

Morgan Stanley Institutional Fund

Global Opportunity Portfolio

GLOBAL OPPORTUNITY

Performance Review

In the quarter period ending June 30, 2024, the Portfolio's I shares returned -0.71% (net of fees)¹, while the benchmark returned 2.87%.

Year-to-date (YTD), the Fund returned 11.81% and the benchmark returned 11.30%.

The Global Opportunity team 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 equities advanced during the quarter, led by information technology, communication services and utilities. The materials, real estate, industrials, consumer discretionary, energy and consumer staples sectors declined, underperforming the benchmark.

Portfolio Review

Stock selection in information technology and communication services and the portfolio's overweight allocation to the consumer discretionary sector detracted from relative performance during the quarter. Top detractors included online food delivery platform DoorDash, luxury brand Moncler SpA, Canadian ecommerce solution Shopify, entertainment leader Walt Disney and payments solution Block Inc.

Stock selection in consumer discretionary, a sector overweight allocation to communication services and a sector underweight allocation to health care contributed positively during the quarter. Top contributors included Swedish audio streaming platform Spotify Technology SA, Indian private sector bank HDFC Bank Ltd., Korean ecommerce platform Coupang, Chinese consumer super-app Meituan and cybersecurity platform CrowdStrike.

Shares of top detractor DoorDash underperformed due to market concerns that reinvestment may lower near-term margins. Our investment thesis remains intact: we believe that the food delivery platform is unique based on its network effect and differentiation advantage through its industry-leading subscription model, focus on suburbs and highly scalable nationwide delivery logistics network. We believe DoorDash can monetize its uniqueness by leveraging scale to gain share in metro areas, growing its DashPass subscriber base as well as diversifying into multiple category verticals including grocery and pharmacy.

Top contributor Spotify is an innovative audio streaming platform that exhibits differentiation leadership by leveraging the unique data of 615 million monthly active users, including 239 million paying premium subscribers,² and is in a strong position to expand its user base given its extensive playlists. We believe Spotify's strong growth can be supported by entering new geographies, investing in its advertising business and expanding its non-music content as well as user experience.

Outlook

In Opportunity Optimum,³ we highlighted how investor flight to perceived safety amidst market volatility in a post-pandemic world had increased benchmark concentration. Two years later, that risk appears even more pronounced as the top 15 companies have increased from 20% to 26.5% of the MSCI ACWI since 2022.⁴ This increased benchmark concentration has been driven primarily by investor enthusiasm for megatrends of generative artificial intelligence (AI) and weight loss drugs (GLP-1).

Notably, 64.6% of year-to-date global equity returns are attributable to the top 10 contributors, led by the parabolic increase in NVIDIA's market capitalization, joining Apple and Microsoft as the world's \$3 trillion dollar companies. Meanwhile, the other circa 2,900 stocks account for the remaining 35.4% of returns.⁴

¹ Source: Morgan Stanley Investment Management. Data as of June 30, 2024. Performance for other share classes will vary.

² Source: Company data as of April 23, 2024.

³ Available at: https://www.morganstanley.com/im/publication/insights/articles/article_opportunityoptimum_us.pdf

⁴ Source for all data presented in this Strategy and Outlook: FactSet, MSCI. Data as of June 30, 2024.

This document constitutes a commentary and does not constitute investment advice nor a recommendation to invest. The value of investments may rise as well as fall. Independent advice should be sought before any decision to invest.

NOT FDIC INSURED | OFFER NO BANK GUARANTEE | MAY LOSE VALUE | NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY | NOT A DEPOSIT

Corporate Issuer	Contribution to Benchmark Return (%)	Percentage of Benchmark Return (%)
NVIDIA	2.74	24.2
Alphabet ⁵	1.06	9.4
Microsoft	0.76	6.7
Amazon	0.58	5.1
Meta	0.52	4.6
Eli Lilly	0.40	3.5
TSMC	0.38	3.3
Apple	0.34	3.0
Broadcom	0.32	2.8
Novo Nordisk	0.21	1.8
Other c. 2,900 stocks	4.01	35.4
MSCI ACWI	11.30	100.0

For active managers of concentrated portfolios, this has been a difficult market to navigate, as benchmark performance is increasingly driven by a select few names. However, this concentration amplification effect may work similarly on the way down as on the way up. The same theme that adds trillions in market value may be first to lose a comparable amount!

Therefore, we continue to caution against reliance on passive exposure to indices globally. As bottom-up stock pickers, we believe it's essential to take a first principles approach to investing. We believe a better strategy may be to actively invest in opportunities **outside the largest names**, by focusing on fundamentally sound businesses with higher revenue and cash flow outlooks, diversified end markets and attractive valuations.

As a team, we continue to focus on bottom-up stock selection and the long-term outlook for companies owned in the portfolio. We assess company prospects over a five- to ten-year time horizon and own a portfolio of what we believe are undervalued, high quality companies with diverse business drivers not tied to any particular market environment.

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 0.95 %
	Net 0.95 %
Class A expense ratio	Gross 1.25 %
	Net 1.25 %

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.

⁵ Includes Alphabet Inc. Class A and Class C shares

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

Performance (%)

As of June 30, 2024	MTD	QTD	YTD	1 YR	3 YR	5 YR	10 YR
Class I Shares at NAV	3.99	-0.71	11.81	24.57	-2.71	10.39	13.61
Class A Shares at NAV	3.99	-0.76	11.67	24.25	-3.00	10.08	13.26
Class A Shares (With Max 5.25% Sales Charge)	-1.48	-5.98	5.82	17.71	-4.73	8.90	12.65
MSCI All Country World Net Index	2.23	2.87	11.30	19.38	5.43	10.76	8.43

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.

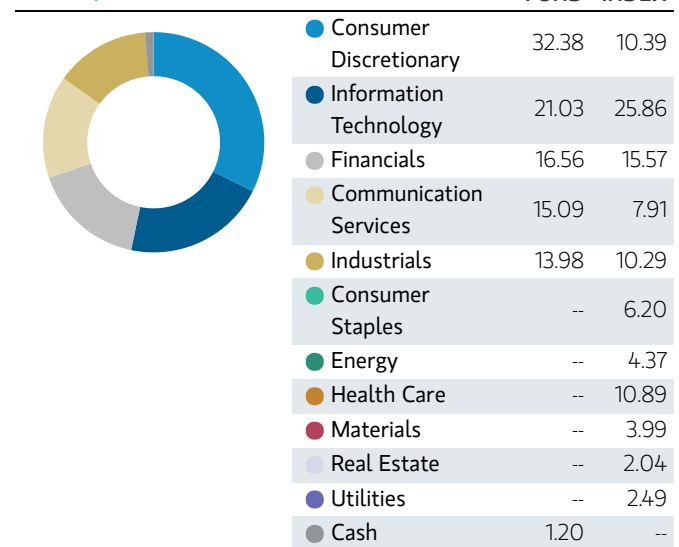
Returns are net of fees and assume the reinvestment of all dividends and income. They are compared to an unmanaged market index. Returns for less than one year are cumulative (not annualized). Performance for one year or more is based on average annual total returns. The returns are reported for Class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

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.

Top Holdings (% of Total Net Assets)

	FUND	INDEX
Uber Technologies Inc	8.54	0.18
ServiceNow Inc	8.18	0.22
Meta Platforms Inc	6.46	1.50
Amazon.com Inc	5.28	2.45
MercadoLibre Inc	5.00	0.10
DSV A/S	4.06	0.04
Shopify Inc	3.93	0.11
ICICI Bank Ltd	3.80	0.10
Coupage Inc	3.73	--
Spotify Technology S.A.	3.65	--
Total	52.63	--

Sector Allocation (% of Total Net Assets)[^]



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

INDEX INFORMATION

The **MSCI All Country World Index (MSCI 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 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 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.

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 has been prepared on the basis of publicly available information, internally developed data and other third-party sources believed to be reliable. However, no assurances are provided regarding the reliability of such information and the Firm has not sought to independently verify information taken from public and third-party sources.

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.

The whole or any part of this material may not be directly or indirectly reproduced, copied, modified, used to create a derivative work, performed, displayed, published, posted, licensed, framed, distributed or transmitted or any of its contents disclosed to third parties without MSIM's express written consent. This material may not be linked to unless such hyperlink is for personal and non-commercial use. All information contained herein is proprietary and is protected under copyright and other applicable law.

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