

Morgan Stanley Institutional Fund

Global Infrastructure Portfolio

GLOBAL LISTED REAL ASSETS TEAM

Performance

In the one month period ending August 31, 2024, the Fund's I shares returned 5.03% (net of fees)¹, while the benchmark returned 4.53%.

The Fund outperformed the benchmark for the month due to favorable bottom-up stock selection, while adverse top-down sector allocation detracted from relative performance. From a bottom-up perspective, the Fund benefited from favorable stock selection in water & waste, airports, other utilities, gas midstream, communications and gas distribution utilities; this was only modestly offset by unfavorable stock selection in European regulation utilities. From a top-down perspective, the largest detractors were the Fund's underweights to pipeline companies and electricity transmission & distribution and the overweights to other utilities and water & waste.

Market Review

Infrastructure shares (as measured by the Dow Jones Brookfield Global Infrastructure Index, the "Index") increased by 4.53% in August, bringing the year-to-date performance to 10.65% in U.S. dollar (USD) terms. Such performance was better than global equities for the month, with the MSCI World Net Index increasing by 2.64% over the same time frame. While listed infrastructure remains a relative underperformer year-to-date through August (+16.72% the MSCI World vs. 10.65% for the Index), the asset class has made progress more recently with the decline in interest rates and moderation in growth/mega-cap tech/artificial intelligence (AI) stock performance. In August, pipeline companies, electricity transmission & distribution, toll roads, and gas midstream outperformed the Index, while water & waste, ports, airports, gas distribution utilities, communications, other utilities, European regulated utilities, and diversified underperformed the Index.

Following a rocky start to the month on the back of a carry trade unwind in Japanese yen, global equities moved higher in August as investors solidified their views on central bank easing, with speculation that the U.S. Federal Reserve may move 50 basis points² in September and the European Central Bank may also cut in the same month. Higher confidence in the shift in central bank policy was largely driven by weak economic releases — most notably the jobs data in the U.S. for July (with downward revisions for prior periods) — although consumer-related measures like retail sales released during the month remained healthy, supporting the idea of a "soft landing". Broad strength in corporate earnings for the second quarter released in August also helped to support the narrative that the global economy is softening but is unlikely to fall into a deep recession in the near term.

Specifically in listed infrastructure, share price strength was broad (all subsectors were positive for the month), supported by healthy second quarter earnings results and vastly improved sentiment on anticipation of a move to lower interest rates. Perhaps unsurprisingly, utilities broadly performed well, but the ongoing strength of energy infrastructure was also notable, with both pipeline companies and gas midstream up more than 5% for the month. California-based utilities were particularly strong, as well as the large Canadian pipeline companies TC Energy and Enbridge Inc.³ Finally, we would highlight the strength of Australian toll road operator Transurban,⁴ which rose more than 8% in USD terms in August on the back of anticipated lower rates and a modestly more positive investor view with regard to potential outcomes associated with the New South Wales toll regime review.

Portfolio Activity

Portfolio activity for August was modestly biased toward sales, given the strength in share price performance. More specifically, we continued to pare our position in waste operator GFL Environmental⁵ on the back of strong share price performance. In addition, we net sold utilities during month (with the largest sales being Canadian diversified utility Fortis Inc.),⁶ albeit on a more modest basis given our view that the backdrop remains strong. In terms of purchases, our areas of focus largely centered on the communications

¹ Source: Morgan Stanley Investment Management. Data as of August 31, 2024. Performance for other share classes will vary.

² One basis point = 0.01%

³ As of August 31, 2024, TC Energy 3.7% of the portfolio, Enbridge Inc 4.1% of the portfolio.

⁴ As of August 31, 2024, Transurban 0.4% of the portfolio.

⁵ As of August 31, 2024, GFL Environmental 3.8% of the portfolio.

⁶ As of August 31, 2024, Fortis Inc. 0% of the portfolio.

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sector, which we believe can perform well in a lower interest rate regime, as well as the more fixed-fee, commodity-agnostic area of energy infrastructure (i.e., pipeline companies), given the more utility-like nature of those companies' cash flows.

Strategy and Outlook

We remain committed to our core investment philosophy as an infrastructure value investor. As a value-oriented, bottom-up driven investor, our investment perspective is that over the medium and long term, the key factor in determining the performance of infrastructure securities will be underlying infrastructure asset values. Given the large and growing private infrastructure market, we believe that there are limits as to the level of premium or discount at which the public sector should trade relative to its underlying private infrastructure value. These limits can be viewed as the point at which the arbitrage opportunity between owning infrastructure in the private versus public markets becomes compelling. In aiming to achieve core infrastructure exposure in a cost-effective manner, we invest in equity securities of publicly listed infrastructure companies we believe offer the best value relative to their underlying infrastructure value and growth prospects.

Our research currently leads us to an overweighting in the Fund to a group of companies in the other utilities, European regulated utilities, water & waste, communications, and airports sectors, and an underweighting to companies in the electricity transmission & distribution, pipeline companies, diversified, toll roads, gas midstream, gas distribution utilities, and ports sectors. Finally, we continue to retain out-of-benchmark positions in railroads and renewables.

Fund Facts

Inception Date	September 20, 2010
Minimum Initial Investment (\$)*	A Shares - 1,000
	I Shares - 1,000,000
Benchmark	Dow Jones Brookfield Global Infrastructure Index
Class I expense ratio	Gross 1.20 %
	Net 0.97 %
Class A expense ratio	Gross 1.42 %
	Net 1.21 %

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, in effect as of the date of this commentary. For information on the applicable fund's current fees and expenses, please see the fund's current prospectus.

* Share class availability may vary by platform. For more information, please visit the specified fund page on the website.

Performance (%)

As of August 31, 2024	MTD	QTD	YTD	1 YR	3 YR	5 YR	10 YR
Class I Shares at NAV	5.03	11.35	10.88	17.04	2.61	4.75	4.43
Class A Shares at NAV	4.97	11.31	10.74	16.72	2.34	4.50	4.17
Class A Shares (With Max 5.25% Sales Charge)	-0.53	5.48	4.97	10.59	0.52	3.37	3.61
Dow Jones Brookfield Global Infrastructure Index	4.53	11.57	10.65	18.34	4.00	4.83	4.48

Performance (%)

As of June 30, 2024	MTD	QTD	YTD	1 YR	3 YR	5 YR	10 YR
Class I Shares at NAV	-0.42	0.51	-0.42	0.61	-0.41	2.69	3.57
Class A Shares at NAV	-0.51	0.43	-0.51	0.34	-0.65	2.43	3.31
Class A Shares (With Max 5.25% Sales Charge)	-5.69	-4.85	-5.69	-4.93	-2.43	1.33	2.75
Dow Jones Brookfield Global Infrastructure Index	-1.93	-0.41	-0.82	2.26	1.01	2.85	3.62

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. Investment returns and principal value will fluctuate and fund shares, when redeemed, may be worth more or less than their original cost.

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 (not annualized). Performance for one year or more is based on average annual total returns. The returns are reported for Class I and A shares. Performance for other share classes will vary.

INDEX INFORMATION

The **Dow Jones Brookfield Global Infrastructure Index** is a free float-adjusted market capitalization weighted index that measures the stock performance of companies that exhibit strong infrastructure characteristics. The Index intends to measure all sectors of the infrastructure market.

The **MSCI World Net Index** is a free float adjusted market capitalization weighted index that is designed to measure the global equity market performance of developed 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 performance of the Index is listed in U.S. dollars and assumes reinvestment of net dividends. The index is unmanaged and does not include any expenses, fees or sales charges. It is not possible to invest directly in an index.

The Indexes are unmanaged and do not include any expenses, fees or sales charges. It is not possible to invest directly in an Index. Any index referred to herein is the intellectual property (including registered trademarks) of the applicable licensor.

RISK CONSIDERATIONS

There is no assurance that a portfolio will achieve its investment objective. Portfolios 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 the risks generally associated with investments in foreign developed countries. Companies within the **infrastructure industry** are subject to a variety of factors that may adversely affect their business or operations, including high interest, leverage and regulatory costs, difficulty raising capital, the effect of an economic slowdown or recession and surplus capacity, and increased competition. Other risks include technological innovation, significant changes in the number of end-users, an increasing deregulatory environment, natural and environmental risks, and terrorist attacks. Stocks of **small- and medium-capitalization companies** entail special risks, such as limited product lines, markets and financial resources, and greater market volatility than securities of larger, more established companies. **Non-diversified portfolios** often invest in a more limited number of issuers so changes in the financial condition or market value of a single issuer may cause greater volatility in the portfolio. **Real estate investments**, including **real estate investment trusts (REITs)**, are subject to risks similar to those associated with the direct ownership of real estate and they are sensitive to such factors as management skills and changes in tax laws.

IMPORTANT INFORMATION

The views and opinions and/or analysis expressed are those of

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"), and may not be reflected in all the strategies and products that the Firm offers.

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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 (which includes the applicable fund's current fees and expenses, if different from those in effect as of the date of this commentary), download one at morganstanley.com/im or call 1-800-548-7786. Please read the prospectus carefully before investing.

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