Morgan Stanley Institutional Fund

Global Opportunity Portfolio

GLOBAL OPPORTUNITY

Performance Review

In the quarter period ending December 31, 2025, the Portfolio's I shares returned -3.74% (net of fees)[1], while the benchmark returned 3.29%.

Year-to-date (YTD), the Fund returned 12.40% (I shares net of fees) and the benchmark returned 22.34%.

Global Opportunity creates a high conviction, concentrated portfolio of undervalued, high quality businesses. The long-term investment horizon and high active share approach can result in periods of performance deviation from the benchmark. The Fund underperformed the MSCI All Country World Index (ACWI) this quarter due to unfavorable stock selection and sector allocation.

Market Review

Global equity markets advanced in the fourth quarter, led by outperformance in health care, materials and financials. The real estate and consumer discretionary sectors declined, while consumer staples also underperformed the benchmark.

Portfolio Review

Stock selection in communication services, consumer discretionary and financials and an overweight allocation to the consumer discretionary sector were the greatest overall detractors from the relative performance of the portfolio. Top individual detractors included global mobility platform Uber Technologies, Inc., Korean ecommerce platform Coupang, food delivery platform DoorDash, Swedish audio streaming platform Spotify Technology SA and Latin American ecommerce platform MercadoLibre.

The portfolio's underweight allocations to the consumer staples, real estate and information technology sectors were the greatest overall contributors to the relative performance of the portfolio during the period. Top individual contributors included Danish freight forwarder DSV A/S, Taiwan Semiconductor Manufacturing Co., Ltd., a French luxury group, homestay and experience marketplace Airbnb and Italian luxury brand Moncler SpA.

Shares of Uber underperformed during the period after the company issued fourth quarter guidance below market expectations, as the company chooses to prioritize future growth over short-term margin expansion. Uber reported quarterly results that exceeded revenue expectations, supported by continued momentum in its Uber One membership program and solid bookings growth. Uber operates a global mobility platform in over 15,000 cities in over 70 countries through its mobility, delivery and freight services.[2] Uber's 189 million monthly active platform consumers average over six trips per month,[2] and it has leadership positions in its top mobility markets and in eight of its top 10 delivery countries.[3] We believe that Uber is unique because of its strong network effects and scale, while gross bookings have penetrated less than 2% of a $14 trillion total addressable market.[2] Uber's competitive advantage over other platforms that offer exclusively ride-booking or food delivery is a result of platform synergies, as evidenced by spending per cross-platform user that is over three times the average spend per users of a single vertical, with customer acquisition costs 50% lower[4] than paid marketing channels when it cross-sells delivery services to its mobility app users. The Uber One cross-platform membership program reached 36 million members and generated more than 40% of Uber's combined delivery and mobility bookings.[2]

[1] Source: Morgan Stanley Investment Management. Data as of December 31, 2025. Performance for other share classes will vary.
[2] Source: Uber company data as of September 30, 2025.
[3] Source: Uber Investor Update as of March 31, 2025.
[4] Source: Uber Investor Update as of February 2024.

Shares of Coupang declined after reporting a cybersecurity incident involving unauthorized access to customer accounts. We are closely monitoring the issue, and note that the company activated an incident response, disabled the threat actor's unauthorized access, reported the incident to authorities and warned customers of potential impact. Based on company filings, no customer financial information or login credentials were compromised in the incident. Coupang is Korea's largest ecommerce company, operating under a first-party and third-party model, with a focus on building a next-generation customer experience by enabling a large selection of items at low prices delivered on the same or next day, with a frictionless return process. For example, the average Rocket delivery time was under 12 hours and 99% of orders were delivered within one day.[5] We believe Coupang is unique due to its scalable logistics infrastructure, low customer acquisition cost structure, loyal customer base of nearly 14 million paid subscribers[6] to its Rocket WOW membership program, and a growing third-party marketplace that may be further monetized through advertising and fulfillment services. The company's differentiation and efficient scale may enable it to gain share of a fragmented ecommerce market, with the potential to extend its ecosystem beyond its core business and establish strong positions in new verticals such as food delivery and fintech. Coupang currently accounts for a small percentage of Korea's overall ecommerce market, which is projected to exceed $336 billion by 2027,[7] and we have seen from other geographies that an ecommerce market leader can capture as much as one-sixth of the country's total retail sales.[8]

Shares of DSV advanced after posting stronger-than-expected third quarter earnings results and guiding towards sooner-than-expected synergies realized from the acquisition of DB Shenker logistics operations. DSV A/S is a leading global asset-light freight forwarder with a unique blend of people, processes and information technology services. DSV enjoys leading positions in air and sea logistics globally as a result of strategic acquisitions that have diversified the firm out of the core road forwarding business and enabled it to grow in scale, network and sophistication in digital capabilities, on top of industry consolidation trends. We believe the company's information technology platform, people and processes allow it to operate efficiently in the value-added activities in forwarding that have been more immune from digital disruptions and volatile market pricing. The company also maintains a shareholder-friendly capital allocation policy that combines share buybacks with stable dividends in the absence of value-accretive merger and acquisition (M&A) activity.

Outlook

Quality underperformed by the largest percentage in over 20 years in 2025, trailing the MSCI ACWI by 424 bps globally.[9] The rotation has benefited shares of lower quality cyclicals characterized by slower growth, lower profitability and higher debt, in a market driven by exuberance for artificial intelligence and more accommodative monetary policy.

This dynamic has been more pronounced outside the U.S. as quality underperformed international stocks by 1,041 bps, driven by outperformance in shares of European financials and defense, and Asian semiconductors and materials.[10] The impact in the U.S. has been partially insulated by the inclusion of five of the Magnificent 7 stocks within the MSCI ACWI Quality Index. Our portfolio has historically underperformed in similar rotational market environments, where top-down factors outweigh bottom-up fundamentals.

To put current dynamics into context: following 12-month periods of underperformance over the last 25 years, quality outperformed by 2.1% over the next year and 7.8% over the next three years.[11]

Following 12-month periods of underperformance since inception, Global Opportunity Portfolio has outperformed the MSCI ACWI by 8.51% over subsequent years and by 24.16% cumulatively over the next three years, I shares net of fees.[12]

Despite a challenging market environment to navigate, our investment philosophy remains unchanged. We have high conviction in our portfolio holdings, supported by strong execution stories and robust fundamentals. Our portfolio is now trading at an attractive absolute valuation level of 5.3% free cash flow yield, and our companies are expected to grow revenues 14.9% compounded annually over the next three years, twice that of the benchmark at 7.2%.[13] We believe this creates one of the most attractive backdrops in our

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5 Source: Coupang company data as of September 30, 2025.
6 Source: Coupang company data as of June 30, 2025.
7 Source: Payments & Commerce Market Intelligence as of October 2025.
8 Source: Alibaba earnings call transcript, March Quarter 2020 and FY 2020 Results.
9 Quality stocks are represented by the MSCI ACWI Quality Index, which aims to capture the performance of quality growth stocks by identifying stocks with high quality scores based on three main fundamental variables: high return on equity, stable year-over-year earnings growth and low financial leverage. Year-to-date as of December 31, 2025, the MSCI ACWI Quality Index returned 18.10% and the MSCI ACWI returned 22.34%. Source: MSCI.
10 Year-to-date as of December 31, 2025, the MSCI ACWI ex USA Quality Index returned 21.98% and the MSCI All Country World ex USA Index returned 32.39%. The MSCI ACWI ex USA Quality Index aims to capture the performance of quality growth stocks by identifying stocks with high quality scores based on three main fundamental variables: high return on equity, stable year-over-year earnings growth and low financial leverage. Source: MSCI.
11 Source: Bloomberg L.P., Morgan Stanley Investment Management. Data as of December 31, 2025.
12 Source: Morgan Stanley Investment Management. Data as of December 31, 2025.
13 Based on 2027 consensus estimates. Source: FactSet, Morgan Stanley Investment Management. Data as of December 31, 2025.

strategy's history.

Fund Facts

Inception Date	May 30, 2008
Minimum Initial Investment ($)*	A Shares - 1,000
	I Shares - 1,000,000
Benchmark	MSCI All Country World Net Index
Class I expense ratio	**Gross 0.93 %**
	Net 0.93 %
Class A expense ratio	**Gross 1.22 %**
	Net 1.22 %

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.

Performance (%)

As of December 31, 2025	MTD	QTD	YTD	1 YR	3 YR	5 YR	10 YR
Class I Shares at NAV	0.94	-3.74	12.40	12.40	28.95	4.67	14.19
Class A Shares at NAV	0.93	-3.81	12.08	12.08	28.59	4.37	13.84
Class A Shares (With Max 5.25% Sales Charge)	-4.37	-8.86	6.20	6.20	26.31	3.25	13.23
MSCI All Country World Net Index	1.04	3.29	22.34	22.34	20.65	11.19	11.72

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.

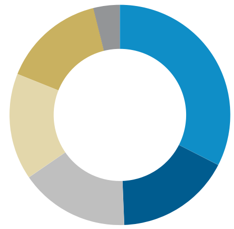
Returns are net of fees and assume the reinvestment of all dividends and income. They are compared to an unmanaged market index. Returns for less than one year are cumulative (not annualized). Performance for one year or more is based on average annual total returns. The returns are reported for Class I and A shares. Performance for other share classes will vary.

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

Top Holdings (% of Total Net Assets)

	FUND	INDEX
Meta Platforms Inc	7.06	1.54
Uber Technologies Inc	5.77	0.17
DoorDash Inc	5.58	0.09
Taiwan Semiconductor Mfg Co. Ltd	5.07	1.31
DSV A/S	4.80	0.06
MercadoLibre Inc	4.55	0.10
Spotify Technology S.A.	4.55	0.10
Schneider Electric SE	4.43	0.16
ICICI Bank Ltd	3.12	0.08
Amazon.com Inc	3.02	2.38
Total	**47.95**	--

Sector Allocation (% of Total Net Assets)^



	FUND	INDEX
Consumer Discretionary	32.64	10.21
Communication Services	16.95	8.84
Financials	16.11	17.63
Industrials	15.70	10.63
Information Technology	15.15	27.22
Consumer Staples	--	5.09
Energy	--	3.40
Health Care	--	9.03
Materials	--	3.66
Real Estate	--	1.75
Utilities	--	2.54
Cash	3.86	--

^ May not sum to 100% due to the exclusion of other assets and liabilities.

INDEX INFORMATION

The **MSCI All Country World Net Index (ACWI)** 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 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. Any index referred to herein is the intellectual property (including registered trademarks) of the applicable licensor.

The **Standard & Poor's 500® Index (S&P 500®)** measures the performance of the large cap segment of the U.S. equities market, covering approximately 80% of the U.S. equities market. The Index includes 500 leading companies in leading industries of the U.S. economy.

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 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. **Illiquid securities**may be more difficult to sell and value than publicly 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. **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). **China Risk.** Investments in securities of Chinese issuers, including A-shares, involve risks associated with investments in foreign markets as well as special considerations not typically associated with investments in the U.S. securities markets. Investments in China involve risk of a total loss due to government action or inaction. Additionally, the Chinese economy is export-driven and highly reliant on trade. Adverse changes to the economic conditions of its primary trading partners, such as the United States, Japan and South Korea, would adversely impact the Chinese economy and the Fund's investments. Moreover, a slowdown in other significant economies of the world, such as the United States, the European Union and certain Asian countries, may adversely affect economic growth in China. An economic downturn in China would adversely impact the Portfolio's investments. **Risks of Investing through Stock Connect.** Any investments in A-shares listed and traded through Stock Connect, or on such other stock exchanges in China which participate in Stock Connect is subject to a number of restrictions that may affect the Portfolio's investments and returns. Moreover, Stock Connect A shares generally may not be sold, purchased or otherwise transferred other than through Stock Connect in accordance with applicable rules. The Stock Connect program may be subject to further interpretation and guidance. There can be no assurance as to the program's continued existence or whether future developments regarding the program may restrict or adversely affect the Portfolio's investments or returns. There is no assurance strategies that incorporate **ESG factors**will result in more favorable investment performance. **Active Management Risk.** The Adviser has considerable leeway in deciding which investments to buy, hold or sell, and which trading strategies to use. 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, 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 **consumer discretionary sector**, the Portfolio may be particularly susceptible to the risks associated with companies operating in such sector.

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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