

MORGAN STANLEY INSTITUTIONAL FUND

Global Endurance Portfolio

COUNTERPOINT GLOBAL | SEMI-ANNUAL COMMENTARY | June 30, 2025

Dear Clients

Total returns for Global Endurance were +10.10% compared to +10.05% by the MSCI All Country World Index for the first half of 2025.

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 Babcock International Group, which I first invested in April 2021. Babcock is a British defense, aerospace and security business. The company provides critical services to the armed forces to support nuclear, land, air and naval operations. At the time of making our investment, Babcock had announced a change in management given its history of poor operating and financial performance with shares languishing at all-time lows. Having previously followed the incoming management's success at Cobham (another British defense and aerospace business) and after conducting bottom-up research and diligence on the business, I jumped at the opportunity to acquire shares of the business. The company had strong bones but was lacking the discipline in creating a culture of excellence when it came to operations, financial management and a commonsense approach to business. The critical nature of services the company provides, the scale of its operations and a backlog that provided visibility gave management a good platform to divest non-core assets while improving business performance. Since our investment, Babcock has capitalized on the turbulent geopolitical environment, which once again has reminded the Western world of the importance of defense spending and self-reliance.

Babcock's shares appreciated 129% through the first half of 2025. While Babcock was our top performer, Carvana, Circle, Core Scientific and QXO were also important positive contributors to our results. Conversely, Appian, Immunovant, Floor & Decor, Global-e and Sable Offshore were the biggest detractors to our performance in the first half of 2025. As of July-end two of our companies got acquisition bids: Core Scientific (by CoreWeave) and Chart Industries (by Baker Hughes).

It is also important to give you an update on our top position, Victoria. The company has been a major drag on our performance. A quick recap: beginning in 2023, Victoria's share price saw a precipitous fall following the largest pull back in flooring sales in recent history, triggered by high inflation, rising interest rates, and COVID pull-forward. Estimates pointed to market demand being 15-25% below 2019 levels. Operating performance was further impacted by soaring commodity prices hitting margins. To make matters worse, in 2024 the company also embarked on a refinancing of its bonds due 2026 and 2028, which further spooked the market and led to an exodus of investors, some of whom likely wished to take a tax loss. This created an excellent opportunity for us to exploit a time-horizon mismatch and acquire additional shares at a steep discount to the intrinsic value of the business.

The Victoria team has had a busy few months improving the capital structure (financing) and driving efficiency throughout the business. On the financing front, the business was able to secure a super senior revolving credit facility as well as refinance its 2026 bonds which will now be due 2029. The 2028 bonds and preferred are also in the process of being restructured which should put any capital structure concerns that the market may have to rest. On the efficiency front, the company was able to improve margins from 8.8% in 1H24 to 11.6 in 1H25. I expect the company to return to mid-teen margins it previously enjoyed as the reduction of bloated costs and working capital improvements take full effect. While it is hard to ever call the bottom of any cycle, I do see some green shoots of growth as demand in the market starts to improve.

When I look at our portfolio as a mini-conglomerate, I feel great about the quality and diversity of the businesses we own. To highlight just a few, we own flooring manufacturers and retailers, building products distributors, a hospital franchise, logistics platforms, e-commerce platforms, enterprise software companies, and leading biotech companies. These are real businesses which continue to execute upon their strategy and compound capital while they deal with all the uncertainty the world throws at them.

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.

As a reminder, while our companies' share prices can vary significantly in any short period 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 – 30 to be exact – a number which is a fraction of the 2,528 companies held in the index we compete against, the Fund's performance may vary in any given year.

At the end of the first half of 2025, our top 10 companies accounted for 56.5% of the portfolio and top 20 companies accounted for 83.8% of the portfolio. From a geographic domicile weighting standpoint, our portfolio was 70.4% in the United States, 17.7% in the United Kingdom, 5.1% in Israel, 2.2% in Japan, 2.2% in Germany, 1.0% in Canada.

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. 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. There can be no guarantee that the Fund will achieve its investment objectives or that a portfolio consisting of the team's "best ideas" will experience positive performance.

INVESTMENT MANAGEMENT

Performance (%) as of June 30, 2025

Class I Shares – Net of Fees

	MTD	QTD	YTD	1 YR	3 YR	5 YR	Since Inception*
MSIF Global Endurance Portfolio	7.97	13.35	10.10	23.21	18.81	4.11	11.59
MSCI All Country World Index	4.49	11.53	10.05	16.17	17.35	13.65	13.30

*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 1.69% 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 \$1,000,000.

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.

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.

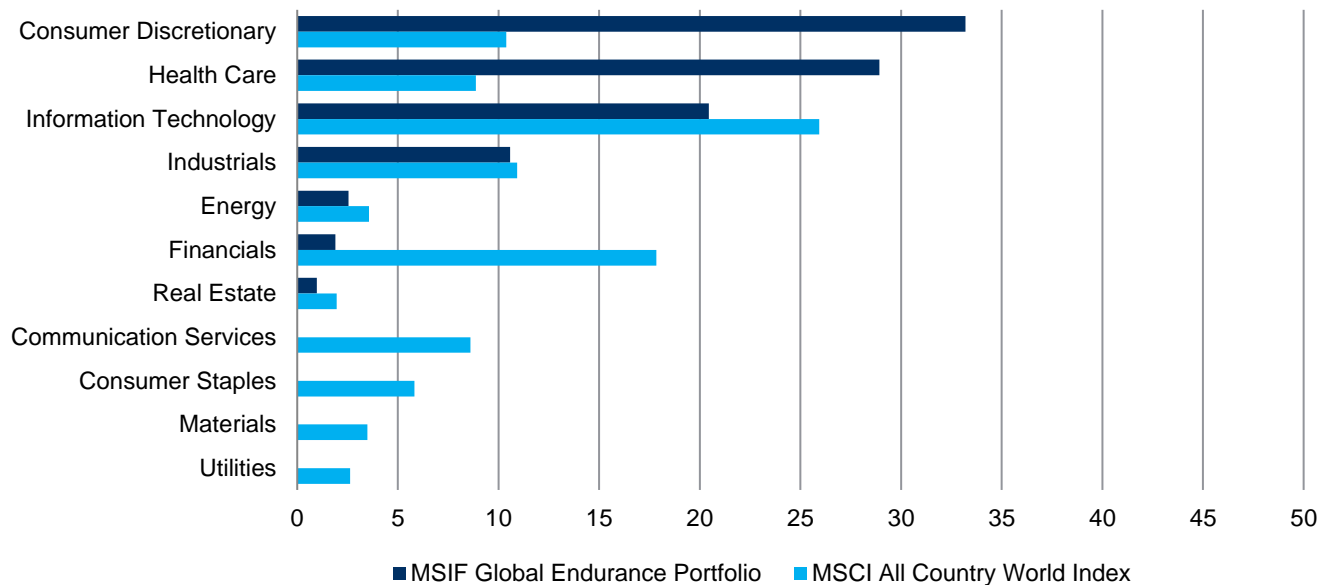
Top 10 Holdings

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

	PORTFOLIO WEIGHT
Victoria Plc	11.91
Appian Corp	9.73
Domino's Pizza Plc	4.89
HCA Healthcare	4.77
Floor & Decor Holdings	4.74
QXO, Inc	4.39
Arbutus Biopharma	4.20
Roivant Sciences	4.14
Core Scientific Inc.	4.12
Carvana Co.	3.61
TOTAL	56.51%

Source: FactSet Research Systems, Inc. / Morgan Stanley Investment Management

Sector Allocation As of June 30, 2025



Source: FactSet Research Systems, Inc. / Morgan Stanley Investment Management. Numbers may not add to 100 due to rounding and the exclusion of cash. Subject to change daily. Fund information is provided for informational purposes only and should not be deemed as a recommendation to buy or sell any security or securities in the sectors and countries that may be presented.

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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. 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. To the extent the Portfolio invests a substantial portion of its assets in the **household durables sector**, Portfolio may be particularly impacted by issues that adversely affect the sector, such as changes in consumer confidence, disposable household income and spending, and consumer tastes and preferences. As a result, the Portfolio may fluctuate more than that of a portfolio that does not invest significantly in companies in the household durables sector.

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.

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