMENT MANAGEMENT

MORGAN STANLEY INSTITUTIONAL FUND

Global Endurance Portfolio

COUNTERPOINT GLOBAL | JUNE 30, 2021

Dear Clients:

Total returns for Global Endurance were +38.06% compared to +12.30% by the All Country World Index for the first half of 2021.

Global Endurance seeks to invest in a select group of companies located throughout the world with durable competitive advantages, sustainable growth opportunities, valuable business models and strong management teams.

One such company was Cricut, which I first invested in May 2021. Cricut sells software-enabled electronic cutting machines that enable over 4.9 million users to craft personalized goods (Cricut.com, May 2021). By employing a razor and blades business model the company provides a creativity platform that helps its users create birthday cards, mugs, T-shirts, interior decoration and other products from scratch or by accessing Cricut's growing design library with access to over 125,000 images and 6,000 ready-to-make projects.

This strong user-focused, vertically-integrated platform with a cult community following will allow the company to enable its existing and new users to channel their inner creativity. I believe we own a company which will continue to improve user experience, grow its user base and monetization per user, launch new products and take share in a large market – estimated to be over $128 billion – while it maintains and builds upon its core competitive advantages of scale and network effects.

Our Cricut stake appreciated 26.15% in the first half of 2021. While Cricut was among our top performers, GameStop, At Home, Party City and Victoria were also important positive contributors to our results. Conversely, JFrog, Fastly, Cardlytics, Royalty Pharma and Goodfood Market were the biggest detractors to our performance in the first half of 2021.

It is also important to address GameStop as a top performer given that the company dominated headlines in the first quarter of the year. I first invested in the business in September 2020. At the time, the business was valued at a deep discount to intrinsic value, despite the following factors – the launch of a new video game console cycle, the management team's renewed focus on e-commerce and improving monetization of its loyal customer base, and the company's strong retail footprint in the United States. In early 2021, the share price rose sharply and became divorced from fundamentals. I exited the position completely in February 2021 for risk management purposes.

At Home, a low-cost home furnishing retailer, which we had first invested in August 2019 received a buyout offer from a private equity firm in May 2021. This is the second buyout in the fund’s history with the first one being Bellamy’s Australia which was acquired by a strategic in 2019. While I am disappointed our compounding runway came to an abrupt conclusion, the investment generated high returns for us during our period of ownership.

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 – 40 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 the end of first half of 2021, our top 10 companies accounted for 49.27% of the portfolio and top 20 companies accounted for 74.39% of the portfolio. From a geographic domicile weighting standpoint, our portfolio was 70.83% in United States, 10.75% in United Kingdom, 6.94% in Canada, 2.35% in Sweden, 1.94% in Poland, 1.89% in Japan and 0.76% in Finland.

I am grateful for your trust in Global Endurance.

With best wishes,

Manas Gautam

Performance (%) as of June 30, 2021

Class I Share at NAV

	MTD	QTD	YTD	1 YEAR	3 YEAR	5 YEAR	Since Inception*
MSIF Global Endurance Portfolio	11.08	12.86	38.06	126.65	--	--	70.36
MSCI All Country World Index	1.32	7.39	12.30	39.26	--	--	22.31

***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.

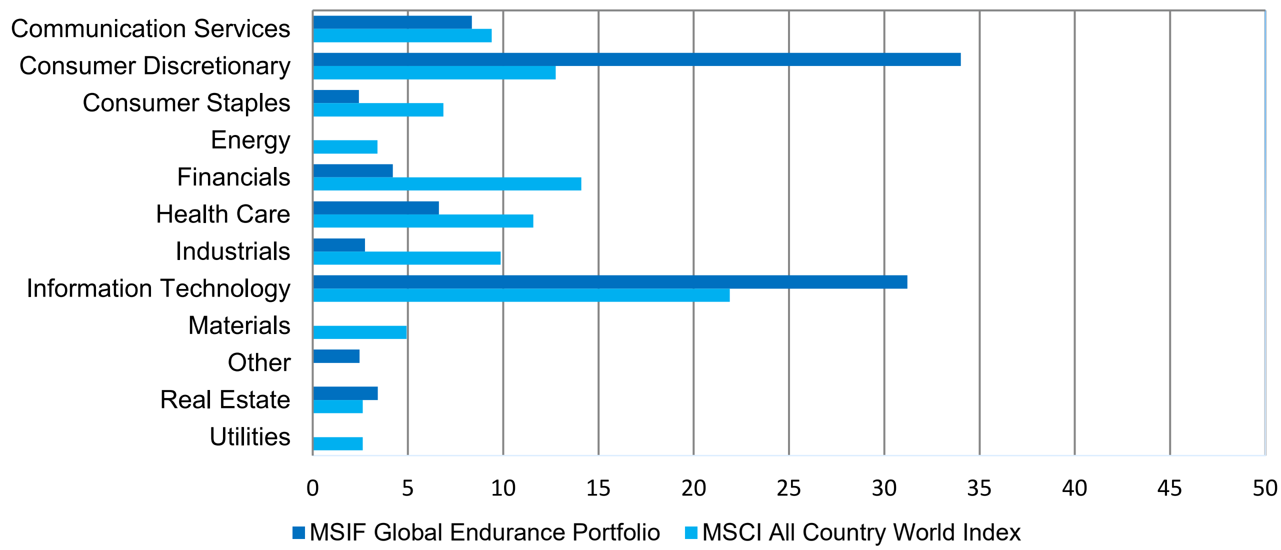
Short-term returns may not be indicative of the fund's long-term performance potential. A fund's performance, especially for very short time periods, should not be the sole factor in making your investment decision. Please keep in mind that high double- and triple-digit returns are highly unusual and 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 June 30, 2021. Subject to change.*

Cricut	10.0
Fastly	6.4
Victoria	5.7
Cardlytics	4.5
Stitch Fix	4.4
Floor & Décor Holdings	3.9
Smartsheet	3.7
Salesforce.com	3.6
Skillz	3.6
JFrog	3.5
Total	**49.3**

Sector Allocation *As of June 30, 2021.*



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

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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.

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 professional 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.