

Morgan Stanley Institutional Fund

Global Strategist Portfolio

PORTFOLIO SOLUTIONS GROUP

Performance Review

In the quarter period ending September 30, 2025, the Portfolio's I shares returned 4.52% (net of fees)¹, while the benchmark returned 7.62%.

During the quarter under review, the Fund underperformed the MSIM Global Allocation Index, its custom benchmark, which returned 4.8%. During the quarter, global equities, represented by the MSCI All Country World Total Return Index, returned 7.6% in U.S. dollar (USD) terms while global bonds, as represented by the Bloomberg Global Aggregate Total Return Index, returned 0.6% in USD.

The Fund's asset allocation, consisting of an average overweight to fixed income and neutral allocation to global equities, had a negative impact on performance. Thematic positions contributing to performance during the quarter included overweight positions in Japan and Europe Value stocks held against Anti-Value, or expensive, stocks in each region; an overweight position in Japan real estate investment trusts (REITs) versus Japan equities and Japan 30-year bonds; and overweight positions in Brazil 2- and 5-year bonds. Positions that detracted from performance included an underweight to U.S. cyclical stocks held versus U.S. defensive stocks; an overweight to European domestically sensitive stocks versus U.S. domestic stocks; and an overweight to Indonesian equities versus emerging markets equities. A U.S. small-cap equity overweight held versus a U.S. large-cap underweight also detracted modestly during the quarter.

Market Review

Global markets rallied throughout the third quarter of 2025, as trade tensions eased, artificial intelligence (AI) enthusiasm persisted and expectations for near-term U.S. rate cuts strengthened. Risk assets rose broadly, supported by lower Treasury yields, a stable dollar and firm corporate earnings. The U.S. Federal Reserve (Fed) cut its policy rate by 0.25% in September—the first reduction since December 2024—and signaled further easing ahead. In contrast, the European Central Bank and Bank of England held rates steady amid mixed data, while the Bank of Japan maintained its loose stance but surprised investors with plans to reduce exchange-traded fund holdings. Political uncertainty in France, Japan and the U.S. caused brief volatility but failed to disrupt overall momentum. Commodity performance was overall mixed during the period.

Developed market (DM) equities posted solid gains over the quarter, buoyed by easing financial conditions and AI optimism. The MSCI World Index gained 7.27% in USD. Sector performance was led by information technology, communication services and utilities, while materials, consumer staples and energy lagged. Across style and size, large cap outperformed small cap while growth outperformed value. Major DM returns were positive across the board; Japan led, heavily supported by a weaker yen, ending the quarter up 8.18% (MSCI Japan Index in USD). The U.S. also advanced, driven by a dovish policy pivot and better-than-expected corporate earnings, ultimately gaining 8.12% (S&P 500 Index in USD). Europe trailed but still appreciated, delivering a 3.62% return (MSCI Europe Index in USD) for the period.

Emerging market (EM) equities outperformed their DM counterparts during the period, with the MSCI EM Index up 10.64% in USD terms. Gains were driven by a strong rebound in Asia ex-Japan, particularly in China, Korea and Taiwan, where technology and semiconductor stocks surged on sustained AI demand. Latin American equities also advanced, with Brazil and Mexico outperforming on improving inflation dynamics, while Chile lagged. In the Middle East and Africa, results were mixed but positive overall, supported by strong performance in South Africa and Saudi Arabia.

Fixed income markets were volatile throughout the quarter as global political uncertainty and concerns around fiscal sustainability came into focus. Short-term Treasury yields fell as market attention shifted from upside inflation risks to downside growth risks. While activity data remained resilient, the labor market showed clearer signs of cooling. The performance of government bond markets was mixed during the third quarter, with U.S. Treasury yields ending the quarter lower (yields are inverse to price), while U.K., German and Japanese yields all rose over the period. In credit markets, a weaker U.S. dollar was a tailwind for emerging market debt, which was up over the quarter. Spreads tightened across both high yield and investment grade bonds.

¹ Source: Morgan Stanley Investment Management. Data as of September 30, 2025. 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.

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Commodity performance was positive over the third quarter, with the Bloomberg Commodity Index delivering a 3.65% return in USD terms. Precious metals experienced a significant rally, particularly with gold and silver posting record-breaking gains. The performance of the broader index was weighed down, however, by a relatively flat energy sector.

Portfolio Activity

Prior to the tail end of September, we initiated new positions featuring our bullish views relative to U.S. small-cap stock outperformance potential versus U.S. large-cap stocks (overweight S&P 600 Index versus S&P 500 Index, overweight S&P 1500 Index small factor equities versus S&P 1500 Index large factor equities); an overweight to Brazil 5-year bonds, replacing our 2-year bond position; and a new position underweight the U.S. dollar versus a broad basket of foreign currencies. Additionally, we raised portfolio exposures to our underweight to U.S. cyclical stocks held against an overweight to U.S. defensive stocks. We closed a number of positions prior to the end of September, including overweights to EM value equities (held versus EM anti-value and quality equities), overweights to global equities ex-China, ex-U.S. versus U.S. equities; overweights to Indonesian equities (held versus EM equities); and an overweight to Japan domestic equities (held versus global equities), due to a stop-loss trigger. Finally, we closed our U.S. 10-year TIPS (Treasury inflation-protected securities) overweight, taking profits, and our Thai 5-year bond overweight held versus U.S. 5-year Treasury notes.

In preparation for new positions entering the portfolio upon the effective date of the new portfolio management team taking over management responsibility for the Fund on October 2, 2025, 11 active positions were liquidated on September 30, 2025, including: overweight European Union (EMU) domestic equities versus underweight U.S. domestic equities; overweight Japan REITs versus underweight Japan equities and bonds; underweight U.S. cyclical equities versus overweight U.S. defensive equities; overweight a basket of foreign currencies versus an underweight to the U.S. dollar; overweight EMU Value equity versus EMU Anti-Value equity; overweight Japan Value equity versus Japan Anti-Value equity; overweight Korea Value equity versus Korea Anti-Value equity; overweight U.S. Value equity versus U.S. Anti-Value equity; overweight S&P 600 Index equities versus S&P 500 Index reduced technology equities; overweight S&P 1500 Index small size factor equities versus S&P 1500 Index large size factor equities; and overweight Brazil 5-year bonds.

Outlook

Our cautious optimism on fundamentals entering the third quarter of 2025 skews increasingly toward optimism as we enter the fourth quarter, with elevated valuation across both equities and credit the primary constraint. The second half of this year was expected to represent peak growth risk in the face of peak tariff headwinds, but the macro data trend has been one of resilience, supporting positive revision to consensus GDP estimates. With near-term resilience easing fears of a more significant deceleration in growth, markets are more willing to look forward. The view towards 2026 offers a view towards new growth tailwinds and fading growth headwinds.

The resilient U.S. growth trend though this recent quarter can be attributed to several factors. The passthrough of tariffs to consumers has proceeded more slowly than expected. To a degree this implies a less acute but more prolonged headwind, which should be interpreted positively as it provides a relatively safer bridge ahead of tailwinds to come. There may also simply be less passthrough of tariffs to consumers than originally expected with economists suggesting consumers are only seeing some 50% of tariffs to date with corporates incurring some of the cost and ex-USA exporters shouldering more of the burden than had been anticipated. A wealth effect from strong financial markets then adds one additional layer of support to the consumer.

Markets have benefited from what might be seen as a “goldilocks” trend in labor market data with data soft enough to support Fed rate cuts, but not so soft as to trigger concerns about a more material slowdown. A weak hiring trend is evident in lower-than-expected payrolls data and a lower job openings rate in JOLTS data. The weak hiring trend has to a large degree been balanced by slower labor force growth, resulting in a very controlled rise in the unemployment rate. Additionally, while hiring has been weak, there are no signs of rising layoffs with initial jobless claims running at levels consistent with the prior two years and the layoff rate in JOLTS data holding steady. There are still risks to monitor. While the absence of layoffs has been a contributor to consumer resilience, consumers are aware of labor market softening. We see this in a decline in the labor market differential in the Consumer Confidence Index (% jobs “plentiful” less % jobs “hard to get”) and a falling quits rate in JOLTS data.

Chair Powell framed the labor market described above as one that is in balance, but “a curious kind of balance.” Seeing this curious balance as skewing risks to the downside and viewing tariff-driven inflation as temporary, the Fed resumed rate cuts with 25 basis points in September, and guidance toward two more 25 basis point rate cuts by the end of the year. Rate cuts layer a monetary policy tailwind to the 2026 view, where the Trump administration’s One Big Beautiful Bill Act already presented a fiscal tailwind through the front-loading of tax cuts relative to spending cuts. While rate cuts into year-end seem likely in our view, we believe that the market may be overly optimistic in expectations for cuts through 2026 with growth risks skewing higher.

AI remains a key structural support for markets. We have seen AI confidence seesaw in 2025 with DeepSeek driving an early-year period of skepticism, whereas we see a clear market skew toward AI optimism entering the end of 2025. While there are risks to monitor and pockets of the market that might be described as froth, we continue to see AI as a positive driver. We have already been in a period of improving productivity with AI being only an incremental contributor to date. As the AI story transitions from infrastructure to application, there is greater scope for productivity gains, allowing for stronger growth without inflationary pressure.

Fund Facts

Inception Date	December 31, 1992
Minimum Initial Investment (\$)*	A Shares - 1,000
	I Shares - 1,000,000
Benchmark	MSCI All Country World Index
	Custom- Blended Index
Class I expense ratio	Gross 0.81 %
	Net 0.74 %
Class A expense ratio	Gross 1.01 %
	Net 1.01 %

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. Effective on October 1, 2025, MSIM's Portfolio Solutions Group (PSG) will assume investment management responsibilities for the MSIFT - Global Strategist Portfolio, replacing Global Multi Asset (GMA). The transitioned strategies and individual portfolios will retain the same investment objectives and constraints, managed under PSG's distinctive investment process. Please refer to the Fund's prospectus supplement for more information about this and other corresponding changes.

Performance (%)

As of September 30, 2025	MTD	QTD	YTD	1 YR	3 YR	5 YR	10 YR
Class I Shares at NAV	2.21	4.52	15.16	11.25	15.67	7.43	7.09
Class A Shares at NAV	2.20	4.44	14.89	10.92	15.34	7.10	6.76
Class A Shares (With Max 5.25% Sales Charge)	-3.15	-1.04	8.88	5.11	13.29	5.95	6.19
MSCI All Country World Index	3.62	7.62	18.44	17.27	23.12	13.54	11.91
Blended Index	2.44	4.78	14.24	11.22	15.87	7.41	7.59

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.

Asset Allocation(%)	PORTFOLIO	ACTIVE WT
Global Equities	60.07	0.07
Global Fixed Income	41.55	1.55
Cash	-1.62	-1.62

Currency Exposure(%)	FUND
Developed Markets	90.56
North America	60.33
Europe	20.10
Asia ex-Japan	3.73
Japan	6.40
Emerging Markets	9.44

Regional Allocation (% Net of Cash)	FIXED EQUITIES	INCOME
North America	40.62	20.86
Europe	8.52	9.73
Asia ex-Japan	1.55	1.05
Japan	2.90	2.70
Emerging Markets	6.48	7.20

INDEX INFORMATION

The **Customized MSIM Global Allocation Index** is comprised of 60% MSCI All-Country World Index (benchmark that measures the equity market performance of developed and emerging markets), 30% Bloomberg Barclays Global Aggregate Bond Index (benchmark that provides a broad based measure of the global investment grade fixed-rate debt markets), 5% S&P GSCI Light Energy Index (benchmark for investment performance in the energy commodity market), and 5% ICE BofAML US Dollar 1-Month LIBID Average Index (benchmark that tracks the performance of a basket of synthetic assets paying LIBID to a stated maturity).

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 **Bloomberg Commodity Index** is a widely recognized, broad-based measure of commodity market performance, representing 22 commodities that are weighted to account for economic significance and market liquidity.

The **MSCI World 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 **JP Morgan Global Government Bond Index** is a market value weighted fixed income index comprised of government bonds in developed countries.

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.

The **S&P SmallCap 600 Index (or S&P 600 Index)** seeks to measure the small-cap segment of the U.S. equity market.

The **S&P Composite 1500 Index (or S&P 1500 Index)** measures the performance of the U.S. equity market, covering approximately 90% of U.S. market capitalization.

The **MSCI Europe Index** is a free float-adjusted market capitalization index that is designed to measure developed market equity performance in Europe. 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 Japan Index** is a free-floated adjusted market capitalization weighted index that is designed to track the equity market performance of Japanese securities listed on the Tokyo Stock Exchange, Osaka Stock Exchange, JASDAQ and Nagoya Stock Exchange. The MSCI Japan Index is constructed based on the MSCI Global Investable Market Indices Methodology, targeting a free-float market capitalization coverage of 85%.

The **MSCI Emerging Markets Index (MSCI EM)** is a free float-adjusted market capitalization weighted index that is designed to measure equity market performance of emerging markets.

The **Consumer Confidence Index** is a survey by the Conference Board that measures how optimistic or pessimistic consumers are with respect to the economy in the near future.

The index are 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

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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, **equity securities'** values also fluctuate in response to activities specific to a company. Investments in **foreign markets** entail special risks such as currency, political, economic, and market risks. The risks of investing in **emerging market countries** are greater than risks associated with investments in foreign developed countries. **Fixed-income securities** are subject to the ability of an issuer to make timely principal and interest payments (**credit risk**), changes in interest rates (**interest-rate risk**), the creditworthiness of the issuer and general market liquidity (**market risk**). In a rising interest-rate environment, bond prices may fall and may result in periods of volatility and increased portfolio redemptions. In a declining interest-rate environment, the portfolio may generate less income. **Longer-term securities** may be more sensitive to interest rate changes. **High yield securities ("junk bonds")** are lower rated securities that may have a higher degree of credit and liquidity risk. **Mortgage- and asset-backed securities (MBS and ABS)** are sensitive to early prepayment risk and a higher risk of default and may be hard to value and difficult to sell (liquidity risk). They are also subject to credit, market and interest rate risks. Certain **U.S. government securities** purchased by the Portfolio, such as those issued by Fannie Mae and Freddie Mac, are not backed by the full faith and credit of the United States. It is possible that these issuers will not have the funds to meet their payment obligations in the future. **Real estate investment trusts** 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. **Derivative instruments** can be illiquid, may disproportionately increase losses and may have a potentially large negative impact on the Portfolio's performance. **Illiquid securities** may be more difficult to sell and value than publicly traded securities (liquidity risk). By investing in **investment company securities**, the portfolio is subject to the underlying risks of that investment company's portfolio securities. In addition to the Portfolio's fees and expenses, the Portfolio generally would bear its share of the investment company's fees and expenses. **Subsidiary and tax risk** the Portfolio may seek to gain exposure to the commodity markets through investments in the Subsidiary or commodity index-linked structured notes. The Subsidiary is not registered under the 1940 Act and is not

subject to all the investor protections of the 1940 Act. Historically, the Internal Revenue Service ("IRS") has issued private letter rulings in which the IRS specifically concluded that income and gains from investments in commodity index-linked structured notes or a wholly-owned foreign subsidiary that invests in commodity-linked instruments are "qualifying income" for purposes of compliance with Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"). The Portfolio has not received such a private letter ruling, and is not able to rely on private letter rulings issued to other taxpayers. If the Portfolio failed to qualify as a regulated investment company, it would be subject to federal and state income tax on all of its taxable income at regular corporate tax rates with no deduction for any distributions paid to shareholders, which would significantly adversely affect the returns to, and could cause substantial losses for, Portfolio shareholders. **Cryptocurrency (notably, Bitcoin)** operates as a decentralized, peer-to-peer financial exchange and value storage that is used like money. It is not backed by any government. Federal, state or foreign governments may restrict the use and exchange of cryptocurrency. Cryptocurrency may experience very high volatility.

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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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