

Morgan Stanley Institutional Fund

Permanence Portfolio



Performance Review

For the quarter ending September 30, 2025, the Fund I class shares returned 1.05% (net of fees) and the S&P 500 Index returned 8.12%.

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 quarter to date. Information Technology, Communication Services and Consumer Discretionary led benchmark gains, while Consumer Staples, Real Estate and Materials underperformed the benchmark.

While tariffs remained a source of uncertainty and overall market volatility, the quarter saw a shift toward a more dovish Fed stance, with expectations for additional rate cuts broadening through year-end. AI optimism continued to drive market leadership, as enthusiasm for the technology's potential supported strength across several industries. Amid heightened market enthusiasm, a growing sense of caution has surfaced around monetization challenges, uncertain productivity outcomes, and intensifying competition.

Against this backdrop, our investment approach remains unchanged. We continue to invest in high-quality, established businesses that primarily benefit from efficient-scale-related competitive advantages and are typically immune to disruption. We pursue companies with strong name recognition, above-average business visibility, the ability to deploy capital at high rates of return, and strong balance sheets. 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 Consumer Discretionary, Industrials and Real Estate.

Top detractors QTD include:

- Texas Landowner, LandBridge Co. LLC
- Building products distribution company, QXO Inc.
- Specialty distributor, Core & Main Inc.

- Fast-casual restaurant chain, Shake Shack Inc.
- Fast-casual restaurant chain, Sweetgreen Inc.

Landbridge is a large landowner in the Permian Basin of Texas and New Mexico, generating recurring revenue from a variety of activities across its land. While current revenue is primarily tied to oil and gas production, given the region's position as the leading oil-producing area in the United States, the company is also poised to benefit from increasing diversification into areas such as solar energy and data center developments. We believe the company benefits from efficient scale related competitive advantages and remains well positioned to capitalize on the opportunity to maximize the value of its land, resources, and water. Its shares underperformed during the quarter, reflecting weaker commodity prices and limited merger and acquisition activity.

QXO provides roofing, waterproofing, and related building products. The company was a detractor during the quarter, reflecting tempered investor sentiment following its unsuccessful bid for GMS Inc., which was ultimately acquired by Home Depot. Despite this, second-quarter results were solid, with revenue and profitability ahead of expectations and early synergies emerging from the Beacon integration. QXO continues to make meaningful progress in capturing cost savings across logistics, procurement, and shared services, positioning the business for margin expansion. We believe the company benefits from intellectual property and brand-related competitive advantages, a proven playbook for value creation, and a management team with a strong track record.

Conversely, stock selection in Materials, as well as an average sector underweight position in Financials and Consumer Staples contributed to relative performance.

Top contributors QTD include:

- Rare earth specialty materials producer, MP Materials Corp.
- Web performance and security company, Cloudflare Inc.
- Supplier of lithography equipment, ASML Holding NV
- Precious metals company, Royal Gold Inc.
- Leading luxury products group, LVMH Moët Hennessy Louis Vuitton SE

MP Materials owns and operates the Mountain Pass mine in California, the leading producer of rare earth elements in North America. The company's shares rose during the quarter, supported by strong quarterly results and renewed investor optimism following several strategic partnership announcements. The company announced new collaborations with the U.S. Department of Defense and Apple, both of which provide significant capital to expand its magnetics and separation operations. These developments reinforce the company's critical role in supporting U.S. supply chain security for rare earth materials. We believe MP Materials benefits from efficient scale related competitive advantages and is well positioned to capitalize on the growing demand for rare earth elements that power advanced technologies.

Cloudflare, a global cloud platform that provides a number of network services, also remained a strong contributor to portfolio performance, due to solid results that outpaced consensus expectations. Management commented that the company is seeing benefits of its investment in the sales effort through improving salesforce productivity, higher deal close rates, and better than expected new sales pipeline generation.

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 September 30, 2025.

	MTD	QTD	YTD	1 YR	3 YR	5 YR	Since Inception
MSIF Permanence Portfolio	-0.26	1.05	21.14	23.85	23.81	12.76	18.26
S&P 500 Index	3.65	8.12	14.83	17.60	24.94	16.47	20.69

* 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 7.16% 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.

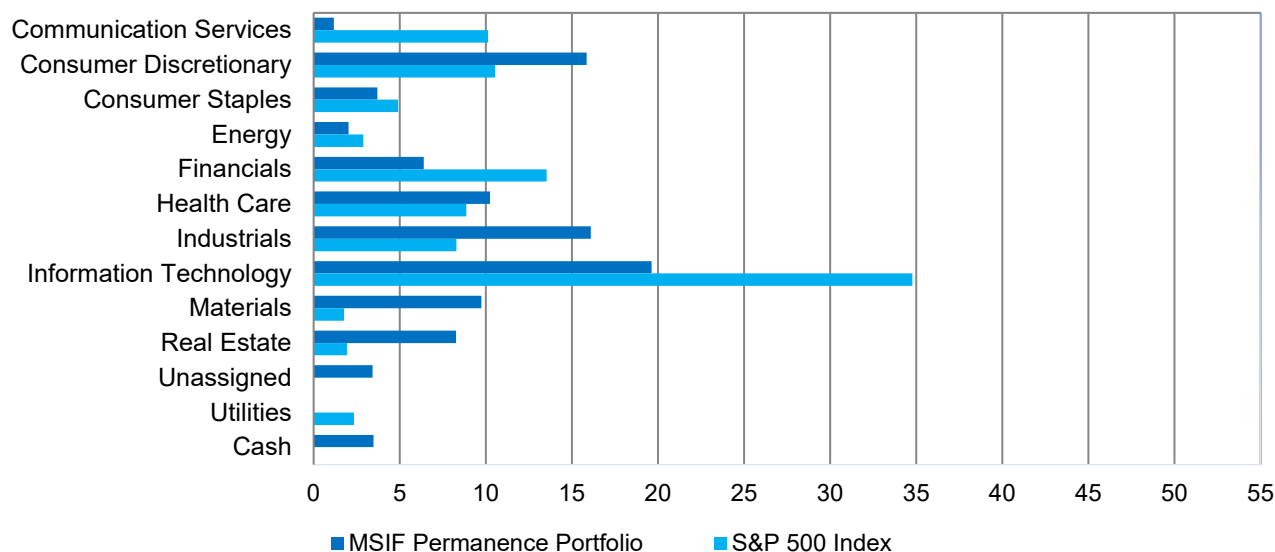
Top Ten Holdings

% of Total Net Assets, as of September 30, 2025. Subject to change.

Cloudflare	14.0
QXO	6.0
Royalty Pharma	5.7
Royal Gold	5.5
ASML	5.1
LVMH Moët Hennessy Louis Vuitton	5.0
Core & Main	4.7
Floor & Décor Holdings	4.4
Union Pacific Corp.	3.9
LandBridge	3.7
TOTAL	58.0

Sector Allocation

As of September 30, 2025.



Source: FactSet Research Systems, Inc. / Morgan Stanley Investment Management.
Cash is frictional and accounted for 3.47% 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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