Morgan Stanley

INVESTMENT MANAGEMENT

COUNTERPOINT GLOBAL

MORGAN STANLEY INSTITUTIONAL FUND

Growth Portfolio

COUNTERPOINT GLOBAL | COMMENTARY | JUNE 30, 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 Growth Portfolio returned 15.05% while the Russell 1000 Growth Index returned 11.93% and the Lipper Large Cap Growth Index returned 11.87%.

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

Large cap growth equities, as measured by the Russell 1000 Growth Index, advanced over the quarter. Energy posted the largest gains in the Russell 1000 Growth index. All sectors advanced over the period, however Materials and Consumer Staples posted the smallest gains and were therefore the relative laggards. Against this backdrop, Counterpoint Global continued to focus on stock selection and the long-term outlook for companies owned in the portfolio.

Strong stock selection in Information Technology drove the majority of the portfolio's outperformance this quarter. Shopify, which operates a cloud-based software and services platform that enables merchants to build an ecommerce presence, was the top contributor in the sector and across the portfolio. Shopify advanced on solid fundamentals characterized by strong gross merchandise value growth on its platform and higher take rates in its merchant services business. Its shares were also buoyed by general investor optimism around several of the company's newer initiatives, including a new advertising product and the expansion of its payment services to additional merchants outside its platform. Cloudflare, a global cloud platform that provides security, performance and reliability services to the applications of its customers, was the third greatest contributor in the portfolio. The company reported solid results and has been benefiting from digital transformation initiatives among enterprises, a broadening portfolio of products, and overall greater market awareness of its products. Zoom Video Communications, which offers a proprietary cloud based communications platform that connects users through frictionless video, voice, chat, and content sharing, was also a top contributor. The company has experienced growing use of its products by both consumers and businesses as video based communication has become mission critical during the COVID-19 pandemic. Despite incremental movements towards hybrid or in-office return to work globally, Zoom's fundamentals remained solid, characterized by continued robust customer growth and accelerating demand for its Zoom Phone offering.

Stock selection and sector allocations to Consumer Discretionary and Health Care also contributed, as did a lack of exposure to Consumer Staples. Veeva Systems, which provides cloud based software tools to the life sciences industry, was among the top contributors among these areas and across the portfolio. Its shares advanced on strong billings, revenue growth, and profitability which exceeded expectations across both its Commercial Cloud and Vault businesses, as well as a healthy financial outlook. Within Health Care the strength in Veeva and a diverse set of other holdings was partly offset by weakness in Guardant Health, which was among the top detractors in the portfolio. Guardant is a commercial-stage diagnostic testing company that focuses on liquid biopsies. Although the company continued to execute well, its shares languished somewhat in May following the release of data related to the performance of its LUNAR-2 blood-based test which is being developed for the colorectal cancer screening market. In Consumer Discretionary, a variety of portfolio holdings contributed to relative results; however this was partly offset by the portfolio's position in online retail and cloud computing leader Amazon.com, which was the third greatest detractor across the portfolio. The company continued to benefit from the accelerating adoption of ecommerce, and reported solid results characterized by strength across its first and third party online retail, subscriptions, web services, and advertising business lines; the stock outperformed as a result and the portfolio was adversely impacted by an average underweight position.

Conversely, Industrials was the top detractor in the portfolio this quarter, as mixed stock selection more than offset the positive impact of an average sector underweight position. Mobility services provider Uber was the top detractor in this sector, and the second greatest across the portfolio. Uber continued to experience improving results in its ride sharing business and strong momentum in its food delivery business. However, investor concerns around required investments in driver supply and regulatory matters related to the classification of gig workers weighed on share performance.

Communication Services also detracted, due to unfavorable stock selection. The portfolio's position in social networking platform Facebook was the greatest detractor in the sector and across the portfolio. Facebook shares outperformed due to healthy financial results, as well as investor optimism around the company's various growth initiatives in areas including augmented/virtual reality and ecommerce; the portfolio was adversely impacted by an average underweight position in Facebook. Zillow, a leader in the online real estate market, was also a small detractor. The company has been experiencing solid fundamentals, supported by strong residential home transaction activity and the continued digitization of the overall real estate ecosystem. We therefore attribute Zillow's underperformance to some mean reversion following strong stock performance earlier in the year, as well as the company's plans to increase investments in the business which may impede near-term profit growth. Within the sector the impact of these holdings was partly offset by strength in image and video communications platform Snap, which was the second greatest contributor across the portfolio. Snap outperformed due to overall healthy fundamentals characterized by strong user growth, higher monetization, and its first quarter reporting positive free cash flow.

Lastly, stock selection in Energy also detracted, albeit to a lesser extent, while Financials, Materials, Real Estate, and Utilities each had a negligible impact on 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.

Performance (%) as of June 30, 2021

Class I Share at NAV

	MTD	QTD	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR
MSIF Growth Portfolio	12.15	15.05	13.00	60.01	39.31	36.55	23.52
Russell 1000 Growth Index	6.27	11.93	12.99	42.50	25.14	23.66	17.87
Lipper Large Cap Growth Index	5.63	11.87	13.56	41.90	24.24	23.62	16.69

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 total expense ratio is 0.55% for Class I Shares. 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.

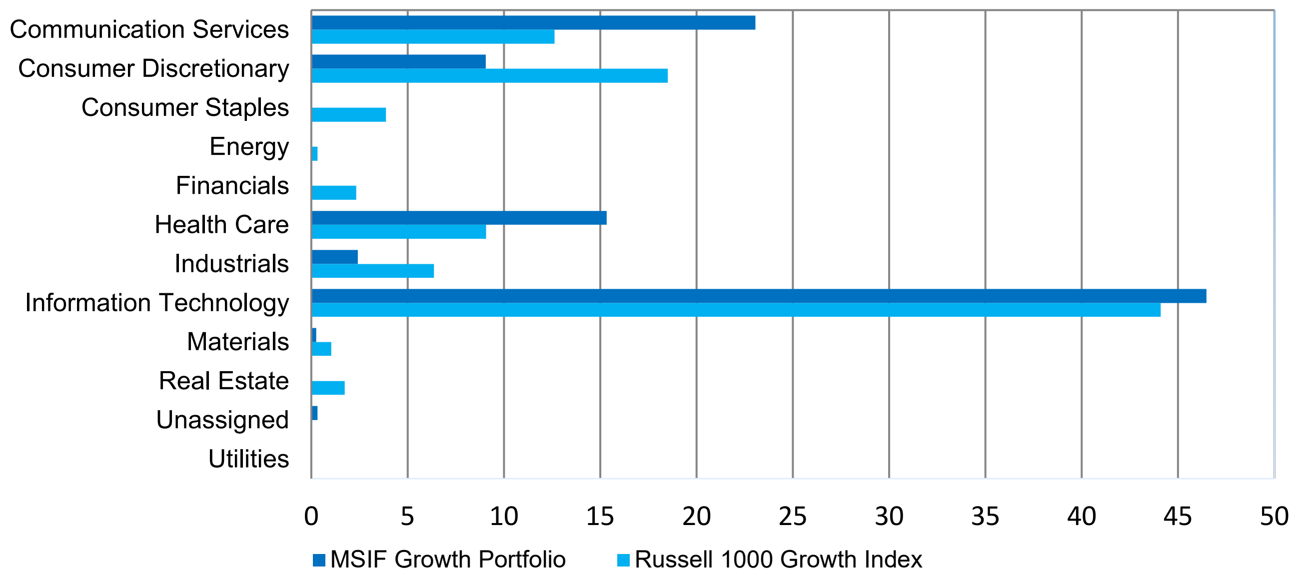
Please keep in mind that high double-digit returns are highly unusual and cannot be sustained. Investors should also be aware that these returns were primarily achieved during favorable market conditions.

The **Russell 1000® Growth Index** measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. 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 June 30, 2021. Subject to change.*

Shopify	6.1
Twitter	5.1
Snap	5.1
Square	5.1
Zoom Video Communications	4.8
Cloudflare	4.4
Twilio	3.8
Veeva Systems	3.8
Spotify Technology	3.8
Snowflake	3.6
Total	**45.6**

Sector Allocation *As of June 30, 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. **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**). **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. 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.

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.

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