

Morgan Stanley Institutional Fund

Europe Opportunity Fund

GLOBAL OPPORTUNITY

Performance Review

In the quarter period ending September 30, 2024, the Portfolio's I shares returned 9.71% (net of fees)¹, while the benchmark returned 6.58%.

The Global Opportunity team creates a high conviction, concentrated portfolio of undervalued, high quality businesses. The long-term investment horizon and high active share approach can result in periods of performance deviation from the benchmark. The Fund outperformed the MSCI Europe Index this quarter due to favorable stock selection and sector allocation.

Market Review

European equities advanced during the quarter, led higher by real estate, utilities and communication services. The information technology and energy sectors declined, while the health care sector also underperformed the benchmark.

Portfolio Review

Stock selection in industrials and consumer discretionary, as well as an underweight allocation to energy, contributed positively to relative performance during the quarter. Top individual contributors included Danish transportation and logistics firm DSV A/S, Swedish audio streaming platform Spotify Technology SA, Swiss premium sports brand On Holding AG, global aesthetic dentistry provider Straumann Holding AG and Dutch payments solution provider Adyen NV.

Stock selection in information technology, an overweight allocation to consumer discretionary and an underweight allocation to utilities were the greatest overall detractors from the relative performance of the portfolio during the quarter. Top individual detractors included Dutch supplier of lithography equipment ASML Holding NV, Danish health care company Novo Nordisk A/S, live casino solutions provider Evolution AB, German premium footwear manufacturer Birkenstock Holding Plc and Polish ecommerce platform Allegro.eu SA.

Shares of top contributor DSV rallied on news of the company signing an agreement to acquire DB Schenker, the logistics unit of Germany's state-owned railway Deutsche Bahn, to create the world's largest freight forwarder. DSV A/S is a leading global asset light freight forwarder with a unique blend of people, processes and information technology services. DSV enjoys leading positions in air and sea logistics globally as a result of strategic acquisitions that have diversified the firm out of the core road forwarding business and enabled it to grow in scale, network and sophistication in digital capabilities, on top of industry consolidation trends. We believe the company's information technology platform, people and processes allow it to operate efficiently in the value-added activities in forwarding that have been more immune from digital disruptions and volatile market pricing. The company also maintains a shareholder-friendly capital allocation policy that combines share buybacks with stable dividends in the absence of value-accretive merger and acquisition (M&A) activity.

Shares of top detractor ASML declined due to market concerns on late-cycle dynamics, Intel's capital expenditure cut, the slowing DRAM (dynamic random access memory) cycle and sustainability of China demand. However, we believe that ASML will likely benefit from a strong leading-edge capacity ramp from TSMC, commitment to a leading-edge process roadmap by Intel, the continued DRAM EUV (extreme ultraviolet) layer count increase and migration towards high NA (numerical aperture) EUV. ASML is the leading supplier of lithography, metrology and inspection systems used in the semiconductor manufacturing process. ASML's competitive advantage is technological leadership and a niche supplier ecosystem, given it is the sole developer of a EUV lithography tool which enables the cost-effective fabrication of nearly all leading-edge logic devices at the 7 nanometer and below process node. We believe ASML is poised to benefit from the introduction of a more sophisticated high NA EUV, which is critical in enabling the shrink to the 3 nanometer and below advanced semiconductor nodes needed for the proliferation of leading-edge applications such as artificial intelligence (AI), high performance computing and 5G without the need for multiple pass patterning, lithography tool productivity improvements as well as the continued adoption of EUV at leading-edge DRAM nodes.

¹ Source: Morgan Stanley Investment Management. Data as of September 30, 2024. 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.

NOT FDIC INSURED | OFFER NO BANK GUARANTEE | MAY LOSE VALUE | NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY | NOT A DEPOSIT

Outlook

As a team, we continue to focus on bottom-up stock selection and the long-term outlook for companies owned in the portfolio. We assess company prospects over a five- to ten-year time horizon and own a portfolio of what we believe are undervalued, high quality companies with diverse business drivers not tied to any particular market environment.

Fund Facts

Inception Date	July 28, 1997
Minimum Initial Investment (\$)*	A Shares - 1,000
	I Shares - 1,000,000
Benchmark	MSCI Europe Index
Class I expense ratio	Gross 1.33 %
	Net 1.05 %
Class A expense ratio	Gross 1.59 %
	Net 1.38 %

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.

Performance (%)

<i>As of September 30, 2024</i>	MTD	QTD	YTD	1 YR	3 YR	5 YR	10 YR
Class I Shares at NAV	2.80	9.71	15.52	29.81	-6.10	9.58	5.62
Class A Shares at NAV	2.77	9.61	15.25	29.34	-6.40	9.22	5.26
Class A Shares (With Max 5.25% Sales Charge)	-2.62	3.84	9.18	22.58	-8.07	8.05	4.70
MSCI Europe Index	0.39	6.58	12.77	25.23	6.66	8.90	5.59

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.

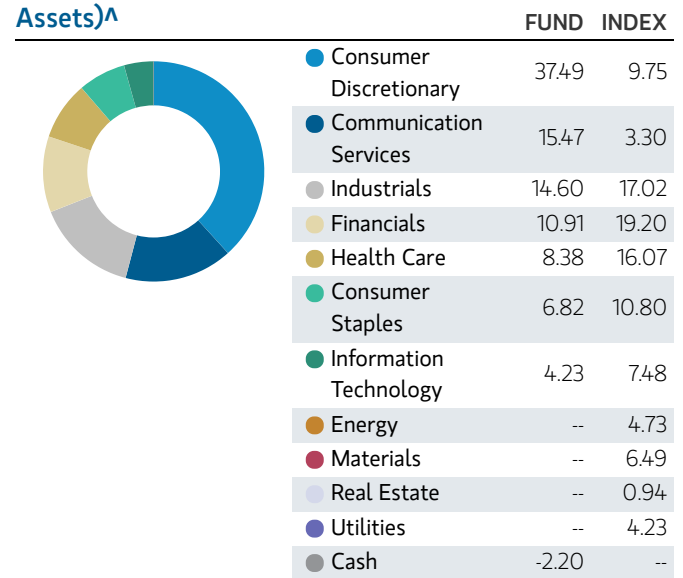
Returns are net of fees and assume the reinvestment of all dividends and income. They are compared to an unmanaged market index. Returns for less than one year are cumulative (not annualized). Performance for one year or more is based on average annual total returns. The returns are reported for Class 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.

Top Holdings (% of Total Net Assets)

	FUND	INDEX
DSV A/S	9.57	0.31
Hermès International S.A.	8.88	0.68
Spotify Technology S.A.	8.49	--
Moncler S.p.A.	8.00	0.12
On Holding AG	5.13	--
Schneider Electric SE	5.03	1.26
London Stock Exchange Group plc	4.90	0.57
L'Oréal S.A.	4.46	0.94
Straumann Holding AG	4.34	0.16
ASML Holding NV	4.23	2.90
Total	63.03	--

Sector Allocation (% of Total Net Assets)[^]



[^] May not sum to 100% due to the exclusion of other assets and liabilities.

INDEX INFORMATION

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 Indexes are unmanaged and do 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 (including registered trademarks) of the applicable licensor.

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 fund will decline and that the value of fund 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 fund. Please be aware that this fund 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 the risks generally associated with investments in foreign developed countries. **European Investments Risk.** Adverse political, social or economic developments in Europe, or in a particular European country,

could cause a substantial decline in the value of the Portfolio. In addition, because investments are concentrated in Europe, performance may be more volatile than a more geographically diversified set of investments. If one or more countries leave the European Union ("EU") or the EU dissolves, the world's securities markets likely will be significantly disrupted. The financial instability of some countries in the EU together with the risk of such instability impacting other more stable countries may increase the economic risk of investing in companies in Europe. **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. **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. **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**). There is no assurance strategies that incorporate **ESG factors** will result in more favorable investment performance. **Active Management Risk.** The Adviser has considerable leeway in deciding which investments to buy, hold or sell, and which trading strategies to use. Such decisions will affect performance.

IMPORTANT INFORMATION

The views and opinions and/or analysis expressed are those of the investment team as of the date of preparation of this material and are subject to change at any time without notice due to market or economic conditions and may not necessarily come to pass. Furthermore, the views will not be updated or

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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.

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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