

Morgan Stanley Institutional Fund

Inception Portfolio



Performance Review

For the quarter ending December 31, 2025, the Fund I class shares returned -13.50% (net of fees), while the Russell 2000 Growth Index returned 1.22% and the Lipper Small Cap Growth Index returned 1.28%.

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.

The long-term investment horizon and conviction weighted, highly active investment approach embraced by Counterpoint Global can result in periods of performance deviation from the benchmark and peers. The portfolio underperformed the Russell 2000 Growth index this quarter due to unfavorable stock selection.

Market Review

Small cap growth equities, as measured by Russell 2000 Growth Index, advanced quarter to date. Health Care, Real Estate and Materials led benchmark gains, while Utilities, Consumer Discretionary and Energy underperformed the benchmark.

Tariff and policy uncertainty remained elevated during the quarter, compounded by a government shutdown, while investor sentiment became more cautious amid heightened scrutiny of AI monetization and signs of slowing momentum across select parts of the economy. Against this backdrop, our investment approach remains unchanged. We continue to invest in high quality businesses that have sustainable competitive advantages and strong secular growth potential, and that operate in large and growing end markets where the penetration rate for their goods/services can be much higher over time. Companies we own tend to be asset light, have little financial leverage, strong pricing power, attractive unit economics, high margins, solid cash generation capability and the ability to succeed through different market/macro environments. While we have opportunistically added to some positions and initiated new ones, overall, we have made few changes as we remain confident in the long-term prospects for the businesses we own. We will continue to carefully consider and monitor fundamental variables, while managing overall portfolio risk and exposures.

Portfolio Review

QTD underperformance has been primarily driven by unfavorable stock selection in Information Technology, Health Care and Financials.

Top detractors QTD include:

- Ethereum development company, Bitmine Immersion Technologies Inc.
- Beauty and wellness technology company, ODDITY Tech Ltd.
- Web performance and security company, Cloudflare Inc.
- Crypto exchange and infrastructure provider, Gemini Space Station Inc.
- Autonomous trucking driving company, Aurora Innovation Inc.

Top detractor Bitmine Immersion Technologies is a digital asset company focused on Ethereum (ETH) accumulation and is pursuing a capital allocation strategy similar to Strategy (formerly MicroStrategy), centered on building ETH exposure through capital markets, with future optionality from staking and related initiatives. As one of the few public companies offering direct exposure to Ethereum, Bitmine provides a differentiated vehicle to participate in the network's long-term growth as a foundational layer for stablecoins, decentralized finance, and broader crypto applications. Its shares were pressured by weakness in crypto asset prices and compression in net asset value premiums across digital asset treasury companies. Despite near-term pressure, Bitmine continued to execute on its accumulation strategy, materially increasing its ETH holdings and reinforcing its position as the largest publicly listed Ethereum holder.

Detractor Cloudflare offers a global cloud platform that provides security, performance, and reliability services to the applications of its customers. The company's cloud platform has a proprietary architecture that allows it to scale rapidly to meet customer demands, and its services are easily deployed and enable customers to run their applications without managing expensive and complex network hardware internally. We believe the company benefits primarily from intellectual property and efficient scale related competitive advantages. Cloudflare is poised to capitalize as companies seek high performance, low cost, and secure access to the internet, and developers build an increasing number of applications on Cloudflare's Workers platform. Its shares underperformed, amid broader weakness in high-growth software and heightened concerns following several highly publicized network outages, despite solid execution, accelerating growth metrics, and guidance that exceeded expectations.

Conversely, an average sector underweight position in Industrials and Financials, as well as an average sector overweight position in Real Estate contributed to relative performance.

Top contributors QTD include:

- Drug development and discovery company, Roivant Sciences Ltd.
- Biopharmaceutical company, Immunovant Inc.
- Cross-border e-commerce platform, Global-e Online Ltd.
- Multi-cancer screening company, GRAIL, Inc.
- Clinical-stage biopharmaceutical company, Arbutus Biopharma Corp.

Top contributor Roivant Sciences is a biotechnology company focused on drug development and discovery. The company identifies, develops, and commercializes promising drug candidates that have been deprioritized or overlooked by larger pharmaceutical companies but still address significant unmet medical needs. Its Machine Learning-based development platform enables faster and more cost-effective drug development and supports a diverse and robust pipeline across multiple therapeutic areas. We believe Roivant benefits from efficient scale and intellectual property-related competitive advantages, allowing it to incubate and scale a portfolio of subsidiary companies focused on advancing high-potential therapies. Its shares advanced, driven by promising results across its portfolio companies, including Immunovant and Arbutus Biopharma, as well as an increased ownership stake in Immunovant.

Global-e Online is the world's leading platform enabling and accelerating cross-border direct-to-consumer e-commerce through its integrated suite of communications, payments, fulfillment, and customs brokerage solutions. The company serves more than 1,000 global brands across over 200 destination markets and benefits from efficient scale related competitive advantages. Its shares were supported by solid fundamentals, as results exceeded expectations and management raised full-year guidance, citing resilient consumer spending trends, stable same-store sales, and a healthy merchant pipeline. While take-rate dynamics reflect mix shifts toward larger enterprise customers, management expects profitability to remain stable as the company continues to benefit from long-term structural tailwinds in global e-commerce.

Outlook

Counterpoint Global looks to own a portfolio of unique companies with diverse business drivers, strong competitive advantages and positioning, and healthy secular growth prospects whose market value we believe can increase significantly over the long-term for underlying fundamental reasons, independent of the macro or market environment. We find these companies through fundamental research. Our emphasis is on secular growth, and as a result short-term market events are not as meaningful in the stock selection process.

Counterpoint Global believes having a market outlook can be an anchor. We focus on assessing company prospects over a five year investment horizon. Current portfolio positioning reflects what we believe are the best long-term investment opportunities.

The views, opinions, forecasts and estimates expressed are those of the investment team at the time of writing and are subject to change at any time due to market, economic, or other conditions, and may not necessarily come to pass. These comments are not representative of the opinions and views of the firm as a whole. Portfolio holdings and sectors are subject to change daily. All information provided is for informational purposes only and should not be deemed as a recommendation to buy or sell the securities mentioned or securities in the sectors referenced. Past performance is no guarantee of future results.

Performance (%)

Class I Share at NAV, as of December 31, 2025.

	MTD	QTD	YTD	1 YR	3 YR	5 YR	10 YR
MSIF Inception Portfolio	-6.04	-13.50	1.07	1.07	26.49	-4.51	12.75
Russell 2000 Growth Index	-1.28	1.22	13.01	13.01	15.59	3.18	9.57
Lipper Small Cap Growth Index	-1.12	1.28	6.01	6.01	12.55	3.10	10.49

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 gross expense ratio for Class I shares is 1.13%. The net expense ratio is 1.00%. 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 document. The minimum initial investment is \$1,000,000 for Class I shares. The minimum initial investment may be waived in certain situations. Please see the Fund's prospectus for additional information.

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 2000 Growth Index** measures the performance of the small-cap growth segment of the U.S. equity universe. It includes those Russell 2000 Index 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 the performance. The index is unmanaged and not representative of any Morgan Stanley investment. 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 **Lipper Small Cap Growth Funds Index** is an equally weighted performance index of the largest qualifying funds (based on net assets) in the Lipper Small Cap Growth Funds classification.

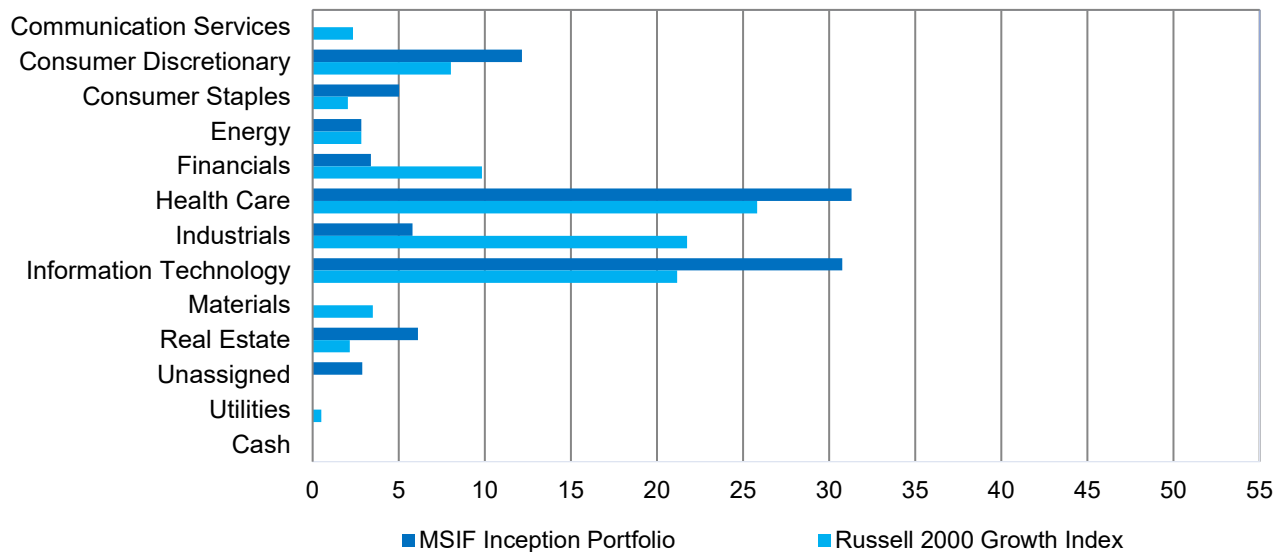
Top Ten Holdings

% of Total Net Assets, as of December 31, 2025. Subject to change.

Cloudflare	13.0
Roivant Sciences	8.8
Oddity Tech	5.0
IonQ	4.7
Landbridge	3.6
Arbutus Biopharma	3.3
Bitmine Immersion Technologies	3.2
X4 Pharmaceuticals	3.1
Immunovant	2.9
Appian	2.8
TOTAL	50.4

Sector Allocation

As of December 31, 2025.



Source: FactSet Research Systems, Inc. / Morgan Stanley Investment Management.
Cash is frictional and accounted for -0.24% of the portfolio.

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, including those associated with: In general, **equity securities'** values also fluctuate in response to activities

specific to a company. Stocks of **small-capitalization companies** carry special risks, such as limited product lines, markets and financial resources, and greater market volatility than securities of larger, more established companies. 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 the risks generally 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. **Portfolio Turnover.** Consistent with its investment policies, the Fund will purchase and sell securities without regard to the effect on portfolio turnover. Higher portfolio turnover will cause the Fund to incur additional transaction costs. **Active Management Risk.** In pursuing the Portfolio's investment objective, the Adviser has considerable leeway in deciding which investments to buy, hold or sell on a day-to-day basis, and which trading strategies to use. The success or failure of 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, such as rapid changes in technology product cycles, product obsolescence, government regulation, and competition, and may fluctuate more than that of a portfolio that does not invest significantly in companies in the technology sector. **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. Bitcoin may experience very high volatility.

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