Morgan Stanley

INVESTMENT MANAGEMENT

COUNTERPOINT GLOBAL

MORGAN STANLEY INSTITUTIONAL FUND

Global Insight Portfolio

COUNTERPOINT GLOBAL | COMMENTARY | MARCH 31, 2021

Performance Review

Counterpoint Global seeks high quality companies, which we define primarily as those with sustainable competitive advantages. We manage concentrated portfolios that are highly differentiated from the benchmark, with securities weighted on our assessment of the quality of the company and our conviction. The value added or detracted in any period of time will typically result from stock selection, given our philosophy and process. For the quarter, the Global Insight Portfolio (Class I) returned -4.82%, and the MSCI All Country World Index returned 4.57%.

The long term investment horizon and conviction weighted investment approach embraced by Counterpoint Global can result in periods of performance deviation from the benchmark and peers. The portfolio underperformed the benchmark this quarter due to unfavorable stock selection and sector allocations.

Global equities, as measured by the MSCI All Country World Index, continued to advance over the quarter. Energy and Financials posted the largest gains in the MSCI All Country Index. All sectors posted positive returns over the period, with the exception of Consumer Staples, which was the greatest laggard in the index. Against this backdrop, our team continued to focus on stock selection and the long-term outlook for companies owned in the portfolio.

Information Technology was the top detractor in the portfolio this quarter, largely due to unfavorable stock selection. Cloud data platform provider Snowflake was the top detractor in the sector and among the greatest across the portfolio. Snowflake's fundamentals remained very strong, so we attribute the weakness largely to a broad sell off in higher growth software companies that had performed well over the past year. This adversely affected a number of the portfolio's other holdings in the IT Services and Software areas as well, including Coupa Software and Okta. Coupa is a company that offers cloud based enterprise software to help companies optimize spending. Coupa Software shares underperformed despite solid results characterized by revenue and profit growth that beat Street estimates. Coupa's recent acquisition of LLamasoft may pressure near-term margins as the company transitions this business to a subscription based business model; this also weighed on investor sentiment to an extent. Okta, a leading independent provider of identity access management solutions for enterprises, was also a detractor. Okta's results beat Street estimates, however the company's outlook was muted due to expected reinvestment in growth initiatives which may lower near-term profitability. In addition, Okta announced its acquisition of competitor Auth0 in an all stock deal; the acquisition eliminates a fast growing competitor in the customer identity market while also providing Okta an opportunity to cultivate deeper relationships with the software developer community. Investor concerns about the acquisition likely weighed on Okta shares as well to an extent. Within the sector, the weakness in these holdings was partly offset by strength in Square, which was among the top contributors in the portfolio. Square provides payment, point of sale, capital, and business management solutions to facilitate commerce between businesses and consumers. Its shares continued to advance on solid results, characterized by increasing levels of user engagement on its Cash App mobile payment services platform, as well as improving payment volume growth in its seller ecosystem.

Stock selection in Communication Services, Consumer Discretionary, Health Care, Industrials, and Materials also impeded relative performance, as did stock selection and an average underweight position in Financials. Audio streaming services provider Spotify was the greatest detractor both among these areas and across the portfolio. We attribute the underperformance to some mean reversion following a period of outperformance over previous quarters, as well as somewhat mixed results. The company reported strong subscriber growth, continued recovery in advertising revenue, and solid engagement trends across both its music and podcast offerings; however, management provided guidance on subscriber growth and profitability that fell short of high market expectations. Within Communication Services, the weakness in Spotify was partly offset by strength in Sea Limited, Interactive Corporation, and Twitter, all of which were top contributors across the portfolio. Sea Limited, an ecommerce and online gaming leader in Southeast Asia, continued to benefit from the accelerating growth in ecommerce globally, and saw strong user growth and monetization trends in its gaming franchise. The company also experienced growing adoption of its digital payments and financial services platform, SeaMoney. Internet media services provider Interactive Corporation outperformed due to solid fundamentals across its major business lines; the company also confirmed its timeline to spin off its video hosting, sharing, and services platform Vimeo this year. Shares in global communications platform Twitter advanced on healthy financial results, characterized by accelerating advertising revenue growth, as well as an upbeat investor day presentation that highlighted initiatives the company has underway to increase the pace of product development, deepen user engagement, grow its user base, and improve monetization in newer channels. In Consumer Discretionary, online luxury goods marketplace Farfetch was the greatest detractor in the sector, and the fifth greatest across the portfolio. The company continued to post solid results and introduce new platform innovations, so we attribute the underperformance largely to some mean reversion following a period of strong share price appreciation.

Energy was overall a small detractor in the portfolio, as an average sector underweight position more than offset the favorable impact of stock selection. Texas Pacific Land Corporation was the fifth greatest contributor across the portfolio. Its shares advanced on improving fundamentals, supported by a recovery in oil prices over the second half of 2020. During the quarter, the company also completed its conversion from a trust structure to a corporation.

Lastly, Real Estate and Utilities each had a negligible impact on the portfolio's relative performance this quarter.

Outlook

As a team, we believe having a market outlook can be an anchor. Our focus is on assessing company prospects over a five year horizon, and owning a portfolio of unique companies whose market value we believe can increase significantly for underlying fundamental reasons.

On March 31, 2021, the MSIF Global Advantage Portfolio was renamed to the MSIF Global Insight Portfolio and there were no changes made to the investment objective.

Performance (%) as of March 31, 2021

Class I Share at NAV

	MTD	QTD	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR
MSIF Global Insight Portfolio	-7.39	-4.82	-4.82	112.43	30.63	27.91	18.06
MSCI All Country World Index	2.67	4.57	4.57	54.60	12.07	13.21	9.14

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 1.10% 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.

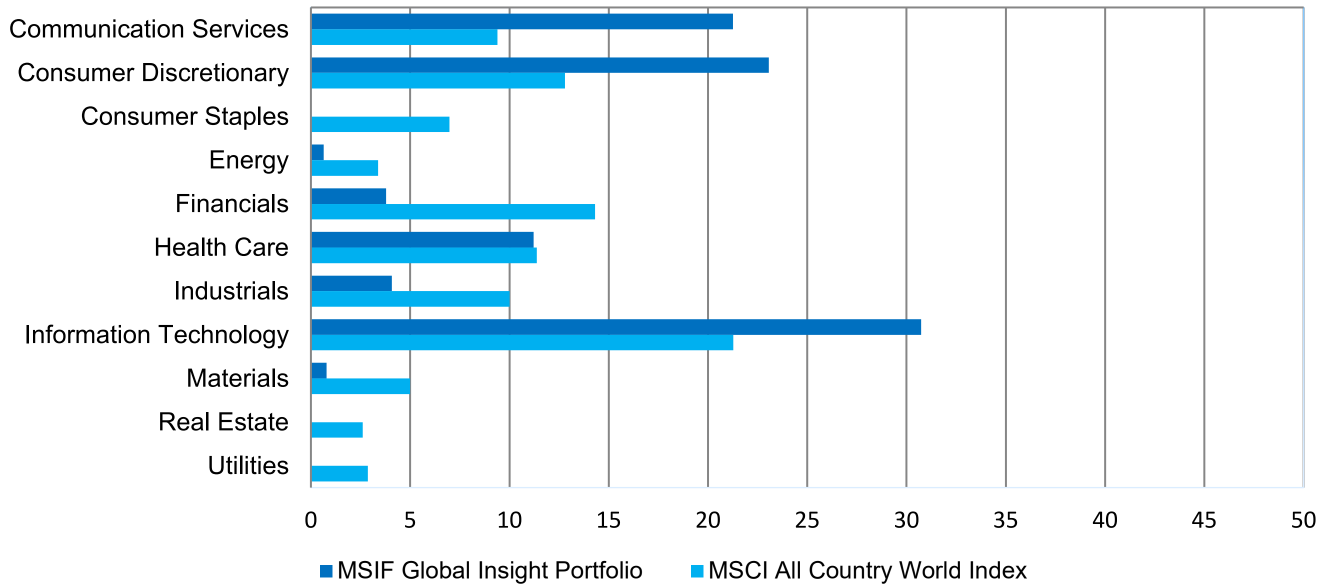
Please keep in mind that high double- and triple-digit returns are highly unusual and cannot be sustained. Investors should also be aware that these returns were primarily achieved during favorable market conditions.

The **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 March 31, 2021. Subject to change.*

Sea Ltd.	6.6
Shopify	6.2
Coupang	5.4
Royalty Pharma	5.0
MercadoLibre	4.8
Farfetch	4.3
Spotify Technology	4.1
Uber Technologies	4.1
Square	3.9
HDFC Bank	3.8
Total	**48.2**

Sector Allocation *As of March 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. 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. 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. **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). **Illiquid securities** may be more difficult to sell and value than public traded securities (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.

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.

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