

Morgan Stanley Institutional Fund

Permanence Portfolio



Performance Review

For the quarter, the Permanence Portfolio returned -7.34% (net of fees), and the S&P 500 Index returned 4.28%.

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 S&P 500 index this quarter due to unfavorable stock selection.

Market Review

U.S. large cap equities, as measured by S&P 500 Index, advanced over the quarter. Information Technology, Communication Services, and Utilities led benchmark gains, while Materials, Industrials, and Energy were the relative underperformers.

Concerns around inflation and the related timing and pace of potential interest rate cuts led to broader market volatility and weaker sentiment for high growth equities. The strong performance of a select few mega cap companies continued to drive market results. Against this backdrop, we continued to focus on company-specific fundamentals, which across portfolio holdings have largely remained healthy and in-line with our expectations. We continue to own unique companies with attractive end-game potential, strong balance sheets, and multiple competitive advantages that we believe can be long-term winners over the next three to five years. 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.

Portfolio Review

Quarter-to-date underperformance has been driven by unfavorable stock selection in Information Technology, Consumer Discretionary and Health Care.

Top detractors include:

- Web performance and security company, Cloudflare
- Hard surface flooring retailer, Floor & Decor
- Construction management software, Procore Technologies
- Analytical testing and laboratory services provider, Eurofins Scientific
- Contemporary carpets and floor coverings company, Victoria

Top detractor Cloudflare is a global cloud platform that provides security, performance, and reliability services to the applications of its customers. The company's cloud platform has proprietary architecture that allows it to scale rapidly to meet customer demands, and its services 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, and is well positioned as enterprises increasingly invest in ensuring that their mission critical applications are secure and operating properly. While the overall software spending environment remains challenging, Cloudflare reported solid quarterly results, characterized by strong performance across key growth metrics and solid operating margin expansion. Its shares languished, however, as management provided revenue guidance for 2024 that disappointed investors' elevated expectations. Weaker investor sentiment towards the software sector due to concerns of a potentially softer demand environment also pressured performance for the quarter.

Detractor Floor & Décor Holdings is a multi-channel specialty retailer of hard surface flooring products. We believe the company benefits from efficient scale and brand related competitive advantages, and is well positioned as consumers increasingly seek a broad assortment of flooring products and accessories at everyday low prices. The company reported mixed results characterized by softer demand as higher interest rates, reduced financing options, and tighter lending standards continue to pressure broader home renovation activity.

Conversely, stock selection in Energy and Financials, as well as a sector underweight position in Financials contributed to relative performance.

Top contributors include:

- Texas landowner, Texas Pacific Land Corporation
- Premium performance sports brand, On Holding
- Precious metals streaming and royalty companies, Royal Gold
- Investment services and tools provider, MSCI
- Digital communications infrastructure provider, American Tower

Top contributor Texas Pacific Land Corp is one of the largest landowners in Texas, generating revenue primarily from oil and gas lease royalties. We believe the company benefits from efficient scale and high switching costs related competitive advantages, and is poised to capitalize on the opportunity to maximize the value of the underlying land, resources and water by identifying the highest and best use for each. Its shares advanced due to overall healthy quarterly results characterized by strong production and royalties growth across oil, gas and water despite lower natural gas prices.

Contributor On Holding is an innovative athletic footwear, apparel, and accessories company with a focus on performance in the running, active and lifestyle segments. It employs an omnichannel business model, selling products through company owned stores, direct-to-consumer, online and through premium retail partners' locations. We believe the company benefits from brand and efficient scale related competitive advantages, and is poised to capitalize on its core product innovation to develop footwear, apparel, and accessories with superior technical performance and attractive design. Its shares advanced due to strong fundamental results characterized by strong business execution, solid revenue growth, and continued market share gains in the footwear category.

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 June 30, 2024.

	MTD	QTD	YTD	1 YR	3 YR	5 YR	Since Inception
MSIF Permanence Portfolio	-0.81	-7.34	5.02	8.65	4.34	--	16.54
S&P 500 Index	3.59	4.28	15.29	24.56	10.01	--	21.15

* The inception date of the MSIF Permanence portfolio is 3/31/2020.

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 is 7.44% for Class I shares and the net expense ratio is 0.85%. 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 **S&P 500® Index** measures the performance of the large cap segment of the U.S. equities market, covering approximately 75% of the U.S. equities market. The Index includes 500 leading companies in leading industries of the U.S. economy. The index is unmanaged and should not be considered an 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.

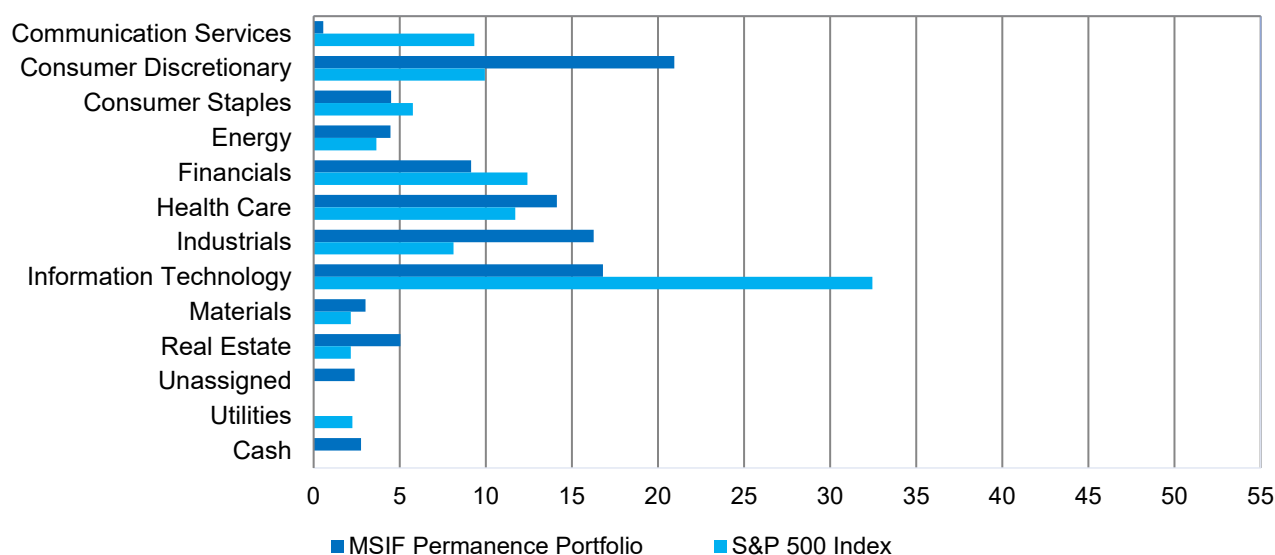
Top Ten Holdings

% of Total Net Assets, as of June 30, 2024. Subject to change.

Cloudflare	9.8
Intercontinental Exchange	5.9
American Tower Corp.	5.1
Danaher	4.9
Royalty Pharma	4.9
Union Pacific Corp.	4.8
Procore Technologies	4.5
Floor & Décor Holdings	4.2
Amazon.com	4.2
Rentokil Initial	3.9
TOTAL	52.2

Sector Allocation

As of June 30, 2024.



Source: FactSet Research Systems, Inc. / Morgan Stanley Investment Management.
Cash is frictional and accounted for 2.76% of the portfolio.

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.

This material 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.

Risk considerations There is no assurance that a mutual fund 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. **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). 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. **Illiquid securities** may be more difficult to sell and value than publicly traded securities (liquidity risk). **Focused Investing.** To the extent that the Fund invests in a limited number of issuers, 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. **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.

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 document), download one at morganstanley.com/im or call 1.800.548.7786. Please read the prospectus carefully before investing.

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