Morgan Stanley Institutional Fund

Global Endurance Portfolio

COUNTERPOINT GLOBAL

Performance Review

In the quarter period ending September 30, 2024, the Portfolio's I shares returned 13.44% (net of fees)[1], while the benchmark returned 6.61%.

Global equities, as measured by MSCI All Country World Index, advanced quarter to date. Real Estate, Utilities and Financials led benchmark gains, while Energy, Information Technology and Communication Services underperformed the benchmark.

A dovish pivot from central banks (including a 50 basis point rate cut from the Federal Reserve), along with a pickup in U.S. economic data, helped push equities higher in the third quarter. Notably, a broader range of companies outside the Magnificent 7 saw strong results. In fact, the third quarter marked the first quarterly period since the fourth quarter of 2022 that the S&P 500 Index outperformed the Magnificent 7.

Portfolio Activity

From a sector perspective, security selection within the Information Technology and Consumer Discretionary sectors were the largest contributors to relative performance over the quarter. From a company perspective, **Delivery Hero** and **Tesla** were two top contributors to quarterly performance.

Delivery Hero is the world's leading local delivery platform, operating its service in around 70 countries across Asia, Europe, Latin America, the Middle East and Africa. Founder-run, the company started as a food delivery service in 2011 and today runs its own delivery platform on four continents, building a durable data advantage in key markets. The company's shares rose over the quarter on the back of strong first half earnings, which exceeded market expectations. Specifically, the company reported double-digit revenue growth across the majority of its business segments, significant earnings growth, positive operating cash flows and management reiterated its full-year guidance of revenue and gross merchandise value growth. Additionally, the company announced plans to list its Talabat business on the Dubai Financial Market in the fourth quarter of 2024 and expects to retain a majority holding in the business.

We continue to believe the company is poised to benefit from an increasing online food takeaway market driven by an ongoing shift in consumer behavior, advertising opportunities, progressive unit economics and efficient free cash flow generation. Furthermore, the company is well positioned given its leading market positions across key markets.

Tesla is a leading designer, developer and manufacturer of electric vehicles, robotics, energy generation and storage, and is a world leader in real world (or vision-based) artificial intelligence (AI). Tesla's advanced technology and manufacturing techniques enable the company to produce automobiles and batteries at a lower cost than many of its competitors. Several positive catalysts drove the company's strong performance over the quarter, including significant growth in its energy storage business, where the company believes production capacity is set to quadruple by the end of 2025;[2] investor excitement over the prospects of FSD (Full Self-Driving), Robotaxi and Dojo, its proprietary AI training computer; and a decline in long-term interest rates, which is likely to boost margins for original equipment manufacturers (OEMs) like Tesla. Additionally, Tesla's low-cost model is expected to launch in the first half of 2025, which is expected to significantly expand the total addressable market for Tesla and reignite volume growth. Also during the quarter, Tesla announced that it expects to rollout FSD in China and Europe in the first quarter of 2025, pending regulatory approval.

We continue to believe that Tesla is potentially one of the biggest and most differentiated beneficiaries of the commercialization of AI. The company has several paths to monetize AI, such as selling FSD software to other OEMs and Robotaxis, which could potentially exceed $1 trillion in incremental annual revenue for Tesla compared to its current annual revenue of $95 billion.[3] We believe Tesla's unique positioning within automation creates additional attractive optionality.

1 Source: Morgan Stanley Investment Management. Data as of September 30, 2024. Performance for other share classes will vary.
2 Source: Tesla Quarterly Disclosures, July 23, 2024.
3 Source: Tesla Quarterly Disclosures, April 23, 2024.

These gains were partially offset by security selection in Industrials and an underweight to Financials, which detracted from performance as Financials was a top performing sector over the period. From a company perspective, two of the largest detractors over the period were **Victoria, PLC** and **Avadel Pharmaceuticals.**

Victoria is a vertically integrated designer, manufacturer and distributor of flooring products such as carpets, tiles and artificial grass in the U.K., Europe and Australia. Over the past decade, the company has strengthened its distribution network and acquired high quality and resilient businesses in a fragmented industry. The company continues to face some near-term economic headwinds driven by weaker consumer demand, which is expected to remain subdued through 2025. However, we believe strong operational fundamentals are in place and as housing transactions and home improvement activity rebounds, we expect Victoria's productivity improvements over the last 24 months to be reflected in the company's earnings. Until this occurs, management remains focused on minimizing controllable costs, driving market share gains, and completing integration projects to further drive improvements in operating margins. We continue to believe the company can tackle anticipated near-term headwinds and the long-term sector fundamentals remain strong. We would expect to see some improved sentiment for the shares if interest rate cuts in the U.S. and U.K. come later this year to help improve consumer confidence, drive demand for flooring products and increase levels of home improvement activity. We continue to monitor the situation closely while maintaining strong conviction in the company's leadership and operational execution.

Avadel Pharmaceuticals is a biopharmaceutical company headquartered in Dublin, Ireland, focused on developing innovative therapies for sleep disorders and other central nervous system conditions. Its key product LUMRYZ is a convenient, FDA-approved treatment for adults with narcolepsy. We believe the company offers a differentiated, value-add therapy to a highly disruptive disease, as substantiated by its low discontinuation rates and success in winning new patients. The company is led by an in-the-field management team with veteran sales experience, it has a resilient supply chain, and it has built an effective go-to-market infrastructure that enables close access to its patients to improve adoption rates and discontinuation rates.

The company's stock came under pressure over the quarter following a mixed ruling related to the company's ongoing patent litigation. While Avadel won a patent dispute against competitor Jazz Pharmaceuticals, which had requested a permanent ban to prevent the sale of LUMRYZ for adults with narcolepsy, the court did grant Jazz's request preventing Avadel from seeking FDA approval for LUMRYZ to be administered to adults with idiopathic hypersomina (IH) until the expiration of Jazz's patent in 2036. The stock traded down on this news. However, Avadel has already appealed this decision, and we believe the company has a strong chance of success on appeal. In the meantime, Avadel can proceed with Phase 3 trials for IH and continue to market LUMRYZ for narcolepsy, which is now pacing at a robust $165 million-plus run rate just one year after launch.[4]

With regard to portfolio positioning and composition, while we are long-term investors, the companies we own today are perennially competing for space in the portfolio with ones we do not. We remain committed to searching for exceptional companies, at the right price. We continue to reassess the competitive advantages and qualitative characteristics of the businesses we own. Strength of the customer value proposition, growth profile and earning power; the track record of management team; and short- and long-term capital needs remain primary concerns when evaluating companies.

The portfolio continues to be concentrated in our best ideas – 27 to be precise, with the top 10 companies accounting for 54.8% of the portfolio. We seek management teams with a strong track record of operational execution, a high level of integrity and an alignment of incentives. As a result, many companies we identify tend to be founder-led or owner-operated. As of September 30, 2024, 77.3% of the portfolio was comprised of these types of companies.

Strategy and Outlook

As a team, we have never maintained a market outlook, and we believe that basing investment decisions on macro forecasts can be a futile exercise. Instead, our approach focuses on investing with a high hurdle rate in every environment. We believe that time spent understanding a specific company's fundamentals has higher odds of success than predicting various macroeconomic data points, as fundamentals drive long-term returns. Importantly, the fundamental results across portfolio holdings have largely remained in line with our expectations and over the next three years, our companies are expected to grow revenues at 15% versus 10% for the benchmark and 95% of the portfolio is expected to be free cash flow positive or neutral in 2024.[5] Additionally, most of our holdings still have low levels of market penetration and operate in large and growing end markets. This leads to a solid outlook in terms of revenue growth and free cash flow generation in the coming years, and we therefore remain confident in the long-term prospects for these businesses and see a path to attractive return potential for the portfolio on an annualized basis.

[4] Source: Jefferies Research Services LLC. Data as of August 28, 2024.
[5] Source: MSIM and FactSet. Data as of September 30, 2024. Free cash flow (FCF) is a measure of financial performance calculated as operating cash flow minus capital expenditures. FCF represents the cash that a company is able generate after laying out the money required to maintain or expand its asset base.

Fund Facts

Inception Date	December 31, 2018
Minimum Initial Investment ($)*	A Shares - 1,000
	I Shares - 1,000,000
Benchmark	MSCI All Country World Net Index
Class I expense ratio	**Gross 1.62 %**
	Net 1.00 %
Class A expense ratio	**Gross 1.95 %**
	Net 1.35 %

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 (%)

As of September 30, 2024	MTD	QTD	YTD	1 YR	3 YR	5 YR	10 YR	SINCE INCEPTION
Class I Shares at NAV	6.30	13.44	7.44	15.57	-17.49	9.92	--	11.58
Class A Shares at NAV	6.35	13.33	7.17	15.13	-17.77	9.52	--	11.18
Class A Shares (With Max 5.25% Sales Charge)	0.78	7.37	1.52	9.08	-19.24	8.34	--	10.15
MSCI All Country World Net Index	2.32	6.61	18.66	31.76	8.09	12.19	--	13.45

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.

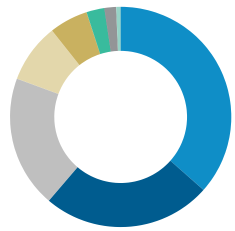
Returns are net of fees and assume the reinvestment of all dividends and income. They are compared to an unmanaged market index. Returns for less than one year are cumulative (not annualized). Performance for one year or more is based on average annual total returns. The returns are reported for Class 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
Appian Corp	9.71	--
Victoria Plc	7.71	--
Tesla Inc	6.66	0.96
Fastly Inc	4.85	--
Global-E Online Ltd	4.61	--
Talen Energy Corp	4.59	--
Delivery Hero SE	4.42	0.01
Babcock International Group Plc	4.26	--
Bill Holdings Inc	4.05	--
Vistra Corp	3.98	0.05
Total	**54.84**	**--**

Sector Allocation (% of Total Net Assets)^



	FUND	INDEX
Consumer Discretionary	36.03	10.65
Information Technology	24.38	24.51
Health Care	19.13	10.85
Utilities	8.57	2.72
Industrials	5.59	10.64
Financials	2.60	16.22
Communication Services	--	7.75
Consumer Staples	--	6.36
Energy	--	4.00
Materials	--	4.07
Real Estate	--	2.24
Other	1.68	--
Cash	0.64	--

^ May not sum to 100% due to rounding.

INDEX INFORMATION

The **MSCI All Country World Index (MSCI ACWI)** is a free float-adjusted market-capitalization-weighted index designed to measure the equity market performance of developed and emerging markets. 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 **Standard & Poor's 500® Index (S&P 500®)** measures the performance of the large cap segment of the U.S. equities market, covering approximately 80% of the U.S. equities market. The Index includes 500 leading companies in leading industries of the U.S. economy.

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 Portfolio 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. 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). Investments in **small- and medium- capitalization companies** tend to be more volatile and less liquid than those of larger, more established, companies. **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).

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 otherwise revised to reflect information that subsequently becomes available or circumstances existing, or changes occurring, after the date of publication. The views expressed do not reflect the opinions of all investment personnel at Morgan Stanley Investment Management (MSIM) and its subsidiaries and affiliates (collectively "the Firm"), and may not be reflected in all the strategies and products that the Firm offers.

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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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