

Morgan Stanley Institutional Fund

Global Stars Portfolio

INTERNATIONAL EQUITY TEAM

Performance Review

In the quarter period ending June 30, 2024, the Portfolio's I shares returned 0.26% (net of fees)¹, while the benchmark returned 2.87%.

For the second quarter overall, sector allocation was positive, with the portfolio benefiting from its underweight in consumer discretionary, overweight in information technology (IT) and zero weight in materials. Together, this was more than enough to overcome the drag from the health care overweight and communication services underweight. Stock selection was clearly negative for the quarter. IT was the largest detractor, given the portfolio's tilt toward software (up only 4%) and IT services (down 11%); in the quarter both sub-sectors significantly lagged the artificial intelligence (AI)-fueled semiconductors (+19%) and hardware (+17%), which were boosted by Nvidia and Apple, respectively. Health care and financials selection also hurt performance, while industrials and communication services were stronger.

Market Review

The MSCI All Country World (ACWI) Net Index returned +2.2% in U.S. dollars (USD) in June and +2.5% in local currency. IT (+9%) and communication services (+4%) were the month's top performers, followed by consumer discretionary and health care (both +2%), which were closer to the overall index. Other than real estate (0%), all other sectors were in the red, with utilities (-4%) at the bottom of the pile. Turning to geographies, the U.S. (+4%) was strong in the month and outperformed MSCI ACWI, meaning other major markets struggled. Other than Singapore (+1% USD, +1% local) and Switzerland (0% USD and local), all major markets were negative, with France (-8%, -6%) among the index's weakest performers on political fears. Top and tailing the index were Taiwan (+12% USD and local) and Mexico (-11%, -4%).

Index returns were mild in the second quarter, with the MSCI ACWI returning +2.9% in USD and +3.4% in local currency, although for the year-to-date the index has returned a very healthy +11% in USD (+13% in local currency). As in the month, IT (+11%) and communication services (+8%) led the way, continuing their mighty year-to-date performance (+25% and +20%, respectively). However, it is perhaps more meaningful to look at returns at the subsector/stock level. IT strength has been underpinned by semiconductors (+19%) and hardware (+15%), largely thanks to Nvidia (+37%) and Apple (+23%), respectively, while for communication services, Alphabet (+21%) has been the key return driver. Other than utilities (+4%), all other sectors were behind the index, with the lower quality, more cyclical areas of the market, notably materials and real estate (both -3%), lagging the typically defensive consumer staples and health care (both 0%) sectors. Turning to geographies, the U.S. (+4%) outperformed the index in the quarter. Singapore (+9% USD and local), the U.K. (+4% USD and local) and Switzerland (+3 USD and local) were the strongest performing developed markets, while France (-8%, -7%), along with most of euroland, was towards the bottom of the pile. Notable emerging market outperformers were in Asia: Taiwan (+15% USD, +17% local), India (+10% USD and local), China (+7% USD and local) and Malaysia (+4% USD and local) were all ahead of MSCI ACWI. As in the month, Mexico (-16% USD, -8% local) was the weakest constituent.

Outlook

The MSIF Global Sustain Portfolio converted to MSIF Global Stars Portfolio effective June 27, 2024.

The investment team believes that growth-oriented quality companies with the ability to invest incremental capital at high rates of return should compound shareholder wealth over the long term. Quality growth compounders should combine compelling growth potential supported by strong franchises with capable management. Global Stars invests in 25-50 growth-oriented compounders, that is, high-quality companies characterized by difficult to replicate intangible assets (such as intellectual property, brands or network effects), with a large growth opportunity and high returns on incremental operating capital employed (ROOCE) on an unlevered basis and high gross margins. It also seeks to identify capable management teams able to allocate incremental capital effectively to grow the franchise, maintain the intangible assets and sustain or improve returns on operating capital. Relevant factors material to growth potential and generating high ROOCE over the long term, including environmental, social and governance (ESG) factors, will be considered.

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

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

Fund Facts

Inception Date	August 30, 2013
Minimum Initial Investment (\$)*	A Shares - 1,000
	I Shares - 1,000,000
Benchmark	Primary- MSCI All Country World Net Index
	Custom- Blended Index
	Former- MSCI World Net Index
Class I expense ratio	Gross 1.15 %
	Net 0.80 %
Class A expense ratio	Gross 1.46 %
	Net 1.15 %

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 June 30, 2024	MTD	QTD	YTD	1 YR	3 YR	5 YR	10 YR
Class I Shares at NAV	1.98	0.26	6.41	13.06	3.88	8.96	9.23
Class A Shares at NAV	1.94	0.21	6.27	12.65	3.52	8.60	8.86
Class A Shares (With Max 5.25% Sales Charge)	-3.42	-5.07	0.67	6.73	1.68	7.44	8.27
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.

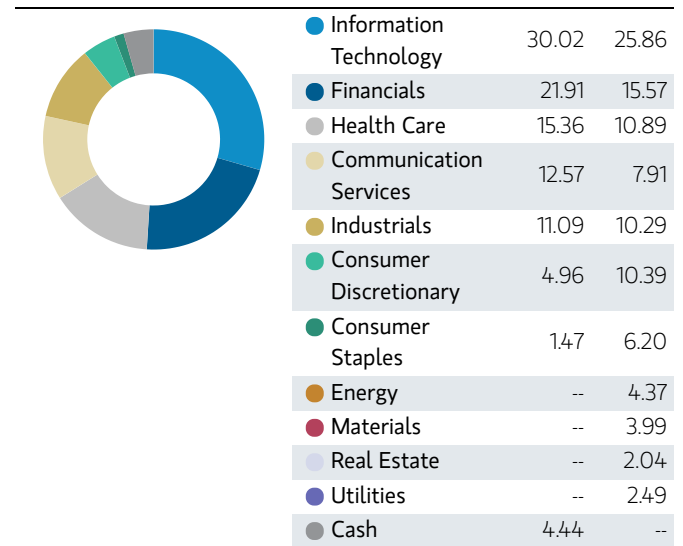
Please keep in mind that high double-digit returns are highly unusual and cannot be sustained. Investors should also be aware that these returns were primarily achieved during favorable market conditions.

* 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
SAP SE	7.06	0.29
Visa Inc	6.23	0.56
Alphabet Inc	6.19	2.73
Microsoft Corp	5.93	4.28
Intercontinental Exchange Inc	3.98	0.11
UnitedHealth Group Inc	3.30	0.64
Thermo Fisher Scientific Inc	3.24	0.29
Aon plc	3.13	0.08
Constellation Software Inc	3.09	0.08
Arthur J Gallagher & Co.	3.06	0.08
Total	45.21	--

Sector Allocation (% of Total Net Assets)^



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

INDEX INFORMATION

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 **MSCI All Country World 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 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. **ESG strategies** that incorporate impact investing and/or Environmental, Social and Governance (ESG) factors could result in relative investment performance deviating from other strategies or broad market benchmarks, depending on whether such sectors or investments are in or out of favor in the market. As a result, there is no assurance ESG strategies could result in more favorable investment performance. 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. 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. **Nondiversified portfolios** often invest in a more limited number of issuers. As such, changes in the financial condition or market value of a single issuer may cause greater volatility. **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. **Illiquid securities** may be more difficult to sell and value than public traded securities (liquidity risk).

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

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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.

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